
REPORT TO: Cabinet Member (Housing)

DATE: 29 September 2009

DEPARTMENT: Community Services

REPORTING OFFICER: Housing Policy & Strategy Officer
(Miss J Kilburn)

SUBJECT: **REPOSSESSION PREVENTION LOAN FUND**

WARDS AFFECTED: All

FORWARD PLAN REF: N/A

1.0 PURPOSE OF REPORT

1.1 To seek approval from the Cabinet Member (Housing) to set up a Repossession Prevention Fund using £57,000 provided by Department of Communities and Local Government (CLG).

2.0 RECOMMENDATIONS

2.1 That approval be given to use the £57,000 funding provided by CLG to set up a Repossession Prevention Fund.

2.2 To give delegated authority to the Housing Needs Manager, Executive Officer Housing Strategy or Head of Housing to sign Loan Agreements on behalf of the Council.

3.0 RECOMMENDED REASONS FOR DECISIONS

3.1 Although the £57,000 is not ring-fenced for homelessness prevention, CLG have clearly stated that this funding should be used to set up a repossession prevention fund.

3.2 This fund will be used to help prevent households becoming homeless and as such will contribute to the Council's effort to reduce the number of households in temporary accommodation.

4.0 ALTERNATIVE OPTION CONSIDERED AND RECOMMENDED FOR REJECTION

4.1 Not using the £57,000 to set up a repossession prevention fund. This is not considered an option as CLG have been very clear in that they expect every local authority to set up one of these funds.

5.0 BACKGROUND

5.1 The Government has introduced a number of measures to help households threatened with homelessness as a result of the economic down turn. The latest is the Repossession Prevention Fund with a budget of £20 million nationally to enable local authorities to extend small loans to families at risk of homelessness through repossession or eviction.

5.2 Loans should range from £1,000 to £3,000 per household, and any loan should be capped to a maximum of £5,000 available at 0% interest.

5.3 Harrogate Borough Council has been allocated £57,000 to spend locally. This funding is a one off payment for 2009/10 and has already been paid to the Council.

5.4 The Government states in the guidance letter relating to the funding that it is not ring fenced however "it is important to ensure that this supports the maximum number of households in need of financial assistance, enabling them to stay in their homes". The funding will compliment the existing Mortgage Rescue Schemes and Homelessness Prevention Fund.

6.0 DETAILS OF THE PROPOSED LOAN SCHEME

6.1 Eligibility

The fund will be aimed at:

- Homeowners faced with repossession.
- Tenants faced with eviction who are struggling to pay rent due to an income shock (through no fault of their own). Both private and social tenants will be able to access this scheme, including existing Council tenants.
- Households who the council have reason to believe are in priority need, and also non-priority need households.

6.2 What the Payment/Loan can be used for

6.2.1 This fund should be used, wherever possible, as an option to provide medium to long-term solutions for homelessness/threat of homelessness.

6.2.2 The fund is not intended to be used to fully clear rent or mortgage arrears. In each case the intention is for the LA to make a loan on the basis of the lender or landlord being prepared to compromise on the debt owed in return for the payment resulting in the threat of repossession or eviction being

removed.

- 6.2.3 Payments to Landlords to be made only where there is an undertaking not to evict tenants and allow the tenant to return to the property and remain there for at least 6 months. If a landlord behaves unreasonably by not allowing tenant to return or not honouring an agreement to allow the tenant to remain no further payments will be considered for that landlord for a period of 1 year.

6.3 Payments

- 6.3.1 Loans will generally range from £1,000 to £3,000 per household, and any loan should be capped to a maximum of £5,000 available at 0% interest.

- 6.3.2 It is proposed that payments and loan arrangements be made as follows:

- Any payments under £200 will be treated as a grant payment with no obligation to repay.
- All other payments will be made in the form of an unsecured loan. The Legal Team has drawn up a loan agreement document for this purpose.

- 6.3.3 All clients must receive independent debt advice.

6.4 Repayment of Loans

- 6.4.1 The Housing Aid Officer, in partnership with the relevant financial advice service and the client, will draw up a repayment plan based on income and expenditure and this must be agreed by all the parties.

- 6.4.2 The loan term will be up to 3 years, depending on individual circumstances, and households will be expected to make monthly repayments. The start of the repayment may be deferred for up to 3 months, where appropriate.

- 6.4.3 Each client will be set up as a debtor on Northgate and it will be the responsibility of the Housing Aid Officer to review the repayment of this loan on a 6 monthly basis and take action where necessary.

7.0 RISK ASSESSMENT

- 7.1 The key risk is that people will not pay back the loan. As this scheme is being setup to help people who are struggling financially anyway, there is always going to be some risk involved. By carrying out a debt assessment, the risk should be minimised.

8.0 LEGAL IMPLICATIONS

- 8.1 The legal team has been consulted on this scheme and have prepared the loan agreement and the offer letter.

- 8.2 Delegated Authority to be given to the Housing Needs Manager, Head of Housing and the Executive Officer Housing Strategy to sign the Loan Agreement on behalf of the Council.

9.0 FINANCIAL IMPLICATIONS

The Internal Audit Team has been consulted and they have approved the proposed procedures.

10.0 HR IMPLICATIONS

10.1 There are no HR implications.

11.0 CONCLUSIONS

11.1 Harrogate Borough Council has been allocated £57,000 to spend locally on a Repossession Prevention Fund. This funding is a one-off payment for 2009/10 and has already been paid to the Council.

11.2 This fund will be used to help prevent households becoming homeless and as such will contribute to the Council's effort to reduce the number of households in temporary accommodation.

Background Papers – None

OFFICER CONTACT: Please contact Jo Kilburn, Housing Policy & Strategy Officer, if you require any further information on the contents of this report. The officer can be contacted at the Department of Community Services, Springfield House, Kings Road, Harrogate, HG1 5NX, by telephone on 01423-556946 or by e-mail – jo.kilburn@harrogate.gov.uk

SUSTAINABILITY ASSESSMENT/CRIME AND DISORDER

		Implications are		
		Positive	Neutral	Negative
A	Economy		✓	
B	Environment		✓	
C	Social Equity			
i)	General	✓		
ii)	Customer Care/People with Disabilities		✓	
iii)	Health Implications		✓	
D	Crime and Disorder		✓	

If all comments lie within the shaded areas, the proposal is sustainable