

The Vale of Glamorgan Council

Cabinet Meeting: 26 March, 2018

Cabinet Member for Regeneration and Planning

Revised Private Sector Housing Loans

Purpose of the Report

1. To seek approval to amend the Private Sector Housing Renewal Policy (2014) to reflect new arrangements introduced by Welsh Government on loan products.

Recommendations

1. That section 7.4.2 and section 7.5.5 of the Private Sector Housing Renewal Policy 2014 be amended as detailed in Appendix 3.
2. That delegated authority is given to the Head of Service for Regeneration and Planning in consultation with the Cabinet Member for Regeneration and Planning to adopt a suitable delivery option to administer the Owner Occupier Repayable Financial Assistance Loan product and amend the Private Sector Housing Renewal Policy 2014 as may be necessary going forward.
3. That the use of article 14.14.2 (ii) of the Council's constitution (urgent decision procedure) be authorised in respect of the above resolutions.

Reasons for the Recommendations

1. To enable the Council to offer Private Sector Housing Loans in line with the revised funding award from Welsh Government.
2. To enable officers to consider and appraise the delivery options to administer the Owner Occupier Repayable Financial Assistance Loan product.
3. To enable the Council to implement the changes immediately to increase take up of the loan products to ensure Council performance is improved, as measured through National Performance Indicators, and that Welsh Government's deadline to commit the budget of £871,813.49 is achieved by 31st March 2019.

Background

2. Since 2012 the Welsh Government has provided the Council with a number of capital funding awards. These have enabled the Council to provide loans to private sector property owners to return empty properties back into use and to improve owner occupied dwellings. Each of these funding awards had its own terms and conditions.

3. On 23rd March 2015 Cabinet resolved (minute C2713 refers) to amend the Private Sector Housing Renewal Policy 2014 to include the provision of Housing Improvement Loans as detailed in [Appendix 1](#). On the 12th February 2018, the Welsh Government amalgamated the funding awards into one award letter attached in [Appendix 2](#).

Relevant Issues and Options

4. The funding letter issued by Welsh Government on the 12th February 2018, amended some of the terms and conditions in relation to the loan criteria for individual loans offered to property owners.
5. As a consequence, to retain the capital funding and continue to offer the loans to property owners, the Council must amend its Private Sector Housing Renewal Policy 2014 to reflect these changes. The amended section 7.4.2 of the Private Sector Housing Renewal Policy 2014 is attached in [Appendix 3](#).
6. The several loans that were offered have now been streamlined into two products, an Owner Occupier Loan and a Landlord Loan. Both still deal with empty properties. This streamlining makes it easier for the public to understand, and standardises the administration of the loans. The funding letter issued by Welsh Government on 12th February 2018 states that details of the revised loan scheme must be made available to the public by 30th June 2018 at the latest.
7. Welsh Government is enabling the Council to alter the fee structure charged to process these loans in order to make the loans more accessible and equitable.
8. In respect of Owner Occupier Loans, to date, there has been an underutilisation of the funding. Feedback from potential applicants has indicated that the fee structure is prohibitive. Currently, a fixed administrative fee of 15% is charged. Under the revised Welsh Government funding terms, a fixed administrative fee of £590 will be applied per application. This fee structure will enable the Council to recover costs as the funding terms enables the Council to claim 50% of each application fee directly from the grant funding element of the award, the remaining 50% from the applicant. The Council will be using this option to increase take-up.
9. In respect of the Landlord Loan, a fixed administration fee of £590 will be applied per application, with an additional £50 per unit of accommodation charged where an application includes multiple units.
10. In addition to the above, the funding award from Welsh Government enables the Council to increase the maximum loan to landlords to return empty properties into use from £150,000 to £250,000 per applicant, with a maximum of £25,000 per unit of accommodation. Furthermore, the maximum term to repay the Landlord Loan if the property is renovated for let, has increased from 3 year to 5 years, or 10 years if the property is let through the Council's Vale Assisted Tenancy Scheme, or equivalent.
11. The funding award from Welsh Government includes an Owner Occupier Loan that uses a type of long term charge secured against the property that removes the need for monthly repayments. This includes a Repayable Financial Assistance Loan which could result in lifelong property charges. Officers need to consider the implications of using the funding for this purpose. It is therefore recommended that delegated authority be given to the Head of Service for Regeneration and Planning in consultation with the Cabinet Member for Regeneration and Planning to adopt a suitable delivery option to administer the Owner Occupier Repayable Financial Assistance Loan product.

Resource Implications (Financial and Employment)

12. The revised Welsh Government award provided £754,781 as capital grant funding and £871,813.49 as a capital repayable fund. The repayable fund must be fully committed by 31st March 2019 or the unallocated repayable funding must be repaid.
13. The repayable funding award needs to be repaid to Welsh Government by 31st March 2030.
14. All loans will be secured via a Land Registry Charge to protect the Council's financial interest.
15. The fee structure set will enable costs to be recovered to include external fees payable and part fund the Empty Homes and Loans Officer post.
16. A full time Empty Homes and Loans Officer has been in post since October 2017 to administer the Housing Loans Scheme on an 18 month term. This officer also undertakes proactive work and monitoring of empty homes to bring these properties back into use.

Sustainability and Climate Change Implications

17. More properties will be brought back into use and created which will have a positive effect on housing stock sustainability.
18. As part of the loan terms, properties must meet a prescribed standard, to include energy efficiency, which will improve the health and wellbeing of the occupiers and reduce the impact of the dwelling on the environment.

Legal Implications (to Include Human Rights Implications)

19. The Council can offer assistance to repair homes under the Regulatory Reform (Housing Assistance) (England and Wales) Order 2003. To utilise this power, the Council must detail that assistance in a published policy.
20. There is not a statutory duty on the Local Authority to provide funding to home owners to repair or maintain their home.
21. To ensure compliance with the European Commission's State Aid Rules, checks will be undertaken as part of the loan application process.

Crime and Disorder Implications

22. Empty properties can sometimes be a target for crime and anti-social behaviour. The Housing Loans Scheme will help reduce the number of empty properties by enabling owners to improve their properties and then sell/let them.

Equal Opportunities Implications (to include Welsh Language issues)

23. The revised terms will make the Housing Loans Scheme more equitable and accessible.
24. Application Forms, correspondence and promotional material produced in association with the scheme will be bilingual in accordance with Council policy.

Corporate/Service Objectives

25. The loans will enable the Council to meet its Corporate Outcome as detailed in the Corporate Plan 2016-2020: Well-being Outcome 1 - An Inclusive and Safe Vale; Objective 2 Providing decent homes and safe communities.
26. The new terms will enable the Council to better achieve its Public Accountability Measures which include the following:
 - PAM/013 Percentage of empty private properties brought back into use.
 - PAM/014 Number of new homes created as a result of bringing empty properties back into use.

Policy Framework and Budget

27. This is a matter for Executive decision by Cabinet.

Consultation (including Ward Member Consultation)

28. None. The matter is not ward specific.

Relevant Scrutiny Committee

29. Homes and Safe Communities.

Background Papers

Private Sector Housing Renewal Policy 2014 (Cabinet 23rd March 2015, Minute C2713 refers).

Contact Officer

Elen Keen, Team Leader, Neighbourhood and Housing Renewal.

Officers Consulted

Head of Regeneration and Planning
Operational Manager (Regeneration)
Operational Manager (Accountancy)
Operational Manager - Legal Services
Finance Support Manager (Resource Management)

Responsible Officer:

Rob Thomas, Managing Director