

NORTH LINCOLNSHIRE COUNCIL

**HOUSING AND STRATEGIC
PLANNING CABINET MEMBER**

FUNDING HOME IMPROVEMENT LOANS

1. OBJECT AND KEY POINTS IN THIS REPORT

- 1.1 To seek approval to use £200,000 from the home improvement programme to provide home improvement loans.
- 1.2 The key points in this report are: -
- The government has announced its intention to reduce by 20% the resources available to councils for improving private sector housing in 2010/2011.
 - The council is a member of the regional Homes and Loans Service that will be affected by the government's proposals.
 - The Homes and Loans Services have announced that they will not approve any more home loan applications until the government, or local authorities, guarantee that sufficient funding will be available.
 - There are a number of home loan applications in progress that the council wishes to see approved without unnecessary delay.

2 BACKGROUND INFORMATION

- 2.1 The council has taken the decision that home improvement loans should be the primary means of helping those owner-occupiers that need assistance to repair or improve their homes. This is set out in the council's Home Improvement Policy (minute 27 refers).
- 2.2 The council joined the regional Homes and Loans Service as a means of accessing additional funding from the government via the Regional Housing Board.
- 2.3 In July this year the Housing Minister announced the government's intention of reallocating capital funding from the private sector renewal programme to building new affordable homes.
- 2.4 As a result of this announcement, Sheffield City Council wrote to all the councils in the Yorkshire and Humber region advising that they could not approve any more loans on behalf of the Homes and Loans service. This was because the whole of the budget for the current financial year has been allocated to individual loan applications.
- 2.5 The council has a significant number of home loan applications in progress from households who have been waiting many months for help.

- 2.6 In setting out its home improvement budget for the current financial year, the council allocated £250,000 for hardship grants in case certain households were ineligible for any loan assistance.
- 2.7 To date only £622 has been spent on hardship grants.
- 2.8 It is therefore appropriate to consider reallocating majority of this money to supporting home loans. It is estimated that at least £200,000 will be required to fund loan applications currently in progress.
- 2.9 Sheffield City Council is proposing that any council that pays for home improvement loans from its own resources in the current financial year should be reimbursed in 20010/11. This would be subject to adequate funds being provided by government and an appropriate decision by the Regional Housing Board.

3 OPTIONS FOR CONSIDERATION

- 3.1 **Option 1**
3.1.1 To stop further home loan application until the regional Homes and Loans service is provided with sufficient funds.
- 3.2 **Option 2**
3.2.1 To offer to fund home improvement loans from the council's own resources.

4 ANALYSIS OF OPTIONS

- 4.1 **Option 1**
4.1.1 This would minimise the demand on the council's capital funding.
- 4.1.2 The council determined in December 2008 that home improvement loans were the preferred form of assistance for owner-occupiers whose homes needed repairs or improvements. The waiting list for renovation and home reports grants was then closed. Many households on the list have been waiting many months for help. They have all been offered help securing a loan from the regional Homes and Loans service.
- 4.2 **Option 2**
4.2.1 If offers of help for these households are withdrawn at this stage they will feel very let down. The majority of them are elderly and all have low incomes and they are dependent on the council for help.
- 4.2.2 By offering some funding to provide home loans the council would be fulfilling the Home Improvement Policy agreed in December 2008.
- 4.2.3 The council's home improvement team has over £300,000 worth of home loan applications waiting to be submitted to the Homes and Loans Service. Applicants and officers have invested significant amounts of time in determining eligibility identifying the appropriate

works to be undertaken and obtaining quotes from local contractors in order for loans to be approved.

- 4.2.4 It is unlikely that the whole of the money allocated for households who do not meet the eligibility criteria for loans will be spent based on current performance.

5 RESOURCE IMPLICATIONS (FINANCIAL, STAFFING, PROPERTY, IT)

- 5.1 The proposal is to make best use of money already allocated for home improvements in the council's budget.
- 5.2 It is proposed to use only £200,000 initially to fund loans at this stage as it is anticipated that the number of hardship grants made for essential repairs where households are not eligible for loans, will rise during the autumn and winter. This will leave £138,000 for hardship and energy efficiency grants as well as further home improvement loans.
- 5.3 Staffing, Property and IT - There are no direct implications on any of these resources arising directly from this report.

6 OTHER IMPLICATIONS (STATUTORY, ENVIRONMENTAL, DIVERSITY, SECTION 17 - CRIME AND DISORDER, RISK AND OTHER)

- 6.1 There are no statutory implications arising from this report.
- 6.2 Environmental – Keeping existing properties in sound condition has a lower environmental impact than clearance and re-building. Most of the loan applications contain energy efficiency improvements, some of which are supported by Warm Front or energy efficiency grants.
- 6.3 Diversity – Home loans are targeted at low income households often living in the poorest housing conditions. Many are elderly or socially disadvantaged.
- 6.4 Crime and disorder – Home security is taken into account when accessing the extent of the work to be carried out under a home improvement loan.
- 6.5 Other – Local builders carry out home improvement work. In the current economic climate any assistance in providing continuity of work for local employees is worthwhile.

7 OUTCOMES OF CONSULTATION

- 7.1 The proposal to fund home loans directly arises from discussions with neighbouring local authorities and the regional Homes and Loans service.
- 7.2 Internally, the service director of finance is satisfied that the proposed funding of loans is appropriate.

8 RECOMMENDATIONS

- 8.1 That money originally designated for hardship and energy efficiency grants is used to provide home improvement loans in North Lincolnshire during the current financial year using the regional Homes and Loans service system.
- 8.2 That the Regional Housing Board and the Homes and Loans service be asked to reimburse the council for any money spent on loans should sufficient funds be made to the Homes and Loans Service in 2010/2011.

SERVICE DIRECTOR NEIGHBOURHOOD AND ENVIRONMENT

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Background Papers used in the preparation of this report

Letter from the Minister for Housing and Planning 17 July 2009
Email from Regional Loans Manager 8 August 2009