

Report

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Report to:	Housing and Technical Resources Committee
Date of Meeting:	1 April 2009
Report by:	Executive Director (Housing and Technical Resources)

Subject:	Mortgage to Rent
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1. Purpose of Report

1.1. The purpose of the report is to:-

- ◆ provide an evaluation of the Council's pilot of Mortgage to Rent and set out the benefits of continuing to participate in the scheme.

2. Recommendation(s)

2.1. The Committee is asked to approve the following recommendation(s):-

- (1) that the Council continue to participate in the Mortgage to Rent Scheme
- (2) that £250,000 be set aside for property acquisitions

3. Background

3.1. On 31 October 2007 the Housing and Technical Resources Committee approved participation in the Mortgage to Rent scheme for a pilot period of 1 year, which started 1 April 2008.

3.2. The Mortgage to Rent scheme, administered by the Scottish Government, offers homeowners at risk of repossession an opportunity to continue to live in their home. Under the scheme, the Council has the option to purchase qualifying properties with a subsidy from Mortgage to Rent of up to 70% of the market value. The occupier remains in the property as a Scottish secure tenant.

3.3. Participation in the scheme is one of a range of tools the Council is using to prevent homelessness. Eighty five households presented as homeless due to mortgage default in 2007/2008, with 71 households presenting in the first three quarters of 2008/2009. We anticipate this number will grow due to the current financial climate.

4. Key outcomes from the pilot

4.1. We have acquired one property at a subsidised purchase price of £22,500. Two further applications have progressed to an offer of sale and a further two applications are in progress.

4.2. In the event that we acquire all five properties, we will have spent approximately £119,000. In addition, our anticipated annual rental income will be in the region of £11,000.

4.3. If we acquire all five properties, we will have prevented homelessness for four households with children and one household with a wheelchair user.

5. Pilot evaluation

- 5.1 Since 1 April 2008 we have received eight enquiries from Mortgage to Rent. Of these enquiries we agreed to consider seven.
- 5.2 Of the seven applications we agreed to consider two have not proceeded. One was cancelled by Mortgage to Rent due to there being a shortfall to a second lender and no funds to an Inhibitor. The second property had been repossessed by the time we received the application.
- 5.3 The enquiry we did not agree to consider was because the household did not meet our criteria for consideration. The broad criteria we consider is whether the household would be likely to have priority need if a homelessness presentation was made.
- 5.4 Of the seven applications we considered, three have been from Blantyre, two from Hamilton and two from East Kilbride.
- 5.5 The household compositions of the applicants were:-
- | | |
|-------------------------------|---|
| ◆ lone parent female | 3 |
| ◆ couple with children | 2 |
| ◆ couple no children | 1 |
| ◆ couple with a non-dependent | 1 |
| ◆ Total number of children | 5 |
- 5.6 Of those without dependent children one household has a wheelchair user and the other has a household member with a learning disability.

6 Way forward

- 6.1 It is proposed that funding of £250,000 is set aside to acquire approximately eight or nine properties, which will be added to existing housing stock. Rent will be charged on these properties in accordance with the Resource's Harmonised Rent Policy. The key objective is to prevent households from losing their home whilst avoiding the use of temporary accommodation and its associated costs.
- 6.2 It is proposed that all applications for the scheme are submitted to the Homelessness Manager for assessment as to suitability for the scheme and that, where approved, officers within Enterprise Resources and Corporate Resources are commissioned to negotiate the sale price and conclude legal agreements.

7 Employee Implications

- 7.1 There are no additional employee implications with this report.

8. Financial Implications

- 8.1 £250,000 to fund the scheme will be met from savings made in the capital programme.

9. Other Implications

- 9.1 None.

10. Equality Impact Assessment and Consultation Arrangements

- 10.1 This report does not introduce a new policy, function or strategy or recommend a change to an existing policy, function or strategy and, therefore, no impact assessment is required.
- 10.2 Consultation has taken place within the Resource and with the Homelessness Strategy Group.

Jim Hayton

Executive Director (Housing and Technical Resources)

9 March 2009

Link(s) to Council Objectives

- ◆ Improve the quality, access and availability of housing

Previous References

- ◆ Housing and Technical Resources Committee 31 October 2007

List of Background Papers

None

Contact for Further Information

If you would like to inspect the background papers or want further information, please contact:-

Heather Milton, Homelessness Strategy Officer

Ext: (Tel: 0141 584 2718)

E-mail: heather.milton@southlanarkshire.gov.uk