



**RHONDDA CYNON TAF**

**RECORD OF DELEGATED OFFICER DECISION**

Key Decision ✓

**SUBJECT:**

Owner Occupier Loans and Owner Occupier Repayable Financial Assistance (Lifetime Loan)

**PURPOSE OF REPORT:**

In accordance with the Council's Scheme of Delegation, this report has been prepared to accompany the intended officer decision of the Director of Planning, Regeneration and Housing.

The purpose of the report is to seek approval, as part of the Council's Private Sector Renewal Policy, to provide Owner Occupier Loans and Owner Occupier Repayable Financial Assistance (Life Time Loan) in Rhondda Cynon Taf to enable homeowners to improve their homes so that they are 'safe, warm and secure'.

**DELEGATED DECISION:**

It is agreed:

1. For amendments to be made to the Private Sector Housing Renewal Policy 2014 to include the addition of the Owner Occupier Loan product; the addition of the Owner Occupier Repayable Financial Assistance product; and an amendment to the discretionary Renovation Grant as detailed in the report at paragraph 5.4.
2. To provide the Director of Regeneration, Planning and Housing with delegated authority to adopt a suitable delivery option for administration of the Owner Occupier Loan product, following a tender process.

3. To provide an interest free Owner Occupier Loan product to residents of Rhondda Cynon Taf using grant and repayable funding provided by Welsh Government.
4. To provide a Repayable Financial Assistance product (Lifetime Loan) to those residents who are assessed as not being able to afford an Owner Occupier loan using grant funding provided by Welsh Government.

 <b>Chief Officer Signature</b>	CDBRASHAW <b>Print Name</b>	4/7/18 <b>Date</b>
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The decision is taken in accordance with Section 15 of the Local Government Act, 2000 (Executive Functions) and in the terms set out in Section 5 of Part 3 of the Council's Constitution

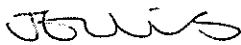
**CONSULTATION**



4.7/18

**CONSULTEE CABINET MEMBER SIGNATURE**

**DATE**



4.7.18

**CONSULTEE OFFICER SIGNATURE (if required)**

**DATE**

**CALL IN PROCEDURE RULES.**

***IS THE DECISION DEEMED URGENT AND NOT SUBJECT TO CALL-IN BY THE OVERVIEW AND SCRUTINY COMMITTEE:***

NO

Reason for urgency:.....

*If deemed urgent* - signature of Mayor or Deputy Mayor or Head of Paid Service confirming agreement that the proposed decision is reasonable in all the circumstances for it being treated as a matter of urgency, in accordance with the overview and scrutiny procedure rule 17.2:

.....  
**(Mayor)**

.....  
**(Dated)**

**NB - If this is a reconsidered decision then the decision Cannot be Called In and the decision will take effect from the date the decision is signed.**

FOR CABINET OFFICE USE ONLY

**PUBLICATION & IMPLEMENTATION DATES**

**PUBLICATION**

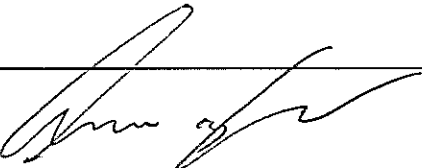
Publication on the Councils Website:- 4<sup>th</sup> July 2018

**DATE**

**IMPLEMENTATION OF THE DECISION**

**Note:** This decision will not come into force and may not be implemented until the expiry of 3 clear working days after its publication to enable it to be the subject to the Call-In Procedure in Rule 17.1 of the Overview and Scrutiny Procedure Rules.

Subject to Call In the implementation date will be 10<sup>th</sup> July 2018.  
**DATE**



**Secretary to the Cabinet  
Signature**

CHRISTIAN S'S HANDMAN

**Print Name**

4/7/18

**Date**

Further Information

Directorate:	Regeneration, Planning and Housing
Contact Name:	Jennifer Ellis
Designation:	Housing Strategy and Investment Manager
Tel.No.	01443 281112

**RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL**

**KEY DELEGATED DECISION**

**REPORT TO ACCOMPANY A DECISION OF THE DIRECTOR OF  
REGENERATION, PLANNING AND HOUSING**

**2 JULY 2018**

**OWNER OCCUPIER LOANS AND OWNER OCCUPIER REPAYABLE  
FINANCIAL ASSISTANCE (LIFETIME LOAN)**

**Author: Jennifer Ellis, Housing Strategy and Investment Manager**

**1.0 PURPOSE OF THE REPORT**

- 1.1 In accordance with the Council's Scheme of Delegation, this report has been prepared to accompany the intended officer decision of the Director of Planning, Regeneration and Housing.
- 1.2 The purpose of the report is to seek approval, as part of the Council's Private Sector Renewal Policy, to provide Owner Occupier Loans and Owner Occupier Repayable Financial Assistance (Life Time Loan) in Rhondda Cynon Taf to enable homeowners to improve their homes so that they are 'safe, warm and secure'.

**2.0 RECOMMENDATIONS**

It is recommended that approval is given

- 2.1 For amendments to be made to the Private Sector Housing Renewal Policy 2014 to include the addition of the Owner Occupier Loan product; the addition of the Owner Occupier Repayable Financial Assistance product; and an amendment to the discretionary Renovation Grant as detailed in the report at paragraph 5.4.
- 2.2 To provide the Director of Regeneration, Planning and Housing with delegated authority to adopt a suitable delivery option for administration of the Owner Occupier Loan product.

- 2.3 To provide an interest free Owner Occupier Loan product to residents of Rhondda Cynon Taf using grant and repayable funding provided by Welsh Government.
- 2.4 To provide a Repayable Financial Assistance product (Lifetime Loan) to those residents who are assessed as not being able to afford an Owner Occupier loan using grant funding provided by Welsh Government.

### **3.0 REASONS FOR RECOMMENDATIONS**

- 3.1 To enable the Council to offer Owner Occupier Loans and Repayable Financial assistance in line with the revised funding award from Welsh Government.
- 3.2 To enable officers to consider and appraise the delivery options to administer the Owner Occupier Loan/Repayable Financial Assistance products.
- 3.3 To enable the Council to spend the repayable funding it has been awarded by Welsh Government in accordance with its revised offer letter of March 2018 and associated terms and conditions.
- 3.4 To increase the range of financial assistance available to homeowners in Rhondda Cynon Taf to improve their homes and ensure that the Council's own capital funding is maximised through the use of Welsh Government loan and grant funding.

### **4.0 BACKGROUND**

- 4.1 In July 2002 the Government made significant changes to housing grant legislation, introducing the Regulatory Reform (Housing Assistance) (England & Wales) Order 2002. This order allows local authorities to formulate their own flexible financial assistance policies to target their funding to address specific local needs and strategic priorities. Disabled Facilities Grants remain the only national mandatory grant, with all other types of assistance being at each Council's discretion. To utilise this power, the Council must detail this assistance in a published policy.
- 4.2 The Council's 'Private Sector Housing Renewal Policy' (which identifies the Council's priorities for housing capital investment) provides a range financial assistance products to assist people to adapt their homes, or repair/improve them.

4.3 Since 2012 the Welsh Government has provided the Council with a number of capital funding awards to enable private sector housing improvements. In February 2018, Welsh Government amalgamated these capital funding awards into one offer letter with revised terms and conditions and criteria for each of the products that WG require Councils to provide with the funding.

4.4 To date the Council has successfully used this funding to provide loans to private sector property owners to return empty properties back into use through the scheme known as the 'Houses into Homes' loan scheme. However, the Council is now required by Welsh Government to introduce locally all of the financial assistance products it has developed, as a condition of the funding.

4.5 **Funding**

Rhondda Cynon Taf has been allocated repayable funding and grant funding from WG as shown in the table below. The table also indicates the type of product that the funding can be used for.

<b>Funding Type</b>	<b>Amount</b>	<b>Repayment terms to WG</b>	<b>Products it can be used for</b>
WG Repayable Loan Funding	£1,599,432	Repayable to WG by 31 <sup>st</sup> March 2030	Owner Occupier Loans  Houses into Homes Loans (already being delivered)
WG Grant Funding	£1,5776,024	Not repayable to WG. The Council can continue to use and recycle this funding on an ongoing basis	Owner Occupier Loans  Houses into Homes Loans (already being delivered)  Repayable Financial Assistance (Lifetime loan)  Contribution towards Administration Fees



4.6 The Owner Occupier loan and Repayable Financial assistance schemes have been developed by the Welsh Government in conjunction with the WLGA and Local Authorities. The purpose of these two products is to provide financial assistance to homeowners for home improvements where those improvements are required to make the home 'secure, safe and warm'.

4.7 **Owner Occupier Loan**

The main purpose of the loan is to help homeowners make improvements to their own home, but the product can also be made available for potential owner occupiers to access loan funding to bring empty properties back into use.

The minimum loan available through this scheme is £1000 and the maximum loan is £25,000. The maximum loan period is 10 years. A fee can be charged to the loan recipient, up to a maximum of £500. The Council can also use the grant funding to pay for administration of the loan, up to a maximum of £500 if costs exceed the £500 charged to the loan recipient.

Each applicant must have a financial assessment to determine their affordability and appropriate loan repayment terms.

4.8 **Repayable Financial Assistance (Life Time Loan)**

The purpose of the Repayable Financial Assistance product is to provide financial support to applicants whose home is below the standard of safe, warm and secure, but who fail the affordability assessment for the Owner Occupier loan.

The Repayable Financial Assistance product will take the form of a lifetime loan. The Lifetime loan will be registered as an equity charge on the property and is only repayable upon sale or disposal of the property. A fee can be charged to the loan recipient, up to a maximum of £250. Councils can also use the grant funding to pay for administration of the product, up to a maximum of £250 if costs exceed the £250 charged to the loan recipient.

5.0 **PROPOSAL IN RCT**

5.1 Currently in RCT the funding is only used to deliver the Houses into Home Loan Scheme to enable landlords to bring empty properties back into use. If approval is received to offer Owner Occupier loans and repayable financial assistance, the funding will be shared between the three products and managed according to demand for each. It is proposed that initially £750,000 is ring-fenced for the Owner Occupier loan product for the first 3 years, but this can be reviewed according to demand.

5.2 The financial assistance available to homeowners must complement existing products, rather than compete with or replace them and therefore should be additional to the financial assistance currently offered by Local Authorities.

**5.3 Renovation Grant**

The Council currently provides a Renovation Grant in its Private Sector Renewal Policy. The purpose of the Renovation Grant is to address the removal of serious (Category One) hazards within properties, so is similar in purpose to the WG products.

**5.4 Difference between Repayable Financial Assistance Product and the Renovation Grant**

According to Welsh Government terms and conditions, all applicants must be considered for an Owner Occupier loan in the first instance and are only eligible for Repayable Financial assistance (lifetime loan) once they have been assessed as ineligible for a loan due to their affordability. However, in RCT a significant proportion of applicants who apply for a Renovation Grant are on passported benefits and as such would not be able to afford a loan. Some of these applicants also have little equity in their property, but have serious Category One hazards. It would therefore be an unnecessary administrative burden to ask these applicants to apply for a loan in the first instance, that they will clearly be ineligible for.

As such it is proposed that the Council will still provide a Renovation Grant product alongside the owner occupier loan and repayable financial assistance products, but that it will be targeted at applicants on the lowest income who have Category One hazards in their home. This will ensure that it is complementary and not competing with the WG products.

5.5 The proposed criteria and terms and conditions for the new renovation grant are detailed below.

	<b>Existing Renovation Grant</b>	<b>New Renovation Grant</b>	<b>Rationale</b>
<b>Eligibility</b>	All residents (subject to means test)	Only eligible for residents on a passported benefit and who are entitled to 100% Council tax Reduction  Eligible for applicants with no or limited equity in their property.	This grant is targeted at those on the lowest income and who also may not have any or sufficient equity in their home. Residents who are not eligible will be able to apply for the Owner Occupier loan or the Repayable Financial Assistance

<b>Means Test</b>	All applicants are mean tested	No means test	All eligible applicants are on passported benefits
<b>Maximum Grant available</b>	£35,000	£35,000	This grant is targeted at the worst properties and for people on the lowest income.
<b>Condition of Property</b>	Category 1 Hazards	Category 1 hazards	This grant is targeted at those properties in the worst condition.
<b>Length of Occupation</b>	5 years	5 years	It is proposed to keep the occupancy requirement to 5 years as this grant is targeted at existing owners of properties who are struggling to afford to repair their homes. New owners of empty properties can access the Council's Empty Property Grant and all other applicants can access the loan/repayable financial assistance regardless of length of occupation.
<b>Conditions</b>	Legal Charge requiring full repayment of grant if property is sold within 5 years of completion of grant	Legal charge requiring full repayment of grant on sale or transfer/disposal of the property	To ensure that the grant funding is recycled.

5.6 It is proposed that applications for the existing Renovation Grant are no longer accepted with immediate effect to enable a phasing out of the existing grant. The new Renovation Grant with revised terms and conditions will be introduced from 1<sup>st</sup> April 2019, with expressions of interest being taken from Autumn 2018.

**5.7 Delivery and administration of Owner Occupier Loans**

It is proposed that the Council appoints a third party to provide the administration for the owner occupier loan. This is because there is not sufficient internal expertise or capacity to undertake financial assessments with individuals to determine whether they can afford to repay a loan. A tender process may be required.

5.8 The third party provider will process application forms, assess affordability and repayment terms and manage any debt recovery. The third party provider will be responsible for ensuring that the loans are provided in accordance with WG terms and conditions and are used for

the purpose of making homes 'safe, warm and secure'. They will also be responsible for risk management, however a second charge will be placed on the title of the property in favour of the Council to provide further mitigation.

5.9 Subject to approval to proceed, it is intended that the process to appoint a partner will begin in July 2018 and that the Owner Occupier loan will be available from Autumn 2018.

5.10 Although the Council will act as the initial point of contact for the loan and then refer applicants to the third party service provider, the Council will not offer its grants agency service in relation to the Owner Occupier loan.

**5.11 Delivery and administration of Repayable Financial Assistance**

The Council will be responsible for the delivery and administration of the Repayable Financial Assistance product as this does not require any affordability assessment. As such, applicants who are assessed by the third party service provider as not being able to afford a loan will be referred back to the Council for assistance.

5.12 The minimum amount of assistance available will be £1000 and the maximum is £25,000.

5.13 The Council will offer its agency service for the Repayable Financial Assistance. Where the cost of the agency fee is over the maximum administration fee of £500 set by Welsh Government for this product, this will be grant aided by the Council from its own capital programme.

**6.0 EQUALITY AND DIVERSITY IMPLICATIONS**

6.1 An equality and diversity screening exercise has been undertaken and a full impact assessment is not required at this time. Requirements for any specific assessments will be undertaken on an ongoing basis as strategy actions are delivered.

**7.0 CONSULTATION**

7.1 A consultation exercise is not required, however the Scheme will need to be advertised to ensure residents are aware of its availability.

**8.0 FINANCIAL IMPLICATION(S)**

8.1 The Council has received £1,576,024 in Grant funding and £1,599,432 in Repayable Loan funding from Welsh Government to deliver

improvements in the private housing stock and to bring empty properties back into use. A condition of this funding is that the Council makes available all of the products detailed in this report and commits the repayable element of the funding by 31<sup>st</sup> March 2019.

## **9.0 LEGAL IMPLICATIONS OR LEGISLATION CONSIDERED**

- 9.1 There is not a statutory duty on the Local Authority to provide funding to home owners to repair or maintain their home.
- 9.2 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.
- 9.3 The Council's current Private Sector Renewal Policy (2014) will need to be updated to include the provision of the Owner Occupier Loan and Repayable Financial Assistance.
- 9.4 The Local Authority is exempt from the Consumer Credit Act 1974 as the loans will be secured by a legal charge.

## **10.0 LINKS TO THE CORPORATE AND NATIONAL PRIORITIES AND THE WELL-BEING OF FUTURE GENERATIONS ACT.**

- 10.1 Investment in housing provides an ongoing stimulus to the local economy, by encouraging spending and local supply chains and ensuring a robust housing market with good condition housing. Improving and repairing homes will also have a positive impact on residents' health and well-being, preventing ill health and injury in the longer term.
- 10.2 As such, the provision of this financial assistance will contribute to the delivery all three of the Council's Corporate Plan priorities of economy, people and place. It will also assist the Council to contribute to three of the seven wellbeing goals that 'The Well Being of Future Generations (Wales) Act 2015' puts in place as follows:

1. A healthier Wales
2. A prosperous Wales
3. A Wales of cohesive communities

## **11.0 CONCLUSION**

- 11.1 The provision of the Owner Occupier loan and Repayable Financial Assistance products in Rhondda Cynon Taf will enable the Council to

comply with the terms and conditions associated with the funding received from Welsh Government to enable improvements in the housing stock. These products will also complement the existing financial assistance available through the Council Private Sector Renewal Policy for the benefit of all residents in Rhondda Cynon Taf.

**Other Information:-**

***Relevant Scrutiny Committee***

Public Service Delivery, Communities and Prosperity

***Contact Officer*** Jennifer Ellis