

WIRRAL COUNCIL

CABINET

21 JULY 2011

SUBJECT:	PRIVATE SECTOR HOUSING AND REGENERATION ASSISTANCE POLICY 2011/12
WARD/S AFFECTED:	ALL
REPORT OF:	INTERIM DIRECTOR OF CORPORATE SERVICE
RESPONSIBLE PORTFOLIO HOLDER:	COUNCILLOR G DAVIES
KEY DECISION?	NO

1.0 EXECUTIVE SUMMARY

- 1.1 The purpose of this report is to seek approval to undertake a consultation exercise in relation to the proposed revisions to the Council's Private Sector Housing and Regeneration Assistance Policy (referred to as "the Assistance Policy") which is provided using statutory powers. Following the consultation exercise a further report will be presented to Members detailing the final version of the policy, with the intention of implementing the revised policy in September 2011. The suggested amendments will result in less expenditure under this policy when compared with previous years and will support the Council's Corporate Priorities as presented in the Corporate Plan for 2011-14. One of the suggested amendments will derive an income for the Council through charging administration fees.
- 1.2 The main emphasis of the proposed changes is to refocus the policy and financial assistance products on completing housing clearance commitments begun through HMRI and to prioritise home repair for vulnerable people, empty homes and HMOs. This report also updates Members on the current position with the Council's Equity Loan administrator and proposes to replace equity based loans with interest free charges administered in-house, following the expiration of the current contract extension period.
- 1.3 This report also seeks approval to recycle any income achieved through fee charges and the repayment of loans directly to support future assistance provided through the Assistance Policy.

2.0 RECOMMENDATION/S

- 2.1 That the revised Private Sector Housing and Regeneration Assistance Policy be subject to a consultation exercise, as detailed in item 7.1 of this report and a further report be submitted to Cabinet later in 2011 detailing the final version of the Private Sector Housing and Regeneration Assistance Policy for adoption and implementation later in 2011.
- 2.2 Members note the current arrangements with the Council's Equity Loan administrator, ART Homes Ltd and the proposal to replace equity based loans with interest free charges administered in-house following the expiration of the current contract extension period.
- 2.3 Members approve the recycling any income achieved through fee charges and the repayment of loans directly to support future assistance provided through the Assistance Policy.

3.0 REASON/S FOR RECOMMENDATION/S

- 3.1 The current Private Sector Housing and Regeneration Assistance Policy has now been operative for over 12 months, having been approved by Cabinet in May 2010. Guidance recommends that the policy should be regularly monitored, reviewed and amended (if necessary) to take into account changes in local circumstances and government policy and a commitment has previously been given by Members to review the policy on an annual basis.
- 3.2 The contract for ART Homes Ltd to act as the Council's loan administrator in relation to the provision of Equity Relocation Loans and Equity Loans for Renewal was due to cease on 31st March 2011. With the agreement with ART Homes Ltd, Liverpool City Council and Sefton Council, this has been extended for a further 6 months. Following this extension period it is proposed to replace equity based loans with interest free charges administered in-house following the expiration of the current contract extension period. This action is being proposed due to the anticipated reduction in the number of loans being approved into the future.
- 3.3 The proposed introduction of fee charges relating to assistance to support property repair work and the gradual repayment of existing loans over time will generate an income. Approval is needed to recycle this income to support future assistance provided through the Assistance Policy.

4.0 BACKGROUND AND KEY ISSUES

- 4.1 The Regulatory Reform (Housing Assistance) (England and Wales) Order 2002 (referred to as the RRO in this report) gave Local Authorities the power to provide assistance to improve living conditions in their area. This assistance can be provided in any form and can include such things as advice about property improvements and financial assistance in the form of grants and/or loans. This power cannot be used unless a policy for the provision of such assistance has been adopted. Once adopted, the policy should be monitored, reviewed and amended (if necessary) to take into account changes in local

circumstances and government policy. In this way, the policy should evolve over time to meet the needs and aspirations of Wirral residents. Any significant changes should be subject to consultation prior to being adopted and the public should be notified about the revised policy. In addition to the RRO, Part 1 of the Local Government Act 2000 allows Local Authorities to give financial assistance to any person in order to promote the economic, social and environmental well being of an area. This power supports the use of products aimed at non-residential interests involved in regeneration activity connected with housing schemes. Related products involving non-housing interests are also included in Wirral's policy.

4.2 On 27th of May 2010, Cabinet agreed to adopt the current Assistance Policy which details a range of assistance to support property owners. This assistance has been used to benefit residents and property owners throughout the borough and particularly those involved in the former Housing Market Renewal Initiative programme.

4.3 The current Assistance Policy introduced a number of new forms of local assistance, including a new Business Movers Support Service, provided by Invest Wirral, a small Empty Property Grant to encourage owners of empty properties to bring them back into use, the ability to respond quickly to secure funding opportunities in relation to carbon reduction measures and a new House in Multiple Occupation Fire Safety Loan. In addition, some amendments were also introduced to improve various products already available in light of operational experience. The current Assistance Policy can be viewed using the following internet link:

<http://www.wirral.gov.uk/my-services/housing/housing-strategies-policies-partnerships/housing-regeneration-assistance-policy>

4.4 In the past the Assistance Policy has been primarily funded from the Housing Market Renewal Initiative and the Housing Capital Programme, through the Regional Housing Pot. Both of these grant funding sources ceased on the 31st March 2011. Additional funding from the Homes and Communities Agency, Growth Point and capital receipts has also been used to support this policy at various times. At the Budget Cabinet on the 21st February 2011, Members agreed to a Capital Programme for 2011-13 which included financial resources to continue to support Housing Stock Improvements, Wirral Healthy Homes, Cosy Homes Heating and Empty Property Interventions as follows:

Expenditure	2011/12	2012/13
Improvements to stock	£850K	£800K
Wirral Healthy Homes	£105K	£105K
Cosy Homes Heating	£250K	£250K
Empty Properties Interventions	£125K	£125K

4.5 In addition, capital financial resources have been carried over from the 2010/11 HMRI programme and can be used to support the products related specifically to the residual clearance.

4.6 The resources available for 2011-13 are substantially lower than those available in previous years. In light of this reduction in funding and in light of the transition in the housing market renewal programme, the range of assistance currently provided will have to be reduced and the policy needs to be adapted to reflect the Council's priorities for the coming years.

4.7 With the exception of the Equity based Relocation and Renewal Loans and the services provided by the Wirral Home Improvement Agency and the Handy Person Service, the majority of the assistance provided is currently administered free of charge to the recipient. Administration charges are made in relation to both Equity Relocation and Renewal Loans and a flat rate charge of £300 is paid for Independent Financial Adviser (IFA). In addition, the Wirral Home Improvement Agency charges a fee for its services which covers both supervision and administration and the Handy Person service makes a small charge. Administration and IFA charges are rolled into any subsequent loan.

Suggested amendments to the existing policy

4.8 Wirral's policy is currently split into three distinct sections covering:

- Assistance for relocation (in connection with demolition schemes)
- Assistance for renovation
- Other (help for first time buyers, Handyperson Service, CAB advice etc)

4.9 Officers are currently preparing a more detailed document regarding the assistance available, which will incorporate the suggested amendments. This document will be available to for the consultation exercise.

4.10 The following table summarises the products/services currently available and the suggested reasons why individual products should be retained or withdrawn.

ASSISTANCE FOR RELOCATION

Assistance Currently Provided	Summary	Should it be Retained?	Justification
Equity Relocation Loan	£35,000 (up to £55,000 in certain circumstances) repayable gap funding loan	No, however, to be replaced with an interest free charge providing a similar level of financial support – see 4.6.5 below	Existing clearance area commitments resulting from the former HMRI programme. Numbers of new loans are to be limited to the resources available* New loan product provides a similar level of financial support to the Equity based loan.

Assistance Currently Provided	Summary	Should it be Retained?	Justification
Homeloss. Loss and Disturbance Payments	Financial compensation for moving from an area to be demolished equivalent to statutory payments	Yes	Existing clearance area commitments resulting from the former HMRI programme. Any new payments to be limited to resources available* These payments are equivalent to the statutory payments that would be made if Compulsory Purchase action is undertaken
Wirral Business Relocation Loan	£35,000 (up to £45,000 repayable gap funding loan	Yes	Existing clearance area commitments resulting from the former HMRI programme. There is a remaining business interest.
Homemovers Service	Advisory service to help people move from demolition areas	Yes	Existing clearance area commitments resulting from the former HMRI programme. Staffing numbers have been reduced from 3 to 1 in 2011 to reflect the reduced activity/demand for this service*
Independent Financial Advice	Financial advice for owner-occupiers moving from clearance areas	Yes	Existing clearance area commitments resulting from the HMRI programme. This service is integral with accessing the Equity Relocation Loan and provides an 'arms length' service independent of the Council. Limited new referrals envisaged. *
Relocation Grants	Up to £10,000 gap funding grant to be paid in addition to Equity Relocation Loan, if necessary	No	None approved to date. None envisaged. Gap funding will be provided by the Relocation loan product.
Business Movers Support	Advisory service to help non residential interests move from demolition areas	Yes	LA officers will continue to provide support to any remaining businesses involved in the remaining clearance schemes.

Assistance Currently Provided	Summary	Should it be Retained?	Justification
Relocation Rent Support	Rental gap funding grant to help non residential interests move from demolition areas. Parachute payment decreasing over 5 year period	Yes	Originally created to assist with the relocation of businesses from the Cavendish Enterprise Centre in Birkenhead. This has now been completed. The capital programme has made an allowance to service ongoing approved payments but not new approvals.

*can be funded by a combination of resources from the Community fund and capital receipts/HMRI rolled over from 2010/11

ASSISTANCE FOR RENOVATION

Assistance Provided	Summary	Should it be Retained?	Justification
Group Repair	Block repair grant for owner-occupiers (up to 100%, but normally 75% of cost of works) and landlords (75% of cost of works)	Yes	The Council has submitted a bid for resources from the Regional Growth Fund to undertake the 4 th and final phase of the Triangles Group Repair Scheme in Birkenhead. If the bid is unsuccessful, alternative funding options will be explored.
Wirral Neighbourhood Facelift Scheme	Block repair grant for owner-occupiers (up to 100%, but normally 75% of cost of works) and landlords (75% of cost of works). Wider scope of works than Group Repair	Yes	Scheme currently in progress in Paterson Street, Birkenhead. Outstanding scheme participants still exist and will need approval. No new schemes envisaged at this moment in time. Ongoing scheme is fully resourced from a contribution of HMRI resources and contributions made by previous scheme participants

Assistance Currently Provided	Summary	Should it be Retained?	Justification
Equity Loans for Renewal	Up to £30,000 repayable loan available to renovate houses failing the statutory minimum standard	No, however, to be replaced with an interest free loan – see 4.6.5 below	Capital Programme makes provision for up to 3 new Loans in 2011/12, assuming the loans are for the maximum funding available.
Home Repair Assistance	Up to £6,000 interest free repayable loan to deal with small scale emergency works to protect the health and safety of the occupants	Yes	Capital Programme makes provision for a minimum of 50 new loans in 2011/12
Wirral Business Renewal Loan	Up to £30,000 repayable loan available to renovate business premises in connection with demolition schemes and Group Repair	Yes	A number of businesses remain in clearance schemes
Wirral Home Improvement Agency	Not for profit organisation to help vulnerable residents to repair, improve, maintain and adapt their house	Yes	To administer the statutory/mandatory DFG process. Commission work on behalf of older, vulnerable and disabled residence
Handy Person Service	Low cost advisory and repair service for the elderly, disabled and vulnerable	Yes	Carry out works and home safety assessments on behalf of PCT, Hospital Trust, DASS & CYPD to vulnerable, disabled and older people, which include minor adaptations and hospital discharge.

Assistance Currently Provided	Summary	Should it be Retained?	Justification
Disabled Facilities Grants	statutory mandatory grant is available to eligible disabled people to assist with adaptation works	Yes	This is a mandatory grant. The Council does not have any discretion to withdraw this grant
HMO Fire Safety Loan	Up to a £10,000 repayable loan to provide essential fire safety works in certain Houses in Multiple Occupation	Yes	Capital Programme makes provision for 10 Fire Safety Loans in 11/12

OTHER ASSISTANCE

Assistance Currently Provided	Summary	Should it be Retained?	Justification
Empty Property Assistance	Interest free loan up to £10,000 towards bringing back certain long term empty properties	No	Empty Property Loans were resource intensive to deliver and have been replaced with small empty property grants which should bring in five times more empty properties back in to use for the same expenditure.
HOUSED	Long term empty properties acquired and renovated by the Council and sold at a 10% discount to certain categories of buyers including low income first time buyers	Yes	A Round Two Regional Growth Fund bid will be submitted requesting resources to improve a number of units acquired in Central Birkenhead as part of the HOUSED scheme. It is proposed that the model will be adapted to reduce both the work extent completed and the officer time necessary to complete a sale

Assistance Currently Provided	Summary	Should it be Retained?	Justification
Empty Property Grant	Grant of £2000 towards the renovation costs needed to bring back into use empty long term properties	Yes	The Capital Programme makes provision for 60 Empty Property Grants in 2011/12.
Cosy Loans	Interest free repayable loan up to £2,000 to help households improve their energy efficiency. Can include the provision of renewables	Yes	Revolving loan pot carry over from 10/11. No additional resources to be added in 11/12
Cosy Homes Heating	Grant assistance previously provided to residents in the old HMRI area and the New Brighton Healthy Homes area to improve energy efficiency and heating	Yes	Capital Programme makes provision for a minimum of 140 grants in 2011/12. Grants to be available Borough wide and for heating only to compliment other Warmer Wirral activity. This product will be delivered in-house by the Private Sector Housing Team, having previously been contracted out.
Cosy Homes Insulation	Loft and cavity wall insulation grant	Yes	Corporate priority and budget identified for 2011/12. Grants available borough wide.
First Homes	Home buying advisory service for first time buyers. Includes a grant payment of up to £2,000 towards the costs associated with buying a house	No	Limited interest in this product. No provision made within the Capital Programme for 2011-13

Assistance Currently Provided	Summary	Should it be Retained?	Justification
Home Purchase Assistance Loan	Equity based repayable loan up to 30% of the value of the house to assist with a deposit towards a commercial mortgage	No	Not possible to implement as originally envisaged, following legal advice. Concept has been superseded by HomeBuy Direct and FirstBuy models for enabling home ownership
Debt and Housing Advice	Fast Track debt and housing advisory service provided by the CAB to residents of the former HMRI area	Yes, but with a more specific remit or preventing homelessness	This service is to be refocused on homelessness prevention and maintained by the use of Homelessness Grant.
Assistance to support carbon reduction Initiatives	The ability to introduce financial assistance in order to secure external grant funding that may be available in connection with carbon reduction schemes	Yes	Supports the Council's objectives on Carbon Reduction. Any such new assistance will have to be resources before any commitment is made.

4.11 All references to the Director of Regeneration and the Department of Regeneration throughout the policy document are to be replaced with the Interim Director of Corporate Services and the Department of Corporate Services, respectively.

4.12 Wirral Council and its former HMRI partners currently use ART Homes Ltd ("ART") to provide a loan administration service in relation to the Equity Relocation Loans and the Equity Loans for Renewal. The contract with ART was originally for the period of 2007 to 31st March 2010, with an option to extend this contract further. Following discussions with ART and the relevant legal officers from the 3 partner Councils it was agreed to extend the contract for a further 12 months to 31st March 2011. This extension was actioned by the accountable body, Liverpool City Council. Beyond 2011, various options were being considered including both the procurement of a new local loan provider and the possibility of a new regional loan provider service which was originally

to have been launched in April 2011 following a procurement exercise to have been funded by the North West Development Agency. Following a period of uncertainty about the future of HMRI and its eventual demise and the unprecedented savings being made in local government and the public sector in general, this has made it difficult to progress the procurement of either a local or regional loan provider due to uncertainty in predicting future workload and potential business value. As an interim measure, representatives from Liverpool City Council, again acting in their capacity as accountable body, opened negotiations with ART Homes Ltd to extend the existing contract for a further 6 months. I am pleased to report that an agreement was reached and is considered by officers to represent value for money for the remaining period. Within this remaining term the Council will either have to procure a new external loan administrator to ensure the continuation of this assistance or, alternatively, the Council could take on the administration service in-house. A more radical alternative would be to withdraw the provision of equity based products and replace them with an interest free legal charge against the property. The following table summarises some of the main advantages and disadvantages of these options:

OPTION	ADVANTAGES	DISADVANTAGES
Equity Relocation and Renovation Loans administered by ART Homes Ltd	<ul style="list-style-type: none"> • Equity based loan expected to increase in value over time in line with property values. Should property values fall the loan to be repaid is the same amount that was originally borrowed • Loan eventually repaid to the Council • Currently administered by ART Homes Ltd reducing the administration work load on the Council • ART Homes Ltd comply with the appropriate regulator, the Financial Services Authority 	<ul style="list-style-type: none"> • Assuming property values increase over time this loan can be an expensive loan for the recipient in the long term • Administration fees are a minimum of £500 per loan. Additional fees are charged and rolled into the loan including legal fees, valuation • The loan administrator has to be procured every few years • The current contract is structured around a minimum number of loans being processed each year. Failure to achieve this number results in a higher fee being charged per loan.

OPTION	ADVANTAGES	DISADVANTAGES
Equity Relocation and Renovation Loans administered by the Council	<ul style="list-style-type: none"> • Avoids the need to go through a procurement exercise to appoint a loan administrator • Equity based loan expected to increase in value over time in line with property values. Should property values fall the loan to be repaid is the same amount that was originally borrowed • Loan eventually repaid to the Council • Council is exempt from FSA • Financial saving, if using existing staffing resources (no or reduced fee charge) 	<ul style="list-style-type: none"> • Whilst the Council is exempt from the FSA regulatory regime there is an expectation that a comparable quality of service is provided to customers. This will have implications for staff training and IT systems/record keeping
Interest Free Legal Charge administered by the Council	<ul style="list-style-type: none"> • Similar, smaller scale, interest free charges are already being administered in-house to deal with emergency works. • Loan eventually repaid to the Council • Simplified application process resulting in faster processing of application • No procurement exercise necessary 	<ul style="list-style-type: none"> • Interest free nature of loan will erode the value of the loan over time due to inflation, providing better value for the recipient and not the Council

4.13 Having considered the advantages and disadvantages above and the reduction in volume of work (budget allows for a minimum of 3 loans, possibly more should the loans values be lower than the maximum threshold) it is recommended that the Council withdraw the provision of Equity Relocation and Renewal Loans, currently provided through ART Homes Ltd, upon the expiration of the remaining contract extension at the end of September this year. These products should be replaced with new interest free relocation and renewal loan products. The suggested details of these new products can be seen in Appendix 1.

- 4.14 In light of the savings being made in the public sector and the demise of both the HMRI and Regional Housing Pot as traditional sources of funding to support the operational delivery of the assistance policy, it is proposed to introduce a flat rate administration fee of £300 in connection with HRA Loan assistance. This charge will be incorporated in the loan within the existing £6000 limit and will help towards meeting the revenue costs needed to ensure the delivery of these particular loans. In addition, it is proposed to introduce a similar flat rate fee in connection with any new interest free charges introduced to replace the existing equity loans.
- 4.15 The introduction of fees and the gradual repayment of loans over time will generate an income for the Council. It is proposed to recycle this income into supporting future assistance provided through the Assistance Policy.
- 4.16 On the 14th October 2010, Members agreed to a new policy on environmental responsibility in relation to support provided through the Assistance Policy. It is proposed to introduce this new policy and supporting guidance into the review of the Assistance Policy

5.0 **RELEVANT RISKS**

- 5.1 Failure to reduce the range of assistance available runs the risk of raising expectations that cannot be met within both the staffing and financial resources that are available.
- 5.2 Even with a leaner assistance policy, financial resource restrictions may prevent the Council assisting all those requesting help. This may well put people who are least able to help themselves at risk in terms of their health and safety in and around their homes. Follow-up statutory enforcement action will be considered.

6.0 **OTHER OPTIONS CONSIDERED**

- 6.1 The review and suggested revisions form part of a rolling annual review and within this report a number of options relating to equity loans are considered.

7.0 **CONSULTATION**

- 7.1 The policy revisions set out in this report will be subject to public consultation via the Council's website and local press. A consultation leaflet will be made available in the Councils One Stop Shops throughout the consultation period of 6 weeks. Residents and other stakeholders will be invited to make comments during August 2011. Following the consultation period the feedback from the consultation and the revised policy will be submitted to Cabinet for final approval with the aim of adoption being the end of September 2011.

8.0 **IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS**

- 8.1 None

9.0 RESOURCE IMPLICATIONS: FINANCIAL; IT; STAFFING; AND ASSETS

9.1 Since the demise of both the Housing Market Renewal Initiative and the Regional Housing Pot the staffing provision in the Private Sector Housing Renewal and HMRI Delivery Team has been substantially reduced through a combination of voluntary severance and redeployment within the Housing Division. Revenue funding has been secured from the Community Fund and the Council's own resources to maintain the remaining staff for the next 12 months. It is considered that the remaining staff has both the skills and capacity necessary to deliver the proposed revised Assistance Policy utilising the capital resources available for 2011/12.

9.2 No new IT investment is envisaged during 2011/12

9.3 Bringing long-term vacant property back into use can attract an additional un-ring fenced grant under the New Homes Bonus, which match funds the additional Council Tax potential from increases in the effective housing stock, with an additional amount for affordable homes, for the following six years.

10.0 LEGAL IMPLICATIONS

10.1 None

11.0 EQUALITIES IMPLICATIONS

11.1 The revised assistance policy will help those members of society least able to afford to undertake improvements or move to alternative accommodation. In addition, it will assist private landlords to improve housing conditions for some of the most vulnerable members of society. The policy targets the majority of the assistance towards low income households. Those applicants deemed to have the ability to afford improvements or relocation by other means will be sign-posted accordingly.

11.2 An Equality Impact Assessment has previously been completed for the combined delivery of the clearance, refurbishment and new build schemes in line with Housing Market Renewal Programme and the Private Sector Housing and Regeneration Assistance Policy. Should the suggested changes to the Assistance Policy be adopted following the consultation exercise this EIA will need reviewing. The revised EIA will be attached to the cabinet report following the consultation exercise.

12.0 CARBON REDUCTION IMPLICATIONS

12.1 The introduction of a policy on environmental responsibility and supporting guidance will support Wirral Council's commitment to reduce Wirral's carbon footprint, which is a Corporate Priority in the Council's Corporate Plan.

13.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

13.1 None

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APPENDICES

Appendix 1 - PROPOSED NEW PRODUCTS FOR RENOVATION AND RELOCATION

REFERENCE MATERIAL

Background documents that relate to the New Homes Bonus can be viewed at <http://www.communities.gov.uk/housing/housingsupply/newhomesbonus/>

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Cabinet 'Private Sector Housing and Regeneration Assistance Policy'	27th May 2010
Cabinet 'environmental responsibility policy and guidelines in relation to Wirral's Private Sector Housing and Regeneration Assistance Policy'	14th October 2010

APPENDIX 1 – PROPOSED NEW PRODUCTS FOR RENOVATION AND RELOCATION

Relocation Loan

The existing financial products include equity based relocation loans for owner-occupiers and business owners. Both loans offer up to £45,000 in gap funding to assist with the acquisition of alternative accommodation when being moved from demolition schemes. The normal limit in the case of owner-occupiers is £35,000, however, this can be increased to a maximum of £45,000 (£55,000 in the case of new build in the former HMRI area of Rock Ferry/Tranmere/Wallasey and Birkenhead) with the permission of the 'Discretionary Panel' (formally made up of representatives from Newheartlands, Wirral Council, Sefton Council and Liverpool City Council). The relocation financial support for homeowners was originally developed for and is available across the 3 partner Council areas. Loan repayments are made when property ownership changes and this is based on a percentage of the property value at point of sale. There are no regular repayments throughout the term of the loan.

It is proposed to introduce a new interest free loan as a replacement to the current equity based loan. This loan will perform the same function as the existing equity loan i.e. bridge any gap between the compensation offered and the price of an alternative accommodation, however, the loan recipient will pay back the original value of the loan only. Decisions about increasing the loan above the £35,000 threshold will be made by officers from Wirral Council without reference to the former Discretionary Panel.

Suggested Eligibility

Relocation Loans are available to owner-occupiers in housing demolition areas and/or areas subject to a Neighbourhood Options Appraisal, who cannot reasonably afford to gain access to commercial loans.

Eligibility will be determined by an Independent Financial Advisor (IFA) selected from the Local Authorities' list. Access to the IFA is arranged via a Home Ownership Advisory Officer. The assessment undertaken by the IFA takes account of the criteria listed below:

- Applicant cannot obtain a sufficient commercial mortgage via an IFA at a reasonable rate
- Applicant purchased the property before the date when clearance was proposed, except under special circumstances.
- The dwelling to be purchased must be located within Wirral's boundary. If there is a need for a household to move to be near relatives for such reasons as to provide
- or receive care for the elderly or a family member who is ill. The Council has the authority to waive this boundary restriction in the event of hardship.

The eligible amount of loan will be defined as the gap between:

A

- The compensation paid for existing home (including Home Loss, but excluding Disturbance Allowance);

PLUS

- Any savings/other capital above a level of £12,000

LESS

- The amount of secured loans (if any) secured on the existing home

AND

B

- An independent assessment of the value of the similar replacement home

LESS

- The amount of the new commercial mortgage (if applicable)

The normal maximum loan is £35,000, however, in certain circumstances the Council can approve a loan up to £45,000 and £55,000 in cases involving new build.

These include:

- the household requires a larger home due to overcrowding;
- special requirements arising from disabilities of household members;
- other hardships which require an increased loan.
- The household wishes to buy a new build property

Applicants may only borrow up to 80% of the value of their property in total from all sources

Where no existing secured loan or mortgage exists an applicant may only borrow up to 50% of the value of their property or the maximum overall loan figure, which ever is the lesser.

Suggested Conditions

The applicant must agree to a legal Charge being registered against the property to secure repayment of the assistance given.

Repayment of the loan must be made upon the transfer of the property whether by way of sale or otherwise

At the time of settlement, the client repays the value of the original loan

The loan application must be approved by the Interim Director of Corporate Services.

Complaints regarding Relocation Loans will follow the Council's Corporate Complaints procedure

Actions for breaches of loan conditions and recovery of the loan will be undertaken by the Council.

Renovation Loan

The existing financial products available to support renovation work in excess of £6000 include equity based renewal loans for owner-occupiers. Business owners can also access loan support under certain circumstances. Both loans offer up to £30,000 to assist with the renovation of either a house or business premises in certain circumstances. The normal limit in the case of owner-occupiers is £30,000, however, this can be increased to a maximum of £40,000 where unforeseen works are encountered. Loan repayments are made when property ownership changes and this is based on a percentage of the property value at point of sale. There are no regular repayments throughout the term of the loan.

It is proposed to introduce a new interest free loan for owner-occupiers only as a replacement to the current equity based loan. This loan will perform the same function as the existing equity loan i.e. provide resources to renovate a house, however, the loan recipient will pay back the original value of the loan only.

Suggested Eligibility

Renovation loans are available to owner-occupiers in connection with applications for Home Repair Assistance (HRA) exceeding £6,000, who cannot reasonably afford to gain access to commercial loans.

Eligibility will be determined by an Independent Financial Advisor (IFA) selected from a list provided by Wirral Council. Access to the IFA is arranged via the Home Improvement Team. The assessment undertaken by the IFA takes account of the ability of the applicant to obtain a sufficient commercial mortgage at a reasonable rate

The level of loan will be a maximum of £30,000 subject to the following further conditions:

- 1 Where there is no existing secured loan or mortgage on the property, the loan must not exceed 50% of the market value of the property as assessed by an independent valuer.
- 2 Where there are existing loans secured on the property then the total of those taken together with the renovation loan must not exceed 80% of the market value of the property as assessed by an independent valuer

If unforeseen works are encountered, then in order to ensure the completion of works on site to a satisfactory standard, an applicant may apply to the Interim Director of Corporate Services to exercise his delegated authority to increase the loan above the £30,000 limit up to a maximum of £40,000 but the final decision will be made by the Independent Financial Advisor and subject to the consent of any existing lender. In

cases not approved by the lender or the IFA, then the Interim Director of Corporate Services can consider the use of a non-means tested grant to enable the completion of the works setting such conditions as may be appropriate to the circumstances.

Works Eligible

Applicants can have the following works undertaken:

- Works to the Decent Homes Standard, however, priority to be given to removing Category 1 hazards as defined in the Housing Health and Safety Rating System

Work extent will be determined by the Council

Suggested Conditions

On completion of the works payments are made directly to the contractors. In some circumstances (depending on the cost and complexity and timescale of the works) interim payments may be made to a contractor upon partial performance of set stages in the works. The capital sum is not paid to the applicant.

The applicant must agree to a Legal Charge being registered against the property to secure repayment of the assistance given.

The amount of the loan includes the cost associated with setting up the loan and includes professional fees.

Should the loan not proceed to approval the applicant will be responsible for paying any abortive professional fees incurred. The Council may waive this requirement in exceptional circumstances with each case being considered on its merits.

A Legal Charge is taken against the property to secure the amount of the loan repayable to the Council.

There are no repayments on the loan, until the applicant or executor transfers the property whether by way of sale or otherwise. The applicant may choose, to repay the loan at any time in one lump sum.

At the time of settlement, the client repays the value of the original loan

Loan applications are approved by the Interim Director of Corporate Services under delegated authority.

Applicants must appoint a contractor selected from the Council's Wirral Traders Scheme

Complaints regarding Equity Loans will be considered through the procedures set out in the Council's corporate complaints procedure.

Dealing with any breach of Loan conditions and recovery of the Loan is undertaken the Council.