

# Agenda



## Delegated Decisions - Cabinet Member for Regeneration & Housing

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Date: Wednesday, 20 February 2019

To: Councillor J Mudd

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### Item

### Wards Affected

- |   |  |  |
|---|--|--|
| 1 | <u>Housing Improvement Loans Policy</u> (Pages 3 - 20) |  |
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# Report

## Cabinet Member for Regeneration and Housing

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### Part 1

Date: 21 February 2019

**Subject** Housing Improvement Loans Policy

**Purpose** To propose a policy for housing improvement loans following changes to Welsh Government funding

**Author** Housing Policy & Performance Monitoring Manager

**Ward** All

**Summary** In 2012, Welsh Government awarded grant funding for local authorities to set up 'Houses into Homes' schemes offering interest-free loans to help bring empty properties back into use.

In 2015, a further award followed, this time of Repayable Funding (or Fixed-Term Credit), to provide housing improvement loans.

Take-up of the schemes has varied between areas and local authorities have generally found the housing improvement loans challenging to administer.

To address these issues, Welsh Government has combined the two funding streams into one, with revised terms and conditions. Under the revised award, local authorities must offer;

- Landlord loans
- Owner occupier loans
- Owner occupier repayable financial assistance

This report sets out a policy for a new combined scheme designed to respond to these changes.

**Proposal** To adopt the Housing Improvement Loans Policy, and implement the combined 'Safe, Warm & Secure' housing loans scheme

**Action by** Head of Regeneration, Investment and Housing

**Timetable** Immediate

This report was prepared after consultation with

- Strategic Director – Place
- Head of Finance – Chief Finance Officer
- Head of Law and Regulations – Monitoring Officer
- Head of People and Business Change
- Principal Environmental Health Officer

**Signed**

## Background

In 2012, Welsh Government awarded £20 million in grant funding to local authorities to set up, in each area, an empty homes loan scheme called 'Houses into Homes'. Newport City Council's allocation was £884,496.

In 2015, Welsh Government awarded another £20 million to set up loan schemes for housing improvement. This is 'Repayable Funding' (or fixed-term credit) in the form of loans to individual local authorities, to be repaid by 31 March 2030. Newport has received £906,751.34 of this funding.

To introduce greater flexibility, the Welsh Government has now combined both funding streams into one, for councils to offer three forms of financial assistance:

- a. landlord loans
- b. owner-occupier loans
- c. repayable financial assistance (a loan that is not repayable until the property in question is disposed of)

Welsh Government has also made some changes to the requirements of the funding award. The Housing Improvement Loans Policy has been drafted to implement these changes and to offer the three types of assistance under one scheme, the 'Safe, Warm & Secure' scheme.

The key changes to the funding requirements are that:

- a. local authorities may draw on the grant funding to help meet their administrative costs
- b. loan schemes must now include a form of Repayable Financial Assistance for applicants who cannot afford a repayment loan but whose property has Category 1 hazard(s) under the Housing Health & Safety Rating System
- c. local authorities can adopt a discretionary fee schedule for landlord loans provided that their fees are below market rates

Owner-occupier loans: the regulatory framework for owner-occupier loans is a complex, specialist field, breach of which is a criminal offence. Access to grant funding for administration costs has given us the opportunity to appoint a suitably accredited and experienced partner agency to administer these loans on the council's behalf. Following a tender exercise the Robert Owen Community Banking Fund, a not-for-profit organisation in the affordable finance sector, has been appointed to administer owner-occupier Safe, Warm & Secure loans in accordance with statutory financial regulations. The cost of this service will be met from the grant funding and a charge to the borrower. Permitted improvement works are those which make a residential property safe, warm or secure.

Repayable Financial Assistance (RFA) is to be offered to those who, according to an affordability assessment, are unable to repay a loan from their income. In accordance with the Welsh Government's funding framework, it will be limited to works needed to remedy a Category 1 hazard under the Housing Health & Safety Rating System and, further, it will only be offered where the applicant, or a member of their household, is in the age group identified by the Housing Health & Safety Rating System as most vulnerable to the effects of that hazard (Appendix 3). All loans under the Safe, Warm & Secure scheme will be secured through a legal charge against the property but the RFA, unlike the other loans, will only be recovered when the property is sold or disposed of.

Landlord loans – these will include loans formerly made under the Houses into Homes scheme to bring empty properties into use as homes for sale or let, as well as improvement loans for existing rental properties. The fee proposed is 5% of the loan value, subject to a minimum charge of £330 which covers the legal costs only. Fees will be reviewed annually.

## Financial Summary

The total funding award for this scheme is £1,791,247 and it is up to the local authority to determine how much to allocate to each form of financial assistance. It is proposed that owner-occupier loans should be funded from the grant funding of £884,496 and landlord loans should be funded from the Repayable Funding of £906,751.06. The Repayable Funding must be repaid, in accordance with the Repayment Plan set out in Schedule 3 of the Welsh Government's award letter, in one instalment during the financial year 2029/30. The Repayable Funding (less any sum already repaid or reallocated by the council to another authority) must be repaid to Welsh Government in full, less 50% of any shortfall up to a maximum of 2.5% of the total sum of Repayable Funding. There is no Repayment Plan for the grant funding of £884,496.

At present, £564,736 of the grant funding is out on loan; £300,000 has been allowed for as loan capital for the first three years, with a further £200,000 to be made available in the event of a two-year extension. Loans will be for a term of 5 years and repaid loans will be recycled into new loans. Due diligence will be carried out by the Council's appointed loans administrator, with additional risk mitigation measures as per Welsh government requirements. A maximum of £100,000 has been allowed for in fees, payable in arrears. Repayable Financial Assistance, or 'lifetime loans', will only be offered subject to there being grant money available (from repayment of existing loans) after our commitment to the contract for owner-occupier loans has been met. Repayable Financial Assistance would be recovered on disposal of the property, via the Council's legal charge.

Repayable Funding will continue to be administered in-house, as landlord or developer loans. Of the total £906,751, there is currently £399,995 already on loan so future loans will depend on repayments. Whereas, under the Houses into Homes scheme there was no requirement to repay the loans until the 3-year anniversary unless the house was sold, we have introduced a requirement for landlord loans to be repaid in half-yearly instalments, which will reduce any financial risk.

All loans would be secured through a legal charge against the property and any unpaid loans would be subject to debt recovery action.

## Grant Funding

|                                    | <b>Funding currently out on Loan (18/19)</b> | <b>19/20 Year 1</b><br>£ | <b>20/21 Year 2</b><br>£ | <b>21/22 Year 3</b> | <b>Potential 2 year extension</b> | <b>Notes including budgets heads affected</b>  |
|------------------------------------|--|--------------------------|--------------------------|---------------------|-----------------------------------|--|
| <b>Owner Occupier Loans b/f</b>    | <b>564,736</b>                               | <b>626,760</b>           | <b>331,760</b>           | <b>430,760</b>      | <b>491,460</b>                    | <p>These costs will be met from the existing grant funding budget of £884,496.</p> <p>The expected balance at the end of the 5 years would be £251,460, based on the current loans profile, but this may be adjusted during the course of the scheme to make best use of the loan funding, subject to demand</p> |
| <b>Loan Capital to Robert Owen</b> |  | <b>(300,000)</b>         |                          |                     | <b>(200,000)</b>                  |  |
| <b>Fees to RO</b>                  |  | <b>(20,000)</b>          | <b>(20,000)</b>          | <b>(20,000)</b>     | <b>(40,000)</b>                   |  |
| <b>Original Grant Funding</b>      | <b>(884,496)</b>                             |                          |                          |                     |                                   |  |
| <b>Expected Repayments</b>         | <b>307,000</b>                               | <b>25,000</b>            | <b>119,000</b>           | <b>80,700</b>       | <b>3,596</b>                      |  |

## Repayable Funding

|                   | Funding Currently Out on Loan | Notes including budgets heads affected   |
|-------------------|-------------------------------|--|
| Landlord Loans    | 399,995                       | These costs will be met from the Repayable Funding budget of £906,751. Further costs will depend on repayment of existing loans. |
| Available Funding | (906,751)                     |  |
|                   | 506,756                       |  |

## Risks

| Risk   | Impact of Risk if it occurs* (H/M/L) | Probability of risk occurring (H/M/L) | What is the Council doing or what has it done to avoid the risk or reduce its effect  | Who is responsible for dealing with the risk? |
|--|--------------------------------------|---------------------------------------|---|---|
| Partner agency fails to deliver owner-occupier loans   | M                                    | L                                     | <ul style="list-style-type: none"> <li>Initial contract is for 3 years only.</li> <li>Performance standards and monitoring arrangements to be agreed.</li> <li>Partner agency has a track record of delivery.</li> </ul>  | Housing & Assets Manager                      |
| Borrowers default on loans   | L                                    | L                                     | <ul style="list-style-type: none"> <li>Applications will be subject to affordability assessments.</li> <li>Partner agency can provide financial advice to borrowers.</li> <li>All loans will be secured against the property title.</li> <li>The council's normal debt recovery procedures will apply.</li> </ul>                                 | Housing & Assets Manager                      |
| Property values fall and loan security is inadequate   | L                                    | L                                     | A loan to value ratio of 80% will normally be applied, taking account of any existing mortgage.   | Housing & Assets Manager                      |
| Insufficient demand for landlord loans   | M                                    | L                                     | New promotion initiative for landlord loans once revised scheme is approved.  | Housing & Assets Manager                      |
| Loans are still outstanding when Repayable Funding is due for repayment to Welsh Government in 2029/30 | L                                    | L                                     | <ul style="list-style-type: none"> <li>Landlord loan terms will be graduated to reduce over the scheme life; owner-occupier loans will only be made from grant funding, which has no end date</li> <li>Loan funding will be repaid to the Welsh Government during years 2027/8, 2028/9 and 2029/30 rather than recycled into new loans</li> </ul> | Housing & Assets Manager                      |

\* Taking account of proposed mitigation measures

## **Links to Council Policies and Priorities**

The council's corporate plan for 2017-2022, 'Building on Success, Building A Better Newport', emphasises that the authority's key role is to enable and facilitate, so that communities are strong and can look after themselves.

The housing improvement loan scheme fits with this strategy in several ways:

- It provides the funds for homeowners to be able to get repair or modernisation work done for themselves
- Repaid loans are recycled into new loans to benefit more households
- Strong and stable communities need homes that are safe, warm and secure, where people want to live

## **Options Available and considered**

Option 1 – To decline the Welsh Government award of £884,496 in grant funding and £906,751.06 in repayable funding and return funding already out on loan, as it is repaid.

Option 2 – To accept the award of grant funding and repayable funding and deliver the financial assistance, as set out in the funding purposes and conditions, under the Housing Improvement Loans Policy.

## **Preferred Option and Why**

Option 2 is the preferred option, in order to secure a source of financial assistance for Newport residents whose homes are in need of modernisation or repair and who cannot easily obtain commercial funding.

## **Comments of Chief Financial Officer**

This report has no immediate financial implications on the Council; the funding for the scheme is grant funding from Welsh Government and the report asks for Cabinet Member to agree to the Housing improvement loans revised policy. However, it should be noted that repayment of the repayable funding element of the scheme needs to be made to Welsh Government by 2029/30.

Although a robust due diligence process will be undertaken on applicants, if there is a financial risk to the Council, should any bad debts arise; Welsh Government will only fund 50% of the loan, up to a maximum of 2.5% of the total Repayable Funding. This risk is mitigated, as any loans would be secured through a legal charge against the property.

## **Comments of Monitoring Officer**

There are no specific legal issues arising from the report. The proposed Home Improvements Loan Policy is consistent with the Council's statutory powers to provide financial assistance under Section 2 of the Local Government Act 2000 and the Welsh Government grant conditions. The policy will provide a consistent framework for the award of loan finance for home improvements and legal and financial processes are already in place to implement the scheme, through the completion of loan agreements and the registration of legal charges against the properties, to secure repayment of the loan finance.

## **Comments of Head of People and Business Change**

There are no staffing implications regarding this report.

The Well-being of Future Generations (Wales) Act 2015 has been fully considered in the development of this report. How the proposal meets each of the five ways of working of the sustainable development principle has been detailed in the appropriate section of the report.

## **Comments of Cabinet Member**

Cabinet Member has been briefed on the report.

## **Local issues**

None.

## **Scrutiny Committees**

N/A

## **Equalities Impact Assessment and the Equalities Act 2010**

The Housing Improvement Loans Policy is particularly relevant to a number of the 'protected characteristics' under the Equality Act 2010 and the Public Sector Equality Duty.

The 'Safe, Warm & Secure' scheme will be open to qualifying applicants anywhere in Newport. However, Newport has a comparatively high level of pre-1919 dwellings which can suffer from low thermal efficiency and damp. These tend to be clustered in the central areas such as Victoria, Stow Hill and Pillgwenlly, where there is a high proportion of residents of a non-white background, who may therefore be more likely to live in poor housing conditions.

In addition, older people are more likely to be vulnerable to health problems that can be exacerbated by cold, damp housing and to concerns about domestic security. The authority has a statutory duty to provide adaptations under a Disabled Facilities Grant (DFG) for anyone who is unable to use their household amenities due to mobility problems but a housing improvement loan could be used to 'top up' the applicant's contribution if required or to fund other works that are not included under a DFG but could make the resident's home more safe, warmer or more secure.

## **Children and Families (Wales) Measure**

The Children and Families (Wales) Measure seeks to eradicate child poverty through a range of broad aims. The purpose of the Housing Improvement Loans Policy is to make privately owned homes safe, warm and secure through the provision of interest-free loans to owner-occupiers, including families with children, if the loan is affordable for them. The loan scheme is primarily aimed at those who cannot easily obtain commercial borrowing so could potentially help families whose home is in need of repair or modernisation but who have a poor credit history.

## **Wellbeing of Future Generations (Wales) Act 2015**

The Housing Improvement Loans Policy has been designed with the five principles of sustainable development in mind:

### Long term

The Policy supports the repair, maintenance and improvement of the city's private housing stock for the benefit of future generations, through the provision of loans which can be recycled back into the scheme to sustain its future.

### Prevention

Enabling residents to keep their properties in good condition helps to prevent health problems arising from poor housing conditions and supports continued independence for older people.

### Integration

Safe, warm and secure housing is essential to the local well-being objectives, 'Newport has healthy, safe and resilient environments', and 'People feel good about living, visiting and investing in Newport'. The Housing Improvements Loans Policy aims to deliver help for housing improvements to promote the well-being of local communities where other help is not easily available.



### Collaboration

Providing loans is a fairly specialist area which requires appropriate expertise and qualifications; contracting with an accredited agency will give Newport residents access to a partner organisation with experience in the affordable finance sector.

### Involvement

Both the loans partner and the housing team will be delivering a loans service to the public; take-up and feedback on the scheme will be used to review and improve how it is delivered.

### **Crime and Disorder Act 1998**

Financial assistance under the 'Safe, Warm & Secure' scheme could be used to install security measures such as new doors, window locks and burglar alarms for vulnerable householders, helping to improve their peace of mind and deterring criminal activity.

### **Consultation**

Feedback from stakeholders will be incorporated into the review process.

### **Background Papers**

Housing Improvement Loans Policy

Dated: 21 February 2019



# Housing Improvement Loans Policy

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# Housing Improvement Loans Policy

## 1. Aims

The aims of the Housing Improvement Loans Policy are to make privately owned homes safe, warm and secure and to bring empty properties back into use as homes.

## 2. Purpose

Newport City Council's mission is to improve people's lives. This is a new policy which allows the council to make use of an innovative funding programme from the Welsh Government for the benefit of Newport residents. This is a responsible approach to service delivery that can offer residents the help they need while making the best use of the resources available. The policy is informed by the national well-being goals set out in the Well-being of Future Generations Act and is particularly concerned with two of the four local well-being objectives for Newport:

- To enable people to be healthy, independent and resilient, and
- To build cohesive and sustainable communities

The Housing Improvement Loans Policy follows the sustainable development principles for Wales. Grant funding, once spent, is lost to the public purse. The housing loans scheme will allow funding to be recycled, helping to secure the future of the city's private housing stock. Improving housing conditions helps to prevent harm to the occupants through accidents or ill-health and, in the longer term, to prevent homes falling into more serious deterioration or disuse. This policy forms part of a wider, integrated approach to housing set out in the council's Local Housing Strategy and the associated strategy and policy framework. It supports, and is supported by, the work of other council services, particularly the Environmental Health (Housing), Development, and Regeneration services, by providing a means for property owners to tackle the disrepair and deterioration that can pose a risk to occupants, affect the neighbourhood amenity and even damage the vitality and viability of a particular area.

## 3. Objectives

Newport City Council's objectives under this policy are:

- 3.1. To provide financial assistance to owner-occupiers in Newport whose homes are in need of repair or modernisation and who cannot easily obtain commercial funding.
- 3.2. To provide financial assistance to landlords or developers who cannot easily obtain commercial funding to bring empty properties back into use for sale or let or to bring rental properties up to a safe, warm and secure standard.

## 4. Actions

To achieve these objectives we will:

- 4.1. Accept the Welsh Government's offer of combined repayable and grant funding for housing improvement loans
- 4.2. Establish a scheme to :
  - 4.2.1. Offer interest-free loans to owner-occupiers in Newport whose homes are in disrepair or in need of modernisation, or to bring empty properties In Newport back into use for owner-occupation, subject to an assessment of affordability
  - 4.2.2. Offer interest-free loans to bring empty properties in Newport back into use as residential accommodation for sale or let, subject to an assessment of financial viability, or to improve tenanted/recently tenanted rental properties
- 4.3. Use up to 2.5% of the grant funding as permitted by the Welsh Government towards the administration costs of this scheme
- 4.4. Appoint a suitably accredited loans partner organisation to administer owner-occupier repayment loans on behalf of Newport City Council in accordance with the relevant financial regulations
- 4.5. Recycle repaid loan monies into new loans for as long as this is compatible with the terms and conditions of Welsh Government funding.

## 5. Outcomes

The desired outcomes of the Housing Improvement Loans policy are that:

- Domestic hazards, as identified under the Housing Health & Safety Rating System, are removed from homes in Newport
- Modern amenities are installed in homes where they are needed
- Empty properties are brought into use as homes
- Capital funding available is fully utilised and recycled into new loans

## 6. Eligibility – general information

- 6.1. Borrowers must be 18 years of age or over
- 6.2. Loans are made only for properties within the Newport unitary authority area
- 6.3. Loans will only be considered where the applicant cannot be expected to obtain commercial funding easily
- 6.4. Loan funding can only be approved for works which Newport City Council agrees are needed to make the home safe, warm and secure.- see [Appendix 1](#) for guidance
- 6.5. Loans can be from a minimum of £1,000 to a maximum of £25,000 per self-contained unit of accommodation, subject to there being sufficient equity value for

security. Where multiple properties are involved, there is an overall ceiling of £250,000 per applicant.

- 6.6. The title of the property to be improved must be registered at the Land Registry. Only the registered owner can apply for a housing improvement loan; where there is joint ownership, all the registered owners must apply.
- 6.7. Except in exceptional circumstances, and where Newport City Council is satisfied that the risk is sufficiently controlled by other measures, loans will not be made where the value of the loan, plus any existing mortgage or loan already secured against the property, would amount to more than 80% of the property's current value (before the improvement works are done).

Example:

A property is valued at £140,000. 80% of this is £112,000.

Scenario a) The owners owe £80,000 on their mortgage: they could have a loan of up to £25,000 if they can afford the repayments, as the total borrowing (£80,000 + £25,000) would come to £105,000, which is less than £112,000.

Scenario b) The owners owe £97,000 on their mortgage: their maximum loan would be £15,000, if they can afford the repayments, because £112,000 - £97,000 leaves £15,000.

Scenario c) The owners owe £120,000 on their mortgage: as this is over the 80% threshold of £112,000, the owners would be unable to borrow under this scheme.

- 6.8. Loans can be considered on a leasehold property only where:
- 6.8.1. there is enough value in the lease to secure the loan, subject to the 80% rule described at 6.7, *and*
  - 6.8.2. the freeholder gives their written permission to the works, *and*
  - 6.8.3. there are at least 8 years remaining on the lease
- 6.9. Loans will be considered for substandard or empty properties in Newport which are in need of improvement works in order to make them safe, warm and secure and which will be residential properties for let, sale or owner-occupation on completion of the loan works.
- 6.10. Loans will only be made where either the loan will cover all the work required to bring the property up to an acceptable standard or the applicant has additional funding to complete the works. Evidence of additional funding will be required.
- 6.11. If the property is sold or disposed of during the term of the loan, the full loan must be repaid immediately.
- 6.12. Newport City Council may, subject to approval by the Cabinet Member(s) responsible, decide to apply a prioritisation scheme for loan funding in accordance

with its published strategic objectives. If so, this will be published in printed and online information for the scheme.

### 6.13. Landlord or Developer Loans

6.13.1. Landlord/developer loans, or loans to sell, will be administered by Newport City Council and will be offered, interest-free, subject to the availability of funding.

6.13.2. Loans will only be made where Newport City Council considers that there is a viable plan for repayment of the loan within the maximum term of:

- 2 years if the property is to be sold, or
- 5 years if the property is to be let

6.13.3. Newport City Council will require, as security for the loan, the registration of a legal charge against the property title. If there is an existing mortgage or loan secured on the property, the council will need to obtain the written consent of the first lender to the council's charge. Newport City Council will apply to the Land Registry for the registration of the legal charge and, once the loan is repaid, will apply for removal of the charge. Loans will only be approved where the council will have the first or second charge.

6.13.4. Landlord loans, or loans to sell, will be paid out in instalments, to be agreed according to the needs of the project. An initial payment can be made in advance, with further payments made subject to confirmation by the council of satisfactory progress including, where applicable, conformity with planning, building control and environmental health requirements, or any other statutory requirements. However, it is the owner's responsibility to ensure compliance with all statutory requirements.

6.13.5. Landlords must register with Rent Smart Wales as either a landlord with a managing agent or as a licensed landlord and must comply with the Rent Smart Wales requirements.

6.13.6. Loans to let must be repaid by half-yearly instalments during the loan term and fully repaid by the end of the loan term. If the property is sold during the loan term, the outstanding balance must be repaid upon the sale.

6.13.7. Loans to sell must be repaid in full when the property is sold, and in any case within 2 years.

6.13.8. There is an administration fee for landlord loans and loans to sell, please see [Appendix 2](#) for the loan fee schedule. The fee can be paid in instalments; the amount will be included in the total repayable for the calculation of half-yearly

repayments and the fee will be deducted from the first payment(s). Once the full fee has been collected, repayments will go towards redemption of the loan.

#### 6.14. **Owner Occupier Loans**

6.14.1. Owner occupier loans will not normally be considered where the applicant could be expected to qualify for, and obtain, commercial funding.

6.14.2. Owner occupier loans will be administered on behalf of the council by a suitably accredited partner agency and will be offered, interest-free, subject to the availability of funding.

6.14.3. The loan term for owner-occupiers is 5 years; exceptionally, this may be extended for up to a further 5 years.

6.14.4. Owner occupier loans will be offered to applicants who satisfy affordability checks, to be carried out by a suitably accredited agency.

6.14.5. Where an application fails the affordability check, Newport City Council will consider making a 'lifetime' loan, *if* :

6.14.5.1. the home has a category 1 hazard under the Housing Health & Safety Rating System, *and*

6.14.5.2. the applicant, or a member of the applicant's household, falls into the age category identified within the HHSRS as most vulnerable to ill-health as a consequence of that hazard (see Appendix 3)..

The Housing Health & Safety Rating System was introduced by the Housing Act 2004 to replace the housing Fitness Standard. It is based on the identification and scoring of 29 possible causes of harm within the home, according to how likely they are and how serious their effects would be. Those which pose the highest risks are known as Category 1 hazards. For each hazard, the age group of people most vulnerable to that hazard is identified within the operating guidance issued by the Welsh Government.

A lifetime loan is a loan which is secured against the borrower's property and is repayable when any of the following events happens:

6.14.5.3. the sale or transfer of the property;

6.14.5.4. the borrower ceases to occupy the property;

6.14.5.5. the borrower dies.

Where a lifetime loan is offered, it will be limited to the work required to remedy the identified hazard(s).

6.14.6. For all loans, Newport City Council will require, as security, the registration of a legal charge against the property title. If there is an existing mortgage or loan

secured on the property, the council will need to obtain the written consent of the first lender to the council's charge. A loan cannot be approved if the first lender refuses consent for a second charge or if there are already two or more charges registered on the property title. Newport City Council will apply to the Land Registry for the registration of the legal charge and, once the loan is repaid, will apply for removal of the charge.

6.14.7. The council's loans partner will be responsible for payments to the borrower and for the collection of repayments from the borrower.

6.14.8. For repayment loans, borrowers will be charged an administration fee of from £50 to £500, according to the loan value, which they will be able to pay in instalments. For lifetime loans, a fee of £250 will be charged to the borrower, to be collected when the loan ends as in 6.14.5.3 to 6.14.5.5 above.

## 7. Administration

7.1.1. As well as a charge to the borrower, a contribution towards the administration costs of this scheme will be drawn, whilst funding is available, from Welsh Government grant as permitted by the terms and conditions of the funding: for each owner-occupier loan, a maximum of £500. For each lifetime loan, a maximum of £250.

## 8. Appeals

8.1. When a loan application is refused, the applicant can appeal within 21 days to the Head of Regeneration, Investment & Housing, giving their reasons why they think the decision should be reviewed. Appeals will be decided within 28 days of receipt by the Head of Service.

## 9. Performance indicators

The success of this policy will be assessed in terms of:

- 9.1. The proportion of available capital funding converted to loans or repayable financial assistance
- 9.2. The number of homes where housing disrepair is remedied or amenities improved.
- 9.3. The number and nature of Category 1 hazards remedied.
- 9.4. The number of empty homes returned to use or additional homes created from empty properties
- 9.5. The number and value of loan defaults



9.6. Client feedback

## 10. Management

- 10.1. The Housing & Assets Manager is responsible for this Policy.
- 10.2. This policy will be reviewed annually.
- 10.3. This policy will be effective until 31 March 2030, subject to the availability of funding.

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## Appendix 1 – Eligible works

The aim of the Housing Improvement Loans Policy is to improve housing conditions in occupied housing and to bring empty properties back into use as residential accommodation. Work can be funded which is needed to make a property safe, warm and secure, or to remedy disrepair, or to install modern amenities where they are lacking.

For example, a loan could be considered necessary if any of the following is lacking, in need of repair or upgrading:

- Central heating system
- Double glazed windows or external doors
- A kitchen which is less than 20 years old, with adequate space and layout, in reasonable condition
- A bathroom which is less than 30 years old, in reasonable condition, and appropriately located, with a washbasin, bath and/or shower and a toilet (unless there is separate toilet)
- Safe access between floors
- A watertight roof
- An electrical system which meets current standards
- Safe access into the home and to any outside amenities such as bin storage or washing line
- Adaptations under a Disabled Facilities Grant where the full cost of the work is not being met by grant

A loan is unlikely to be considered for the following, unless there are special circumstances:

- Loft conversion
- Home extension
- General redecoration
- Garden improvements
- Building a garage
- Installation of a second bathroom where there is already one adequate bathroom

## Appendix 2 – Housing Improvement Loans - Fees for Landlord and Developer Loans

| Loan Value                      | Fee     | Total repayable | Half-yearly | APR rate |  |
|---------------------------------|---------|-----------------|-------------|----------|--|
| <b>Up to £6,600</b>             |         |                 |             |          | *£330 is the minimum fee. This makes the APR rates higher on small loans but still below market rates.       |
| £1,000                          | £330*   | £1,330          | £133        | 12.5%    |  |
| £2,000                          | £330*   | £2,330          | £233        | 6.4%     |  |
| £3,000                          | £330*   | £3,330          | £333        | 4.3%     |  |
| £4,000                          | £330*   | £4,330          | £433        | 3.2%     |  |
| £5,000                          | £330*   | £5,330          | £533        | 2.6%     |  |
| £6,000                          | £330*   | £6,330          | £633        | 2.1%     |  |
| £7,000                          | £350    | £7,350          | £735        | 2.0%     | For loans over £6,600, the fee is 5% of the loan value; the amounts shown here are given as a guide.         |
| £10,000                         | £500    | £10,500         | £1,050      | 2.0%     |  |
| £15,000                         | £750    | £15,750         | £1,575      | 2.0%     |  |
| £20,000                         | £1,000  | £21,000         | £2,100      | 2.0%     | The half-yearly instalments shown include payment of the fee, which will be taken from the first payment(s). |
| £25,000<br>(maximum for 1 unit) | £1,250  | £26,250         | £2,625      | 2.0%     |  |
| £30,000                         | £1,500  | £31,500         | £3,150      | 2.0%     |  |
| £40,000                         | £2,000  | £42,000         | £4,200      | 2.0%     |  |
| £50,000                         | £2,500  | £52,500         | £5,250      | 2.0%     |  |
| £60,000                         | £3,000  | £63,000         | £6,300      | 2.0%     |  |
| £70,000                         | £3,500  | £73,500         | £7,350      | 2.0%     |  |
| £80,000                         | £4,000  | £84,000         | £8,400      | 2.0%     |  |
| £90,000                         | £4,500  | £94,500         | £9,450      | 2.0%     |  |
| £100,000                        | £5,000  | £105,000        | £10,500     | 2.0%     |  |
| £110,000                        | £5,500  | £115,500        | £11,550     | 2.0%     |  |
| £120,000                        | £6,000  | £126,000        | £12,600     | 2.0%     |  |
| £130,000                        | £6,500  | £136,500        | £13,650     | 2.0%     |  |
| £140,000                        | £7,000  | £147,000        | £14,700     | 2.0%     |  |
| £150,000                        | £7,500  | £157,500        | £15,750     | 2.0%     |  |
| £160,000                        | £8,000  | £168,000        | £16,800     | 2.0%     |  |
| £170,000                        | £8,500  | £178,500        | £17,850     | 2.0%     |  |
| £180,000                        | £9,000  | £189,000        | £18,900     | 2.0%     |  |
| £190,000                        | £9,500  | £199,500        | £19,950     | 2.0%     |  |
| £200,000                        | £10,000 | £210,000        | £21,000     | 2.0%     |  |
| £210,000                        | £10,500 | £220,500        | £22,050     | 2.0%     |  |
| £220,000                        | £11,000 | £231,000        | £23,100     | 2.0%     |  |
| £230,000                        | £11,500 | £241,500        | £24,150     | 2.0%     |  |
| £240,000                        | £12,000 | £252,000        | £25,200     | 2.0%     |  |
| £250,000                        | £12,500 | £262,500        | £26,250     | 2.0%     |  |

### Appendix 3 – Vulnerable Age Groups for HHSRS Hazards

| Hazards                                       | Vulnerable Age Group      |
|---|---------------------------|
| <b>A Physiological Requirements</b>           |                           |
| Hygrothermal Conditions                       |                           |
| 1. Damp and mould growth                      | Under-15's                |
| 2. Excess cold                                | 65 and over               |
| 3. Excess heat                                | 65 and over               |
| <b>Pollutants (non-microbial)</b>             |                           |
| 4. Asbestos (and MMF)                         | All                       |
| 5. Biocides                                   | All                       |
| 6. Carbon monoxide                            | 65 and over               |
| 7. Lead                                       | Under 3's                 |
| 8. Radiation (Radon)                          | 60-64, lifetime exposure) |
| 9. Uncombusted fuel gas                       | All                       |
| 10. Volatile organic compounds                | All                       |
| <b>B Psychological Requirements</b>           |                           |
| 11. Crowding and space                        | All                       |
| 12. Entry by intruders                        | All                       |
| 13. Lighting                                  | All                       |
| 14. Noise                                     | All                       |
| <b>C Protection Against Infection</b>         |                           |
| 15. Domestic hygiene, pests and refuse        | All                       |
| 16. Food safety                               | All                       |
| 17. Personal hygiene, sanitation and drainage | All                       |
| 18. Water supply                              | All                       |
| <b>D Protection Against Accidents</b>         |                           |
| 19. Falls with baths etc.                     | 60 and over               |
| 20. Falls on the level                        | 60 and over               |
| 21. Falls on stairs etc                       | 60 and over               |
| 22. Falls between levels                      | Under 5's                 |
| 23. Electrical hazards                        | Under 5's                 |
| 24. Fire                                      | 60 and over               |
| 25. Flames, hot surfaces etc.                 | Under 5's                 |
| 26. Collision and entrapment                  | Under 5's/over 16's       |
| 27. Explosions                                | All                       |
| 28. Position and operability of amenities etc | 60 and over               |
| 29. Structural collapse and falling elements  | All                       |