

EAST AYRSHIRE COUNCIL

HOUSING COMMITTEE – 3 SEPTEMBER 2003

MORTGAGE TO RENT SCHEME

Report by the Director of Homes and Technical Services

1.0 PURPOSE OF THE REPORT

- 1.1 The purpose of this report is to seek Committee approval for the Department to take part, where appropriate, in the Mortgage to Rent Scheme.

2.0 INTRODUCTION

- 2.1 The Mortgage to Rent Scheme has been developed in consultation with a wide range of relevant interests, and its activities are overseen by the work of the Mortgage to Rent Working Group based at Communities Scotland.
- 2.2 The Scottish Executive officially launched the Scheme in January 2003, and eligible Social Landlords have begun participating across Scotland.
- 2.3 Funding of £13.4million has been provided by the Scottish Executive to fund the scheme until 2005/6, and it is estimated that around 250 households across Scotland will be helped each year during this time.

3.0 SCHEME OBJECTIVES

- 3.1 Mortgage to Rent is a flexible programme aimed at helping households in mortgage difficulties remain in their own homes thus avoiding the negative social consequences associated with repossession, and preventing the high costs associated with homelessness once it has occurred.

4.0 THE PROCESS

- 4.1 Social Landlords will be approached by Communities Scotland on a case by case basis to purchase the property from a household in their area in mortgage difficulty and allow them to remain there as tenants and charge rent.
- 4.2 Access to the scheme is conditional on applicants seeking advice from a recognised agency, such as Citizen's Advice Bureau, and confirmation that the property can not be traded down and the only other option is repossession.

- 4.3 To support Social Landlords to participate in the scheme, the Scottish Executive has provided a range of subsidies.
- 4.4 A Purchase Subsidy is available to enable the landlord to purchase the property at market value but only charge its normal social rent to the former owner.
- 4.5 A maximum repairs subsidy of £6,000 is available to the landlord, should it be required, to bring the property purchased up to the minimum standard set out by the Scheme.
- 4.6 Householders transferring to tenants under the scheme will receive Scottish Secure Tenancy Terms and Conditions and will be subject to the same rights and restrictions as individuals who are currently tenants of East Ayrshire Council.
- 4.7 It is estimated that the amount of subsidy available, and the numbers of households seeking assistance across Scotland, would mean that social landlords in East Ayrshire would be approached to assist in very few cases (2-3 per annum).
- 4.8 Due to the uncertainty of demand and the tight financial regime that the authority works within, it is not considered appropriate to set aside specific finance for this scheme. Rather, it is proposed that any applications received are reported to the Committee, individually for a decision, which can be taken in light of the financial circumstances existing at that time.

5.0 INTRODUCING THE SCHEME

- 5.1 The Scheme complements and supports the 'Homelessness Strategy for East Ayrshire' and its emphasis on preventative measures to tackle homelessness.
- 5.2 It is proposed that East Ayrshire Council participate in the scheme and where appropriate promote it within its Housing Advice Service from 2004/5.
- 5.3 Launch of the scheme is to be supported by staff training and information provided by Communities Scotland.

6.0 FINANCIAL IMPLICATIONS

- 6.1 No adverse financial implications, as any application would be considered within the context of the Authority's financial circumstances at the time of application.

7.0 LEGAL / POLICY IMPLICATIONS

7.1 Nil

8.0 RECOMMENDATIONS

8.1 Committee is asked to:

- i) Approve the recommendations to participate in the scheme as circumstances allow; and
- ii) Otherwise note the contents of the report.

James Lavery
Director of Homes and Technical Services
August 2003

LIST OF BACKGROUND PAPERS

1. Mortgage to Rent Scheme Draft for Comments, September 2002
2. Communities Scotland, Technical Details of the Mortgage to Rent Scheme, December 2002
3. Communities Scotland, Mortgage to Rent Training Pack, December 2002

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