



Report of the Director of Environment and Neighbourhoods

Scrutiny Board (Environment and Neighbourhoods)

Date: 9 October 2009

Subject: Housing Solutions/Mortgage Rescue

Electoral Wards Affected: All

Ward Members consulted
(referred to in report)

Specific Implications For:

Equality and Diversity

Community Cohesion

Narrowing the Gap

EXECUTIVE SUMMARY

The Leeds Housing Options Service is the principal Council service for people who are homeless, threatened with homelessness or in some form of housing need. The mission statement of the Leeds Housing Options Service is to 'deliver high quality and enhanced housing options services so that people are better able to find a solution to their own housing needs'. The concept of Housing Solutions reflects a commitment to deliver personalised housing options services, tailored to the specific needs of individuals or families, where the service user is able to exercise optimum choice and control in relation to addressing their housing needs. The two key service priorities for the Leeds Housing Options Service are maximising homeless prevention options and minimising temporary accommodation placements. Homeless prevention outcomes are now more than three times higher than homeless acceptances; temporary accommodation placements have also reduced significantly in the last year. The Council has met the Central Government target to halve the number of households placed in temporary accommodation.

Mortgage rescue is part of the package of options available to the Council and partners to prevent home loss for owner-occupiers. The Council has established a citywide Mortgage Rescue scheme in partnership with Yorkshire Housing Group. A second mortgage rescue scheme, the Golden Triangle Partnership, operates in North West Leeds and is a partnership between Leeds City Council, York City Council and Harrogate Borough Council.

1. Purpose of This Report

- 1.1. To give Scrutiny Board members an update on progress relating to the development of the Housing Solutions programme through the Leeds Housing Options Service.
- 1.2. To give Scrutiny Board members an update relating to Mortgage Rescue initiatives that are being delivered in the city. .

2. Background Information

- 2.1. The Leeds Housing Options Service is part of the Housing Strategy and Solutions Group within the Housing Services Division. The Leeds Housing Options Service is the principal Council service for people who are homeless, threatened with homelessness or in some form of housing need. The mission statement of the Leeds Housing Options Service is to 'deliver high quality and enhanced housing options services so that people are better able to find a solution to their own housing needs'. The concept of Housing Solutions reflects a commitment to deliver personalised housing options services, tailored to the specific needs of individuals or families, where the service user is able to exercise optimum choice and control in relation to addressing their housing needs. Promoting independent living is a core strategic theme of the Housing Solutions programme, with housing options services working to help people retain their current homes, make planned moves to alternative accommodation or secure independent housing after a period of residence in managed accommodation.
- 2.2. The key service priorities for the Leeds Housing Options Service are maximising homeless prevention opportunities and minimising temporary accommodation placements. Central Government has set all local authorities a target to halve, by the end of March 2010, the number of households who are placed in temporary accommodation. This is monitored through NI156: Number of households in temporary accommodation. The baseline for the performance indicator is the number of households placed in temporary accommodation at the end of December 2004. There were 521 households placed in temporary accommodation at the end of 2004 and therefore the target is to have no more than 261 households in temporary accommodation at the end of March 2010. The Leeds Housing Options Service also has a local performance indicator relating to the number of homeless preventions achieved and the number of homeless acceptances made. A homeless prevention outcome is defined as being where a household is able to retain their current home or to make a planned move to alternative long term housing because of action taken by the local authority. A homeless acceptance is where the Council establishes that a household is unintentionally homeless and in priority need and therefore accepts a duty to secure them suitable temporary accommodation. Homeless prevention outcomes exceeding homeless acceptances is one yardstick for measuring the effectiveness of housing options services.
- 2.3. The Housing Strategy and Solutions Group recognises that the shift towards delivering personalised housing options services, with a focus on homeless

prevention activity, needs to be underpinned by a programme of staff training and development. It is acknowledged that in recent years, the Leeds Housing Options Service has been subject to a high number of customer complaints, many of which related to the quality of the housing options service that was being offered. Staff at the Leeds Housing Options Service need to have comprehensive knowledge of housing/homeless law, housing options and case management standards in order to deliver a high quality service. Personal characteristics, such as negotiation skills, have become more prominent with the shift towards maximising homeless prevention outcomes.

- 2.4. It has been assumed that the economic downturn would have ramifications for service delivery at the Leeds Housing Options Service, with an increase in the number of people experiencing difficulty meeting housing costs resulting in an accompanying increase in presentations at the service. There were 24,584 enquiries at the Leeds Housing Options Service in 2008/09; for the period April to August 2009, there were 12,176 enquiries, which suggests that there will be around 29,222 enquiries over the course of the year. This emphasises the need for all staff to have comprehensive knowledge/expertise around all aspects of housing options work and to maximise homeless prevention opportunities.
- 2.5. Preventing repossession of mortgaged properties is a key element of the Council's homeless prevention programme and overall strategy to ameliorate the effect of the economic downturn. Mortgage Rescue schemes are designed to be an alternative option for lenders and borrowers where previously the lender would have sought to re-possess the property. There are two Mortgage Rescue schemes in operation in the city: the Leeds Mortgage Rescue Scheme and HomeSave Plus (Golden Triangle Partnership).
- 2.6. The Leeds Mortgage Rescue Scheme operates across the city and is a partnership between the Council and Yorkshire Housing Group. Households are offered two options through the scheme.
 - 2.6.1. Equity Loan – Yorkshire Housing Group offers the household a loan to part pay off outstanding mortgage debt and therefore reduce mortgage payments. Household has to pay an interest charge on the loan; the loan is repayable when the property is sold. The loan is treated as a percentage of the value of the property at the point of award. The amount repayable will reflect the change in valuation at the point of sale.
 - 2.6.2. Mortgage to Rent - Yorkshire Housing Group pays off the outstanding mortgage balance and purchases the freehold or leasehold to the property. The household then becomes a tenant of Yorkshire Housing Group on an assured shorthold arrangement with a three year fixed term. The household are charged an intermediate rent: 80% of the market rental level. At the end of the three-year term, the household is offered an assured tenancy. The household can claim Local Housing Allowance to cover the cost of rental payments if they are eligible.

- 2.7. Central Government has applied a number of criteria relating to Mortgage Rescue Scheme eligibility: the mortgage rescue option must be an alternative to the Council accepting a homeless duty to secure accommodation for the household, the property must be in a reasonable state of repair, the value of the property should not exceed £140,000, the household must not have an annual income exceeding £60,000, and the loan to valuation ratio must not be over 125%.
- 2.8. The Council, through the Leeds Housing Options Service, has to carry out an assessment to determine whether all scheme eligibility criteria are met. Once this has been carried out, then a referral is made to Yorkshire Housing Group to determine which, if either, of the two mortgage rescue options can be taken forward.
- 2.9. The Golden Triangle Partnership is a three-way partnership between Leeds City Council (Banker authority), Harrogate Borough Council and the City of York Council. The Partnership was initially formed in 2005 and successfully attracted funding from the Regional Housing Board (Single Housing Pot).
- 2.10. The main aim of the Partnership is to develop innovative solutions to address the affordability problems faced by local households in the Golden Triangle area of Harrogate and York district and the outer/ North Leeds areas of the City.
- 2.11. The Partnership is accountable to a Partnership Board, set up in April 2008, consisting of lead members and chief housing officers in all three authorities. The key responsibilities of the Board are to provide strategic and political leadership for the Partnership and to oversee the monitoring and delivery of the projects funded through the Regional Housing Board.
- 2.12. The Golden Triangle Partnership launched HomeSave Plus, a pilot mortgage rescue scheme in January 2009, to respond to the economic climate and changing housing market conditions. The aim of the scheme is to assist homeowners in financial difficulty with their mortgage and or secured loan repayments. The funding of £750,000 allocated to the scheme is available until the end of March 2010.
- 2.13. The scheme can assist eligible homeowners by providing an equity loan of between £2,000 to £35,000, which is secured on the property. There is no ongoing interest charged on the loan, however the loan must be repaid in full when the property is sold. There is certain criterion which applies to the scheme, for example, the value of the property must be below £350,000 and there must be a minimum of 3% equity in the property. In addition, the financial difficulty must be due to a recent change of circumstances linked to loss of income. The scheme is administered by Guinness Northern Counties, a registered social landlord, which is responsible for the operational management of the scheme.

3. Main Issues

- 3.1. A rolling programme of staff training has been implemented for all staff at the Leeds Housing Options Service, with sessions being carried out relating to housing/homeless law, housing options and case management standards. Staff also

now attend the Statutory Review Panel, which meets three times a week. Housing applicants have a right to request a review of specific decisions relating to their housing application: such as the level of priority for rehousing that they been awarded and the suitability of housing offers, made by social landlords such as the Leeds ALMOs, to discharge the housing duty owed to them. Attendance at the Statutory Review Panel is an opportunity for staff to learn about issues relating to housing law and to gain a greater understanding of wider housing policy and practice.

- 3.2. The Housing Strategy and Solutions Group recognises that it is paramount that Leeds Housing Options Service managers have a firm understanding of the quality of service being offered. This has been challenging in the past given the high volume of service presentations. A Quality Assurance Panel is convened twice weekly and comprises both Statutory Review Panel lead officers and Leeds Housing Options Service managers. The Quality Assurance Panel examines a number of both positive and negative homeless decision letters, and accompanying case papers, to assess whether housing law has been correctly applied and whether an applicant's housing options have been clearly identified and addressed. Service managers are expected to give feedback to staff through the supervision process. A Homeless Prevention Panel also meets once a week and consists of senior managers within the Leeds Housing Options Service. The Homeless Prevention Panel examines the case detail of applicants placed in temporary accommodation during the previous week, in order to assess whether homeless prevention opportunities were exhausted. A report setting out the panel findings is sent to all members of staff and issues are raised with specific staff through the supervision process.
- 3.3. The Housing Strategy and Solutions section are committed to maximising efficiency savings that can be generated through the Leeds Housing Options Service. Demand led services, such as temporary accommodation, have proved to be costly to the Council in recent years. The Housing Strategy and Solutions Group have strengthened the 'invest to save' approach to delivering housing options services. It is recognised that intervention that results in a household being able to stay in their existing home or make a planned to alternative independent accommodation will often cost the Council a fraction of the cost incurred from placing a household in temporary accommodation. The benefits to the household of being able to live in their own home are more difficult to quantify but are equally important: a stable living arrangement will promote the capacity of a child to excel in education and their other development; stable housing will act as a platform to encourage adults to seek employment, education or training opportunities.
- 3.4. The establishment of a Homeless Prevention Fund is a key element of the Leeds Housing Options Service focus on maximising homeless prevention opportunities and fostering an 'invest to save' approach. The Homeless Prevention Fund has been established using grant funding from Central Government. Eligibility criteria for the Homeless Prevention Fund are relatively fluid: the key condition is that there is evidence to suggest that by spending to secure a homeless prevention outcome a greater saving will be generated by the household not having to be placed in temporary accommodation.

3.4.1. Case Study 1 - Woman plus one dependent made homeless due to relationship breakdown with family. Household wished to be rehoused in Otley. There is no temporary accommodation in Otley and likely waiting times for an ALMO let in the area were estimated at 120 weeks. The household would be placed in privately leased temporary accommodation, in all likelihood in Harehills/Cross Green/Beeston, until a social housing let could be made. The household found a private rented tenancy in Pool-in-Wharfedale, and whilst they were able to pay the rent in advance (£575), they were unable to pay for a bond of £600. The cost of keeping the household in temporary accommodation was estimated at £19,200 and therefore paying the bond of £600 avoided a temporary accommodation placement and saved the Leeds Housing Options Service around £18,600.

3.4.2. Case Study 2 - paranoid schizophrenic served with possession order due to condition of his property: refuse and other waste had been allowed to build up in the property, resulting in a health hazard for the occupant and neighbours. The person would not allow the social landlord, or other support services, access to the property and had isolated himself from other people. It was envisaged that if evicted the person would be in temporary accommodation for a number of years, could repeat action in such temporary accommodation and was likely to be a frequent user of mental health services, including the Becklin Centre. A support service was put in place, through Foundation Housing, which first focused on engaging with the person. The Homeless Prevention Fund was used to carry out a clean of the property. Foundation Housing persuaded the person to secure respite accommodation, at Pennington Place Hostel, so that the contract clean could be carried out, the social landlord could access the property to carry out repairs and support could be offered to stabilise the person's mental health. A case conference is being convened so that a co-ordinated support programme can be developed.

3.5. It has been estimated that the first £4,500 spend through the Homeless Prevention Fund has generated savings of around £100,000. The initiative is currently being funded through Central Government grant and longer-term funding options will need to be explored. One option being considered is offering people loans whereby repayment is made on an incremental basis. This will ensure that there is a constant stream of income for the fund.

3.6. 2008/09 was the first year where homeless prevention outcomes exceeded homeless acceptances, with 1261 preventions compared to 1099 homeless acceptances. This equates to 118 homeless preventions for every 100 acceptances. In the first four months of 2009/10, 494 homeless preventions were achieved compared to 158 homeless acceptances. This equates to 312 homeless preventions for every 100 homeless acceptances. The Sanctuary scheme, offering security installation packages for households experiencing domestic violence or hate crime, continues to be a major source of homeless preventions. The Private Sector Lettings Scheme, underpinned by the Damage Liability Scheme, offering bond guarantees up to the equivalent of four weeks rent, is now delivering lettings of around 60 per month. The Youth Mediation Service, currently provided by Re'new, is the only prevention

initiative that is delivering a low level of positive prevention outcomes. This service has been subject to competitive tender, a preferred bidder has been identified, with a view to a new contract being place by 1 December 2009.

Performance Indicator	Performance 08/09	Target 09/10	Performance 09/10	Forecast 09/10 performance
NI156: Number of homeless households in temporary accommodation	281	261(max)	197 (end of July)	175 (max)
LKIHAS4: Number of homeless acceptances made	1099	1060 (max)	199 (end of July)	597
Old BV213: Number of homeless preventions achieved	1261	1500	494 (end of July)	1650
LKIHAS11: Number of Sanctuary installations made	383	390	158 (end of July)	474
LKIHAS9: Number of private sector lettings made	426	720	153 (end of July)	633
Number of youth mediation homeless preventions achieved	182	200	18 (end of July)	54 (min)

3.7. The focus on homeless prevention opportunities, including the establishment of a Homeless Prevention Fund, has contributed towards the reduction in temporary accommodation placements made in the last year. The return for NI156 includes households placed in emergency tier units commissioned through the Supporting People programme and households placed in privately leased accommodation. At the end of December 2006, the Council reported to Central Government that there were 615 households placed in temporary accommodation. The equivalent figure for the end of July 2009 was 197, a reduction of 68%.

3.8. The reduction in placements in private sector leased accommodation is even more dramatic: in September 2008, the number of temporary accommodation placements with private providers peaked at 412 per night; the equivalent figure for 15 September 2009 was 90 placements – a reduction of 78%.

3.9. The Housing Strategy and Solutions Group recognise that the procurement of temporary accommodation remains a key challenge, not least in relation to the quality of accommodation supplied by providers. All such temporary accommodation units are subject to inspection by Council officers. Failure to meet requisite standards of repair means that a property is removed from the contract pool. A joint tender exercise, with Children’s Services, is being carried out to contract the provision of temporary accommodation. A strong emphasis has been placed on the quality of housing supply and officers from Environmental Services, which leads on private sector housing standards, are key members of the procurement project team. Organisations tendering for the contract will also be expected to supply units of accommodation in a wider range of locations than is currently the case. The reduction in placement numbers means that officers from the Leeds Housing Options Service are better able to monitor standards of accommodation supplied.

- 3.10. A key element of the Housing Solutions programme is the rolling out of housing options services to different locations/establishments across the city and more effective engagement with partner agencies. Data monitoring has identified that a high proportion of households in housing need first approach the Council through the Dewsbury Road One Stop Centre. The Housing Strategy and Solutions Group has therefore started to deliver an outreach service at this establishment. An outreach housing options service is also now delivered at the Becklin Centre to better ensure that patients are discharged from hospital to suitable accommodation.
- 3.11. It has been identified that a number of people are approaching the Leeds Housing Options Service after being evicted from tenancies by a social landlord. The Housing Strategy and Solutions Group recognise that possession action is a necessary and often last resort for social landlords to address breaches of tenancy agreements. Nevertheless, the Housing Strategy and Solutions Group believes that there may well be opportunities to prevent breaches to tenancy agreements, and therefore homelessness, if arrangements were in place for social landlords to engage with the Leeds Housing Options Service/housing related support providers to develop prevention/tenancy sustainment packages. This view is perhaps supported by reference to Case Study 2 – paragraph 3.4.2. It is intended that a protocol be developed between social landlords operating in the Leeds area and the Housing Strategy Solutions Group. This would involve the social landlord contacting the Housing Strategy and Solutions Group, at the point when enforcement action commences, to identify if it is feasible to put in place a preventative/tenancy sustainment package. If this is not feasible then the social landlord will pursue possession action and at the very least the Leeds Housing Options Service will be aware of a potential homeless approach.
- 3.12. At the end of August 2009, 25 households had active mortgage rescue applications, through the city wide scheme, that were being processed by the Leeds Housing Options Service. To date, no applications have been approved by the Yorkshire Housing Group for one of the two mortgage rescue options. The Leeds Housing Options Service believes that a number of these applications will be approved and processed in the next few months. It is assumed that the 'mortgage to rent' option will be used more often than the equity loan option, given that households on benefits will be eligible for Local Housing Allowance.
- 3.13. For the period January to August 2009, the Home Save Plus scheme has successfully assisted three homeowners with an equity loan. Two homeowners have been assisted in Leeds and one in York. There are a further three homeowners progressing on the scheme at various stages. The average equity loan provided to the three homeowners assisted is £24,000, with the average of 2 months taken for completion of the loan. The level of take-up has to be viewed in relation to Government changes with regard to homeowners being eligible for income support and the reduction from 39 to 13 weeks for interest payments to be made.

4. Implications for Council Policy and Governance

4.1. There are no specific implications for Council policy and governance relating to the development of the Housing Solutions programme and the delivery of Mortgage Rescue services.

5. Legal and Resource Implications

5.1. The Council complies with the legal provisions relating to households who are homeless, threatened with homelessness or in housing need, principally set out in the 1996 Housing Act (as amended). The Council also has regard for the Homelessness Code of Guidance.

6. Conclusions

6.1. The Housing Solutions programme represents a shift in focus for the Leeds Housing Options Service towards the delivery of personalised advice services that aim to maximise homeless prevention outcomes and minimise temporary accommodation placements. The Housing Strategy and Solutions Group believe that homeless prevention activity often represents an 'invest to save' opportunity, with the cost of prevention interventions costing far less than those relating to temporary accommodation placements. Whilst significant progress has been made in relation to fostering a preventative culture, there are further opportunities to establish joint working arrangements with other housing providers such as the Leeds ALMOs. Mortgage Rescue schemes are an important element within the Council's wider programme of preventing homeless/promoting sustainable housing options. Whilst the number of outcomes achieved to date are low, it is assumed that there will be an increase in the number of households assisted as more ongoing applications are concluded.

7. Recommendation

7.1. Scrutiny Board to note the content of the report.

7.2. To arrange for a further update on progress relating to the development of the Housing Solutions programme and the delivery of Mortgage Rescue services to be presented to the Scrutiny Board.

Background papers

None.