

Individual Executive Member Decision

Title of Report:	Approval to extend the 'First Step, Next Step' scheme to incorporate the 'Home Ownership for people with a Long-term Disability' (H.O.L.D) scheme
Report to be considered by:	Individual Executive Member Decision
Date on which Decision is to be taken:	30 June 2014
Forward Plan Ref:	ID2849

Purpose of Report:

To seek approval from the Portfolio Holder for Housing to extend the 'First Step, Next Scheme' to incorporate purchases made through the 'Home Ownership for people with a Long-term Disability' (H.O.L.D) scheme

Recommended Action:

The Portfolio Holder for Housing approve the extension of the 'First Step, Next Step' scheme, as set out in this report

Reason for decision to be taken:

The HOLD scheme provides a route to shared ownership for people with a long-term disability. This is intended to be a home for life and due to the way in which the scheme is structured and funded, applicants would not currently be able to meet the requirements of the 'First Step, Next Step' scheme. This decision will remove potential barriers and enable applicants who are purchasing through HOLD scheme to access financial support through the 'First Step, Next Step' scheme, thus making it more inclusive.

Other options considered:

The Council could decide not to amend the 'First Step, Next Step' scheme. This would exclude a certain group of people, those with long-term disabilities, from the ability to access financial support with a deposit to purchase their own home. This could be viewed as discriminatory and thus subject to legal challenge, although the risk of this is thought to be low.

Key background documentation:

N/A

Portfolio Member Details	
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Implications

Policy:	The policy for First Step, Next Step was adopted in 2009 and offered an equity loan towards a deposit for first-time buyers. It was reviewed and extended in June 2010, when existing owners who needed to move on and people seeking to purchase shared ownership were included. The upper limit of the loan was increased from £10,000 to £20,000.
Financial:	£500,000 was set aside from S106 affordable housing funds for the 'First Step, Next Step' scheme. A further £287,225 has been negotiated in S106 Agreements specifically to deliver the scheme in Newbury and Thatcham.
Personnel:	N/A
Legal/Procurement:	Legal advice was taken at the time the scheme was developed to ensure that S106 affordable housing funds could legitimately be used for a scheme of this type. As the scheme uses S106 affordable housing funding, all repayments must be recycled back into affordable housing developments.
Property:	The Council registers a charge against the property purchased through the scheme. The owner must repay the % share that the equity loan represented at the time of purchase, after 10 years or when they sell the property, whichever is soonest, based on the valuation at the time i.e. the Council shares the risk of the property increasing or decreasing in value.
Risk Management:	There is a risk that the value of the properties can decrease and therefore the repayment will be less than the original loan. This risk is deemed to be low given the overall duration of the loan period.

Is this item relevant to equality?	Please tick relevant boxes	Yes	No
Does the policy affect service users, employees or the wider community and:			
• Is it likely to affect people with particular protected characteristics differently?		<input checked="" type="checkbox"/>	<input type="checkbox"/>
• Is it a major policy, significantly affecting how functions are delivered?		<input type="checkbox"/>	<input checked="" type="checkbox"/>
• Will the policy have a significant impact on how other organisations operate in terms of equality?		<input type="checkbox"/>	<input checked="" type="checkbox"/>
• Does the policy relate to functions that engagement has identified as being important to people with particular protected characteristics?		<input type="checkbox"/>	<input checked="" type="checkbox"/>
• Does the policy relate to an area with known inequalities?		<input type="checkbox"/>	<input checked="" type="checkbox"/>
Outcome (Where one or more 'Yes' boxes are ticked, the item is relevant to equality)			
Relevant to equality - Complete an EIA available at www.westberks.gov.uk/eia			<input checked="" type="checkbox"/>
Not relevant to equality			<input type="checkbox"/>

Consultation Responses

Members:

Leader of Council: No comments on the report

Overview & Scrutiny Management Commission Chairman: For the purposes of the report I support the scheme.

Ward Members: N/A

Opposition Spokesperson: The proposal to extend Council loans to to disabled people buying shared ownership properties under HOLD seems a very good one.

I do have reservations about whether the "First Step, Next Step" scheme offers best value for housing funds, particularly in light of the Government's Help to Buy schemes, and should be reviewed.

Local Stakeholders: N/A

Officers Consulted: June Graves, Head of Care Commissioning, Housing & Safeguarding

Trade Union:

Is this item subject to call-in?	Yes: <input checked="" type="checkbox"/>	No: <input type="checkbox"/>
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Supporting Information

1. Background

- 1.1 The 'First Step' scheme was introduced in 2009 in partnership with Newbury Building Society. It offered an equity loan of up to £10,000 to first-time buyers who lived or worked within West Berkshire and who wished to purchase a home. The Council's contribution is assessed as a % of the equity of the property. Upon sale or repayment, the amount to be repaid will be the % of the current value of the property.
- 1.2 The scheme was reviewed in 2010. Following the review, the equity loan was increased to a maximum of £20,000. The scheme was also extended to include applicants who were seeking to purchase shared ownership homes and to applicants who were seeking to move up the housing ladder, as well as to first-time buyers.
- 1.3 To date, there have been 28 households assisted through the scheme at a cost of £343,043. Five households have gone on to repay their equity loan, with an overall redemption figure of £51,839 against an overall loan of £46,250. The average loan is £11,830.
- 1.4 The Home Ownership for people with a Long-term Disability (HOLD) is a well-established scheme that assists people with physical or learning disabilities, cognitive and sensory impairments and enduring mental health issues to purchase their own home. The scheme uses an interest-only mortgage, with the balance paid off when the home is sold. Mortgage interest repayments are met through Support for Mortgage Interest (SMI) with an additional top up payment being made from their other benefits. To ensure that they have sufficient income to make these payments this model is only open to buyers on High or Middle Rate Care Disability Living Allowance (DLA). A number of other criteria must also be met.
- 1.5 The HOLD Scheme is currently run by My Safe Homes and Advance Housing, who have helped more than 1100 households through the scheme. Advance have made a bid to the Homes & Communities agency for grant funding to help them continue the scheme in the west of Berkshire.

2. Proposals

- 2.1 The current 'First Step, Next Step' scheme poses a number of barriers to households who might be eligible for HOLD:
 - (a) It requires repayment after 10 years, when the HOLD scheme envisages that the home will be for life
 - (b) It is offered in partnership with a particular Building Society offering standard mortgages whilst HOLD operates with a very small number of specialist providers who are able to offer interest-only mortgages
 - (c) It requires applicants to be in a position to meet their mortgages repayments (i.e. working) whilst HOLD requires that applicants are entitled to benefits and not able to work in conventional employment.

- 2.2 It is proposed that the 'First Step, Next Step' scheme is amended to enable applicants who wish to purchase through HOLD to access an equity loan to assist them in providing a deposit. This will amend the criteria for HOLD applicants only, to remove the barriers identified above. Appendix A sets out the scope of the scheme and the eligibility criteria for HOLD applicants.
- 2.3 It is proposed that a provisional sum of £100,000 of S106 affordable housing monies is ring-fenced to the First Step, Next Step HOLD scheme and that the scheme will help a minimum of six households. There is currently sufficient funding within the First Step, Next Step scheme to facilitate this, although there is an option to draw down additional S106 affordable housing funding to support the scheme if required.
- 2.4 The benefits to the Council are as follows:
- (1) Demonstrates a clear commitment to the personalisation agenda by providing disabled people with a much wider range of housing options
 - (2) Offers an ideal solution for people needing to move on from their existing accommodation
 - (3) Can provide savings if an individual moves from costly residential care placements, although no savings are allocated against the scheme as many people accessing it will move from their family home.
- 2.5 The benefits to the applicants are as follows:
- (1) The chance to choose where and how they live (subject to the availability and affordability of a suitable property of course)
 - (2) The security and peace of mind that comes with having a financial stake in their home
 - (3) The opportunity to integrate more effectively into their local community

3. Equalities Impact Assessment Outcomes

- 3.1 An Equalities Impact Assessment has been completed and is attached at Appendix B. The EIA demonstrates positive impacts for people with a long-term disability, increasing their choice in where and how they live.

4. Conclusion

- 4.1 It is recommended that the Portfolio Holder for Housing approve the extension of the 'First Step, Next Step' scheme, as set out in this report.

Appendices

Appendix A – 'First Step for HOLD' proposed scheme
Appendix B - EIA