

BABERGH DISTRICT COUNCIL and MIDSUFFOLK DISTRICT COUNCIL

To: Strategy Committee	Report Number: M128
From: Housing Panel	Date of meeting: 17 January 2013

HOMELESSNESS PREVENTION FUND POLICY

1. Purpose of Report

- 1.1 Mid Suffolk has operated a Homelessness Prevention Fund since 2007 to provide households facing homelessness with small loans at 0% interest to either remain in their existing home or access alternative accommodation.
- 1.2 The policy being presented is a revised policy for both Mid Suffolk and Babergh District Councils.

2. Recommendations

- 2.1 That the Homelessness Prevention Fund Policy be adopted
- 2.2 That the Head of Housing be authorised to make any minor amendments to the policy

The Committee is able to resolve the matter

3. Financial Implications

- 3.1 The fund can be financed from within existing budgets.
- 3.2 Since 2002 Babergh has received an annual Homelessness Prevention Grant from the Department for Communities and Local Government (DCLG) which will amount to £50,000 in 2013/14. It is proposed to use the majority of this to fund homeless prevention staff and the out of hours service, with £5,000 a year transferred to the Homelessness Prevention Fund.
- 3.3 In addition to the annual funding Babergh has received two grants of £28,500 and £30,000 from DCLG to prevent homelessness amongst households at risk of losing their homes due to rent or mortgage arrears. It was planned to use the majority of this funding to buy into a private sector leasing scheme managed by Housing Action. Unfortunately this organisation ceased to operate earlier this year. It is proposed that these two grants should form part of the Homelessness Prevention Fund.

4. Risk Management

- 4.1 This report is not closely linked with any of the Council's Corporate / Significant Business Risks

5. Consultations

5.1 Members of staff from both Councils have been consulted.

6. Equality Analysis

6.1 The policy has been considered by the Equality Analysis Group.

6.2 The proposed policy does not have a negative impact on any groups. There is some positive impact on the following groups – pregnancy and maternity, women and single men. It contributes to the elimination of harassment by providing a housing option for people at risk of domestic violence.

This assessment will remain open, and further work will be carried out when the review of the Homelessness Strategy commences.

7. Shared Service / Partnership Implications

7.1 This policy will apply to both Councils and thus allow homeless households in each district to have the same access to financial assistance.

8. Key Information

8.1 The Government's homelessness agenda focuses on preventing homelessness and minimising the use of temporary accommodation.

8.2 Preventing homelessness reduces the requirement for the Council to provide temporary housing such as bed and breakfast accommodation.

8.3 The Homelessness Team uses a number of methods to prevent applicants from losing their homes such as negotiating with landlords or family members, assisting with housing benefit claims, helping with Mortgage Rescue Scheme applications, making referrals to supported housing providers and identifying suitable private rented properties.

8.4 Mid Suffolk's Homelessness Prevention Fund has assisted an average of 25 households a year to access a private rented tenancy with assistance in the form of a guarantee, rent in advance or a damage deposit.

8.5 Where possible a guarantee only is agreed. A payment to the landlord thereby only becomes due if there is damage to the property or rent arrears accrue. Tenants are required to make regular payments to offset any loss to the Council or to build up a deposit which they can use in the future.

8.6 In September Members approved use of the power given to local authorities by the Localism Act to discharge the duty to re-house accepted homeless applicants into a private rented tenancy. In many cases a private tenancy can only be secured with a guarantee, deposit and/or rent in advance.

8.7 In 2009 Babergh received £28,500 from DCLG in the form of a Repossessions Prevention Fund to enable loans to be made to households with rent or mortgage arrears for example where their income had reduced due to unemployment or shorter hours and where a loan would prevent the loss of their home.

8.8 In 2012 a Preventing Repossessions Fund of £30,000 was received to help home owners at risk of repossession by reducing the level of arrears or by facilitating access to the Mortgage Rescue Scheme.

8.9 The Homelessness Prevention Fund policy sets out

- who is eligible to apply
- what checks need to be carried out before a loan can be agreed
- how much can be loaned
- how the loan is to be repaid

9. Appendices

Title	Location
(a) Homelessness Prevention Fund Policy	Attached
(b) Loan Agreement	Attached

Authorship:

Name: Sue Lister

Job title: Corporate Manager – Supported Housing

Tel: 01449 724758 and 01473
825766

Email: sue.lister@midsuffolk.gov.uk

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BABERGH DISTRICT COUNCIL
Corks Lane, Hadleigh, Ipswich, Suffolk, IP7 6SJ
Telephone: 01473 826622

MID SUFFOLK DISTRICT COUNCIL
Council Offices, 131 High Street, Needham Market, Ipswich, Suffolk, IP6 8DL
Telephone: 01449 724500

HOMELESS PREVENTION FUND POLICY

If you need help to understand this information in another language or format including large print, please call **08456 066 067**

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1. Introduction

This policy governs the provision by Babergh District Council (BDC) and Mid Suffolk District Council (MSDC) of financial assistance to homeless households and those threatened with homelessness to enable them to remain in their present accommodation or to find suitable alternative housing. The Councils aim to increase the options available to households facing homelessness through the provision of loans repayable at 0% interest.

2. Aims

To provide a framework to make best use of the limited funds available to prevent homelessness in the two districts.

To set out details of who is eligible to receive financial assistance and how to maximise repayment of loans and recycling of funds.

To maximise the number of households prevented from becoming homeless and minimise the use of temporary accommodation.

To increase the options available to homeless households through access to private rented accommodation.

To reduce the impact of homelessness on vulnerable households.

3. Objectives

To facilitate a successful application to the Government's Mortgage Rescue Scheme in cases of negative equity.

To provide loans or guarantees to allow access to the private rented sector.

To enable households to remain in existing accommodation where there are rent arrears and where a loan which can be repaid will prevent homelessness.

To consider any other reasonable requests for financial assistance that will prevent homelessness.

4. Eligibility

The following applicants are eligible for financial assistance (subject to funds being available):

- Households who are homeless or threatened with homelessness and who are in priority need as defined by Section 189 of the Housing Act 1996 as amended by the Homelessness Act 2002 and the Homelessness (Priority Need for Accommodation) (England) Order 2002. This includes households found to be intentionally homeless.
- Households with a connection to the local authority area as defined by the Homelessness Code of Guidance for Local Authorities
- Households who have no local connection to the local authority area but who are at risk of violence from area/s where they have a connection.
- Households subject to rough sleeping

Note: Households who are not in priority need may not be eligible for all types of assistance but may be offered a guarantee to cover a deposit and/or rent in advance for a private tenancy.

The following applicants are ineligible for assistance. However each case will be taken on its own merits:

- Households who have no local connection with the local authority area as defined in the *Homelessness Code of Guidance for Local Authorities (subject to the exception contained in 6)*.
- Households who are ineligible for homelessness assistance or re-housing as a result of their immigration status
- Applicants who have access to sufficient funds from their own resources
- Existing council or housing association tenants
- Those who have previously received a payment from the Homeless Prevention Fund who have not repaid the loan.
- Anyone with a proven history of anti-social behaviour or a record of causing damage to a property during a tenancy

5. Payments

Payments may be made in the following circumstances subject to the successful completion of checks identified at section 6 AND funds being available.

Where the applicant may be assisted by:

- Rent in advance and/or damage deposits for a private rented tenancy; or
- One off payments to reduce or clear rent arrears; or
- One off payments to reduce or clear mortgage arrears or second charge loans; or
- Payment of arrears due to a temporary Housing Benefit shortfall where Discretionary Housing Payments have been refused.
- Any other reasonable request for funds which enable the applicant to remain in existing accommodation or access alternative housing for a period of at least 6 months.

6. The following checks must be made before a payment can be agreed.

- That the applicant/s have no other resources available
- That the applicant/s are eligible to apply for assistance and not ineligible see section 4 above.
- That the accommodation for which financial assistance is being provided is affordable and would be suitable and continue to be available for the applicant/s for a reasonable period – at least 12 months.
- That the applicant/s agree a repayment plan
- That the applicant's financial history does not demonstrate that there is a considerable risk to the authority in providing a loan.

7. Payment Limits and Repayments

- **Payment of arrears**

In making a decision to grant a loan to repay mortgage or rent arrears the Council has made reference to central government's Guidance on Preventing Repossession Fund 2011/12 and Local Authority Repossessions Prevention Fund.

The Council has determined that the maximum loan under its policy in any circumstances shall be £3000.

A legal charge shall be put on the property of any homeowner in receipt of a loan over £1,000.

- **Rent deposits, rent in advance and guarantees to access private rented accommodation**

Payments may be made for more than one of the above elements, however payment of each element is limited to the equivalent of one calendar month's rent for the property.

- **Other Categories of Payment**

Other payments which do not fit into the previous categories but which prevent homelessness for a period of at least 6 months are restricted to £1000.

8. Loan Agreements, Repayments and Monitoring

Records of payments and receipts will be recorded by officers in the Homelessness Team and monitored by the Corporate Manager – Supported Housing.

A prescribed loan agreement will be issued in respect of every loan and must be signed by all the borrowers. Interest is at 0%.The loan agreement sets out a repayment plan, giving the number of instalments payable and the dates on which they become due.

If the loan agreement is breached by the borrower, i.e. payments are not met in accordance with the timetable set out, then the Council has the right to take legal action to recover the full balance due.

All instances where the agreement is terminated early for breach, or where the repayment has not been received in full by the repayment date will be referred to Legal Services for follow-up action.

9. Legal

- Homelessness Act 2002
- Section 189 of the Housing Act 1996
- Homelessness (Priority Need for Accommodation) (England) Order 2002
- Homelessness Code of Guidance for Local Authorities
- Guidance on Preventing Repossession Fund 2011/12
- Guidance on Local Authority Repossessions Prevention Fund.

10. Monitoring and review

A full review of this policy will be take place in two years.

11. Equality

In the delivery of services, both Councils must have due regard to the need to:

- Eliminate unlawful discrimination, harassment and victimisation
- Advance equality of opportunity between people who share a protected characteristic and those who do not
- Foster good relations between people who share a protected characteristic and those who do not.

This entails giving appropriate weight and priority to the need to:

- Remove or minimise disadvantages
- Take steps to meet the needs of people with protected characteristics
- Encourage people with protected characteristics to participate in public life

To enable the Councils to achieve the above, a toolkit has been developed to ensure that where relevant, all policies are equality analysed to demonstrate that due regard to has been given to meet the provisions set out in the Equality Act.

- 11.1 The policy has been considered by the Equality Analysis Group. It does not have a negative impact on any groups. There is some positive impact on the following groups – pregnancy and maternity, women and single men. It contributes to the elimination of harassment by providing a housing option for people at risk of domestic violence.

This assessment will remain open, and further work will be carried out when the review of the Homelessness Strategy commences.

12. Further information

Name	Sue Lister
Job title	Corporate Manager – Supported Housing
Service	Housing
Directorate	People
Telephone number (BDC or MSDC)	01449 724758 or 01473 825766
E-mail	Sue.Lister@midsuffolk.gov.uk
SMS Text Mobile (MSDC) SMS Text Mobile (BDC)	
Babergh District Council Corks Lane Hadleigh Ipswich Suffolk IP7 6SJ	Mid Suffolk District Council Council Offices 131 High Street Needham Market Ipswich Suffolk IP6 8DL

DATED

2012

[BABERGH DISTRICT COUNCIL/MID SUFFOLK DISTRICT COUNCIL]

-and-

[]

LOCAL AUTHORITY HOMELESSNESS PREVENTION FUND

LOAN AGREEMENT

Legal Services
Babergh & Mid Suffolk District Councils
Corks Lane
Hadleigh
Suffolk IP7 6SJ

THIS AGREEMENT is made the _____ day of _____ 2012

BETWEEN

[BABERGH COUNCIL of Corks Lane, Hadleigh, Suffolk IP7 6SJ/MID SUFFOLK DISTRICT COUNCIL of High Street, Needham Market, Suffolk, IP6 8DL]
("the Lender")

and

[*insert full name of applicant in capitals and bold type*] of [*insert address of applicant*]
("the Borrower")

BACKGROUND

- (1) The Department for Communities and Local Government has recently made funds available which enable the Lender to provide small loans to people at risk of homelessness through repossession or eviction.
- (2) The Lender has considered the Borrower's application for assistance, and has determined that the Borrower is eligible to receive a loan on the terms set out in this Agreement.
- (3) Provision of the Loan is at the discretion of the Lender and is not a benefit entitlement.
- (4) In consideration for the Lender lending the Loan the Borrower undertakes to repay the Loan to the Lender by the Repayment Date.

It is agreed as follows:

KEY FINANCIAL TERMS

Term	[] months
Loan	£[]
Instalments	£[] each month, payable on the [] day of each consecutive month, commencing on the [] day of [] 2012 and continuing until the Loan is repaid in full
Final Payment	[]
Total Number of Instalments	[]
Repayment Date	
Interest Rate	0%

1. PAYMENT OF THE LOAN

- 1.1 Subject to and in accordance with the terms and conditions of this Agreement, the Lender agrees to lend to the Borrower the sum of £[] for a period of [] months expiring on [].
- 1.2 The loan advance will not be paid to the Borrower directly. The Lender will arrange for payment(s) to be made directly to a creditor on the Borrower’s behalf.

2. REPAYMENT OF THE LOAN

- 2.1 The Borrower agrees to repay the total amount of the Loan to the Lender by Instalments and on the dates set out in the Key Financial Terms above.
- 2.2 The Borrower may repay the whole of the Loan to the Lender at any time prior to the Repayment Date, or make repayments in excess of the agreed instalments without premium or penalty.
- 2.3 All Instalments shall be paid promptly. If the Borrower misses a payment of any Instalment or consistently fails to pay the Instalments by the due date the Lender may terminate this Agreement and require the Borrower to immediately pay any outstanding balance due on the Loan.
- 2.4 The Borrower will promptly notify the Lender in writing of any material changes to his/her financial standing which occur at any time from the date of this Agreement to the Repayment Date.
- 2.5 If the Lender becomes aware that any information provided by the Borrower before entering into this Agreement was false in a material respect, or that the Borrower has failed to notify the Lender of any changes in his/financial standing as set out in 2.4 above, the Lender may terminate this Agreement and require the Borrower to immediately pay any outstanding balance due.

3. BREACH OF THE LOAN AGREEMENT

- 3.1 The Lender reserves the right to commence legal proceedings in the event of any breach of this agreement. Any sum not repaid by the Borrower in accordance with this Agreement is recoverable as a civil debt.
- 3.2 This Agreement is governed by and construed in accordance with the law of England and Wales and both parties agree to submit to the exclusive jurisdiction of the English Courts.

We agree to the terms of this Agreement:

Signed by the Borrower

Signed on behalf of the Lender by

Signed.....

Signed.....

Print Name.....

Print Name.....

Address.....

Position.....

.....

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