

Age UK Notts Staying Put Service (Equity Loan Fund)

Background to Equity Loan Scheme in Nottingham City:

- In 2009, £2.2m of Regional Housing Group funding was awarded to the East Midlands authorities to explore efficient and innovative ways of administering financial assistance to vulnerable homeowners who needed to repair or improve their home for it to remain sustainable to them.
- Nottingham established an equity loan fund for older or vulnerable homeowners to access funding to improve homes with Category 1 Hazards, enabling homeowners to remain in their home and ease cumulative and chronic impact of poor living conditions on residents' health.
- The fund has two streams: Decent Homes Assistance Loans for works costing under £3,000 and Home Improvement Loans for works costing over £3,000. Both are equity loans extended against the value of the property and repaid when the owner ceases to occupy. The latter is assessed and administered by a separate FCA regulated provider.
- The loans are subject to an interest equivalent to uplift in the value of the property over the duration of the loan. The scheme has had various formats with loans over £3,000 previously using the now folded ART Homes and then being delivered in-house and without interest applying.
- The latest format, established in 2015, was for Age UK Notts to provide advice, signposting and project management and Street UK to administer the Home Improvement Loans.

Decision History:

Amendment to the East Midlands Equity Loan Pilot Scheme (D# 0151)
<http://committee.nottinghamcity.gov.uk/ieDecisionDetails.aspx?ID=325>
Extension of time for East Midlands Equity Loan Pilot Scheme (D# 0593)
<http://committee.nottinghamcity.gov.uk/ieDecisionDetails.aspx?ID=701>
Funding for Home Improvement Agency (D# 1536)
<http://committee.nottinghamcity.gov.uk/ieDecisionDetails.aspx?ID=2064>
Commissioning of the Home Safety and Improvement Service (D# 1839)
<http://committee.nottinghamcity.gov.uk/ieDecisionDetails.aspx?ID=2994>

Current situation:

- The current scheme formed one strand of the Home Safety and Improvement Service that NCC commissioned in 2015 and awarded to Age UK Notts.
- Public Health did not renew the Home Safety and Improvement Service and its budget was removed in 2018 to make savings, however ring-fenced funds remain available for equity loans, with monies being repaid and replenishing the pot as loans are serviced.
- The fund currently has a cash balance (available for loan) of c.£250k and a capital balance (including gross value of extended loans) of c.£750k
- Improving property standards, enabling independence among vulnerable and older citizens, making homes suitable and sustainable as well as preventing poor health outcomes all remain key aspects of the strategic housing agenda and part of continued efforts to effectively link in and cross cut with health and social care objectives.
- There is demand for this type of facility, it has proven positive impacts and the funding is reserved for use as loans for the benefit of vulnerable homeowners.
- Age UK Notts have continued to deliver the remainder of their project management of equity loan works established prior to the end of their Home Safety and Improvement Service contract, however they have not been able to continue to provide this service to any great degree due to lack of resource.
- Existing delegated decisions provide sufficient authority to continue with this element of the service and for it to continue to be provided by Age UK Notts.

Proposals:

- Age UK Notts to deliver a “staying put” Home Safety and Improvement Service to Nottingham homeowners aged over 60, or who are otherwise vulnerable because of physical or mental ill health.
- The purpose of the service will remain as before - to enable homeowners whose homes contain severe hazards* to access finance to make their home safe and suitable again and help them remain there.
- That Age UK Notts use a framework, agreed with NCC, to undertake assessment of the severity and priority of hazards in homes.
- That Age UK Notts are paid 12% of the net value of works or £300, whichever is greater, to provide the service as outlined below.
- That where the homeowner withdraws from the process before works are underway Age UK Notts receive a fee for work undertaken up to that point.
- That Age UK Notts are paid £5,000 from the Equity Loan Fund to restart the service after a period of inactivity following the cessation of the Home Improvement Agency contract.

**HHSRS is the Government’s specific assessment system primarily designed for landlords to ensure their properties are safe for tenants and to be sufficient in rigour that local authorities can enforce the remedy of hazards via notices and orders if required. As such, the assessment model is a little more onerous and specific that is required for owner-occupiers. Age UK Notts have designed an assessment based around the hazards identified in the HHSRS but that is more compact and allows for cumulative impact of poor less severe issues to qualify.*

Age UK Notts Service and Payments (covered by Service Level Agreement):

Provision of:

- An assessment of the home, identification of severe hazards* and evidence of fit with NCC framework and criteria.
- Estimate of works and cost required to remedy hazards and make the home safe
- Means testing of the homeowner’s ability to finance the remedial works
- Referral to Decent Homes Assistance Loan (NCC) or Home Improvement Loan (Street UK)
- Detailed assessment of works required to remedy hazards in home
- Tendering and appointment of contract for works using NCC approved contractors list
- Project management of works
- Refer and signpost where appropriate to other Council or complementary services that may be of assistance to the homeowner.
- Regular monitoring and performance information to NCC
- Clear information to clients about fees at every stage of the process

Receipt of:

- 12% of the cost of net cost of works or £300 whichever is greater, as a project management fee.
- Where the home-owner withdraws from the process £150 per visit or, £250 for a Decent Homes Assistance Loan full assessment/£750 for a Home Improvement Loan full assessment or, £900 where schedule has been tendered
Where the equity loan has been drawn down this will be paid by the resident, where the loan hasn’t been drawn down it will be paid by the Equity Loan Fund directly.
- Front loading/re-start money of £5,000 repayable to Equity Loan Fund, interest free after month 24 of the contract.

How the Equity Loan works:

The repayment of the loan happens when the property changes ownership, interest is charged and is based on the appreciation in value of the property over the course of the loan.

Example:

- Works costed at £10,000 to property valued at £100,000
- Contractor receives £10,000 + VAT:£12,000
- Age UK Notts receive 12% net cost of works - £1,200
- Resident takes out equity loan - £13,200 (13.2% of property value)
- Property value appreciates 10% over course of loan, 13.2% of current value repaid to loan fund, £14,520

