

REPORT TO: HOUSING COMMITTEE – 8 JUNE 2015

REPORT ON: SCOTTISH GOVERNMENT HOME OWNER SUPPORT FUND – MORTGAGE TO RENT SCHEME

REPORT BY: DIRECTOR OF HOUSING

REPORT NO: 210-2015

1 PURPOSE OF REPORT

1.1 To request Committee approval for the Council to participate in the Scottish Government Home Owners' Support Fund (HOSF) Mortgage to Rent Scheme (MTR).

2 RECOMMENDATION

2.1 It is recommended that the Council participates in the Home Owners' Support Fund Mortgage to Rent Scheme in 2015-16. This has the potential to help owners who are in financial difficulty remain in their home by selling the property to the Council and would assist in the prevention of homelessness.

3 FINANCIAL IMPLICATIONS

3.1 The Scottish Government will provide a subsidy up to a maximum of 60% of the purchase price (the open market value identified in the Single Survey), an amount up to £8,500 per property for repairs and an administration allowance of £900. For ten properties in 2015/16 budget it is estimated that budget provision of £250,000 would be required. The costs could be met from the HRA capital budget.

4 BACKGROUND

4.1 The Scottish Government has written to Scottish Local Authorities inviting them to participate in the Home Owners' Support Fund (HOSF) Mortgage to Rent Scheme (MTR).

The scheme aims to help home owners who are in financial difficulty and threatened with homelessness, remain in their home by selling it to the Council. The home owner becomes a Scottish Secure tenant.

The Scottish Government will pay a subsidy of up to 60% of the purchase price for the property set by the open market valuation identified in the Single Survey. The Council can claim up to £8,500 towards Scottish Housing Quality Standard repairs and electricity and gas checks and repairs. Participation in the scheme is voluntary and the ultimate decision to purchase a property rests with the Council. An administration allowance of £900 per property is payable.

The benefits of participating in the scheme would be prevention of homelessness. The Council would purchase the property, the former owner would become a Scottish secure tenant with the Council. The Council would benefit from adding to its social rented housing stock buying properties at considerably less than market value or new build cost.

If Dundee City Council is to participate the criteria for qualifying properties would be based on the following.

- Must fit Scottish Government funding and financial assessment criteria
- Be located in an area with significant need and demand (as evidenced by the Council's waiting list) for social rented housing.

- Property size and type - priority will be houses providing family accommodation, wheelchair adapted housing and 1 bedroom flats; two bedroom flats may be considered in areas where there is scarcity of such social rented properties.
- Not re-acquiring 'last in block' factoring liabilities.

The final decision on individual properties will be determined by the Council based on financial viability and the property meeting the required criteria.

Welfare rights and debt advice would be provided to households when they become tenants under the scheme.

It is thought that there may be up to 10 requests over a year. Under the financial model for the scheme, as an example, for a property purchased with an open market valuation of £90,000, the total Scottish Government subsidy would be £63,400 and the cost to the Council would be the balance of £26,600 for the property.

It is recommended that the Council participate in the scheme for 2015/16, evaluate the outcomes and report back to Committee in April 2016.

5 POLICY IMPLICATIONS

- 5.1 This Report has been screened for any policy implications in respect of Sustainability, Strategic Environmental Assessment, Anti-Poverty, Equality Impact Assessment and Risk Management.

There are no major issues.

6 CONSULTATIONS

- 6.1 The Chief Executive, the Director of Corporate Services and Head of Democratic and Legal Services and the Director of City Development have been consulted and are in agreement with the contents of this report.

7 BACKGROUND PAPERS

- 7.1 None.

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Director of Housing

GB/EH

27 May 2015

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