

DEALING WITH DEFECTS AND DISREPAIR - OWNERS' OBLIGATIONS

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BACKGROUND

- Decline of grant based assistance to homeowners
- Scottish Executive Housing Improvement Task Force
- Scheme of Assistance Proposals
- Housing Bill Proposals
- Property values and equity

CHALLENGES

- Mixed tenure common repairs and improvements
- Local Housing Strategies & Private Sector Housing Strategies
- £5 billion required for investment in next ten years
- Scottish Housing Quality Standard

EDINBURGH CONTEXT

- Stock transfer and SHQS - £120 million required investment by owners
- Common repairs
- Older and vulnerable homeowners
- £750 million - SHCS for comprehensive repairs
- £1.5 billion to meet SHQS in the private market
- 18,000 statutory notices per year - no grants

EDINBURGH CONTEXT

- Significant equity in property -c £8 -10 billion
- Property values risen by over 50% in four years
- Average house price 1990 - £56, 788
- Average house price 2004 - £161,637
- Ex RTB property multi-storeys available equity - £50,000

Scheme of Assistance for Homeowners

“Owners have primary responsibility for maintaining their homes”

Aims:

- To enable homeowners to maintain & improve their homes
- To secure owners agreement & contribution towards mixed tenure repairs & improvements following the proposed stock transfer

Key Elements

- Move from a grants based approach
- Development of a range of advice, information and signposting for homeowners
- Assisting owners make better use of their own resources
- Maximise the impact of public investment by leveraging in additional private finance

Why?

- Scale of disrepair in private housing
- Legislative changes
- Better Homes for Edinburgh programme

How?

Two levels of assistance:

- **homeworks** - *basic information, advice & signposting service*
- **homeworks** - *enhanced assistance for priority groups*

Who?

- Short term
 - Homeowners taking part in mixed tenure common repairs
 - Older homeowners
- Long term
 - underpins regeneration
 - wider application for common repairs
 - extended to other groups of low income/high equity homeowners

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Enhanced Service - Financial Assistance

- Owners will be provided with financial advice & assistance to identify the appropriate source of funding:
 - savings & investments
 - commercial loan products
 - loans provided as part of the scheme of assistance
 - equity release
 - top-up grants

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Financial products we are seeking to offer as part of the enhanced service:

- **Loan finance**
 - For households unable to access commercial loans at affordable rates
- **Equity Release**
 - Property Appreciation Loan (PAL)
 - Interest only &/ or Rolled-up interest equity release loans for older homeowners

ADVANTAGES

- Owners make their own choices
- Financial impact on owners is only when property is sold
- Potential for substantial enhanced impact - leverage of some loan products
- Long term sustainability of assistance for homeowners - revolving loan fund
- Makes better use of public resources and recognises need for owners to take responsibility
- Potential for attracting private funders

DISADVANTAGES

- Its new (or is it?)
- Cultural change from grants?
- Scale of resources still an issue in short term
- Challenge of common repairs and improvements

NEXT STEPS

- Piloting approach with ART and Home Improvement Trust
- Pilot projects identified - mostly mixed tenure
- Housing Bill provisions
- Embedding approach in private housing strategies