

APPENDIX THREE

Mark Ellis. Housing Policy and Strategy Officer. December 2008

Government initiatives to help ease the credit crisis on the housing market

The following lists support packages recently announced by the Government to help prop up the ailing housing market as well as assist homeowners struggling with their mortgage repayments. These initiatives can be split into three broad themes:

- a) Protect the most vulnerable households from homelessness and the other adverse social impacts that can follow repossession, for example poor health and worklessness.
- b) Bringing forward affordable housing spending to ensure the Government is well-placed to meet the country's housing needs in the longer term, by stimulating housing market activity and helping to retain capacity in the house building industry
- c) Assist first time buyers who are in work but cannot access finance in the current market

a) Protect the most vulnerable households from homelessness and the other adverse social impacts that can follow repossession, for example poor health and worklessness.

Initiative	Mortgage Rescue scheme
Description	<p>£200m package to assist homeowners remain in their properties. This would entail working with an RSL (in Newcastle Nomad E5) to convert the residential status, depending upon household circumstances, into either:</p> <ul style="list-style-type: none"> - Shared equity - Shared ownership - Sale and rent back <p>For the sale and rent back element the household will be charged an intermediate rent which will pitched between social and market rent – usually at 80% of market rent for a similar property in the area.</p>
Aimed at	<p>Home owners who are at risk of losing their home through repossession. Expected to assist up to 6000 households nationally. An assessment of a household's eligibility will be made in the same way as for homelessness assistance. The household must include someone with priority needs as defined in the Housing Act 1996 (and Priority Needs Order 2001):</p> <p>The value of the home must be no more than £115k. The applicant must have no more than a 95% mortgage – hence those with a 100% mortgage or who are in negative equity can not apply.</p> <p>These people may best be referred to Income Support Mortgage Relief (ISMR).</p>
Restrictions on access	Only those who would qualify as priority for assistance under homelessness legislation
How to access	Households should seek advice from their lender in the first instance. If eligible, applicants are advised to contact Ian Heggibottom at NOMAD/E5 (the region's HomeBuy Agent) who have been tasked to administer the initiative in Newcastle. Tel: 0191 229 7200. www.nomad-homes.co.uk
Available funds	£200m national
When available	80 pilot authorities nationally in December. All other authorities January 2009.
Length of initiative	N/A
Requirements of Access	Assessment by debt advice worker and partner housing association

Do we meet requirements	Yes
Lead officer	Neil Munslow
Will this be of use to Newcastle	It is expected to generate interest given the expected rise in repossession orders next year.
Comment	There will potentially be a cost implication (staff time) for local authorities to implement this initiative and the Council has increased resources accordingly. Initiative postponed until new year after death of CLG advisor

Initiative	Improved access to Income Support Mortgage Relief (ISMR) and no reduction in the interest rate payable
Description	Reduction in the length of time before ISMR payments are made from 26 to 13 weeks and the rate payable will not be lowered with the reduction of the bank base rate
Aimed at	Mortgage holders who are eligible for income support. The maximum value of the mortgage on which the interest is repaid was going up from £100,000 to £175,000. In the pre-Budget report Chancellor Alistair Darling said this would rise again to £200,000.
Restrictions on access	Borrowers with a spouse or partner who is working, or have savings of more than £16,000, do not qualify.
How to access	Application via IS
Available funds	Unlimited
When available	Generally from April 09, however, working age people eligible for help with their mortgage interest payments, who applied under the current rules and are still serving a waiting period, will now benefit from the new rules. If they have waited 13 weeks for Support Mortgage Interest by 5th January they will be eligible for help straight away.
Length of initiative	Undisclosed
Requirements of Access	N/A
Do we meet requirements	N/A
Lead officer	Jayne Byrne
Will this be of use to Newcastle	Yes, this will mean that people who lose employment and qualify for IS will have payments made within three months of their claim.
Comments	Will be publicised through enhanced communications and marketing

Initiative	Homeowners Mortgage Support Scheme
Description	Homeowners Mortgage Support Scheme that allows people facing repossession of their homes to defer interest payments on their mortgages for up to two years.
Aimed at	Households who lose their job or are forced to take on a 'significantly' lower salary
Restrictions on access	Households must have less than £16,000 in savings to qualify. The scheme will apply to those with a mortgage of less than £400,000 with one of Britain's eight largest lenders: - HBOS, Abbey, Nationwide, Lloyds TSB, Northern Rock, Barclays, HSBC & Royal Bank of Scotland. These lenders have agreed in principle to offer this support
How to access	No firm procedure announced as yet, but likely an application will have to be made to the mortgage company
Available funds	This measure was announced on the 3 rd of December as part £1billion worth of measures. It is unclear how much of this is for the Mortgage Support Scheme or whether it is shared with the funding announced for the Mortgage Rescue Initiative highlighted above.
When available	The scheme is expected to come into force early next year. More information on

	this particular scheme will be provided once further details are released.
Length of initiative	Undisclosed
Requirements of access	Mortgage holders will have to switch to an interest only mortgage if they do not already have one. The lender and homeowner will agree on the proportion of payment to be deferred, but it could be up to 100% - depending on circumstances
Do we meet requirements	N/A
Lead officer	Not yet identified
Will this be of use to Newcastle	Likely, given predictions of an increase re-possession orders next year

Initiative	Mortgage Arrears Pre-action Protocol
Description	Introduced by the judiciary in late November to help those facing possible home repossession. Lenders will now be expected to demonstrate to the courts that they have tried to discuss and agree alternatives to repossession when borrowers get into trouble with their mortgage repayments.
Aimed at	Those facing a repossession order
Restrictions on access	No income / asset barrier defined
How to access	Citizens' Advice Bureau, Newcastle Law Centre, Tenancy Relations Service.
Available funds	N/A
When available	Late November 2008
Length of initiative	N/A
Requirements of access	Those facing, or are likely to face, a repossession order
Do we meet requirements	N/A
Lead officer	Gerry Glyde
Will this be of use to Newcastle	Likely, given increase in repossession orders
Comment	Newcastle already operates a Court Duty Representation Scheme and the protocol should enhance this

b) Bringing forward affordable housing spending to ensure the Government is well-placed to meet the country's housing needs in the longer term, by stimulating housing market activity and helping to retain capacity in the house building industry

Initiative	Bringing forward affordable housing spending
Description	<p>Bringing forward funding from the 2010-11 affordable housing budget to be spent on new social housing this year and next. This funding could deliver up to 5,500 additional new social rented homes over the next 18 months.</p> <p>Designed to reduce risk of blight through stalled regeneration projects.</p>
Aimed at	Those who are unable to afford to buy open market or subsidised market housing
Restrictions on access	Restricted to existing regeneration initiatives that have stalled or are stalling.
How to access	Access via Regional Development Agencies and the Homes and Communities Agency
Available funds	Bringing forward £400m from the 2010/11 affordable housing budget
When available	Spread over 2008/09 & 2009/10 financial years
Length of initiative	Up to 2011
Requirements of access	Existing regeneration/new build initiatives
Do we meet requirements	Yes
Lead officer	George Mansbridge
Will this be of use to Newcastle	Relevant to the City's regeneration and new build projects.

c) Assist first time buyers who are in work but cannot access finance in the current market

Initiative	HomeBuy Direct
Description	<p>£400 million to help first time buyers aspiring to buy their own home. More than 130 developers have agreed to offer the HomeBuy Direct scheme which will help up to 18,000 first time buyers to purchase a home at sites across England aided by an equity loan, part funded by the Government and the developer. The equity loan, which will be free of charge for five years, can be used as a deposit and can cover up to 30 per cent of the purchase price. The 30% loan is split 50/50 between the HCA and the developer.</p> <p>This means a first-time buyer could purchase a house worth £180,000 for as little as £126,000.</p>
Aimed at	First-time buyers in social housing. Key workers will be given preference
Restrictions on access	Restricted to first-time buyers whose household income is under £60,000
How to access	<p>Via Nomad Housing Association, the HomeBuy Agent for the North East. Contact Sharon McMahon. Tel: 0191 229 7333. www.nomad-homes.co.uk</p> <p>Applicants will be subject to an affordability check, designed to assess the size of equity share that they are able to afford and sustain. If applicants qualify for the scheme, they will be invited to choose one of the HomeBuy Direct properties brought forward by the developers.</p>
Available funds	£400 million nationally. The
When available	Eligible first time buyers will be able to apply for the scheme from early 2009. It is expected that this will go live after the 28 th of January when developers exchange contracts with the HCA.
Length of initiative	Until funding is exhausted, then the Government will make an assessment to top up the scheme based upon its success.
Requirements of access	Any first-time buyers in social housing whose household income is under £60,000 and who cannot otherwise afford to buy will be able to apply.
Do we meet requirements	N/A
Lead officer	George Mansbridge
Will this be of use to Newcastle	<p>Developers in Newcastle have transferred unsold properties via the national 'clearing house' of unsold properties to the HomeBuy Direct scheme in the following developments:</p> <ul style="list-style-type: none"> - Hibernia Village, The Cambrian, Walker - Wrendale Court, South Gosforth McCutcheon Court, Walker Central Grange, Kenton Bar <p>Over the four schemes there are 53 units in total. Across the region (Teeside to Berwick). There are 1,658 units in total across 92 schemes.</p>