

Taking action to prevent repossessions

Neil Morland
Specialist Advisor

Preventing repossessions is a key Ministerial priority

The number of homeowners facing repossession action has risen

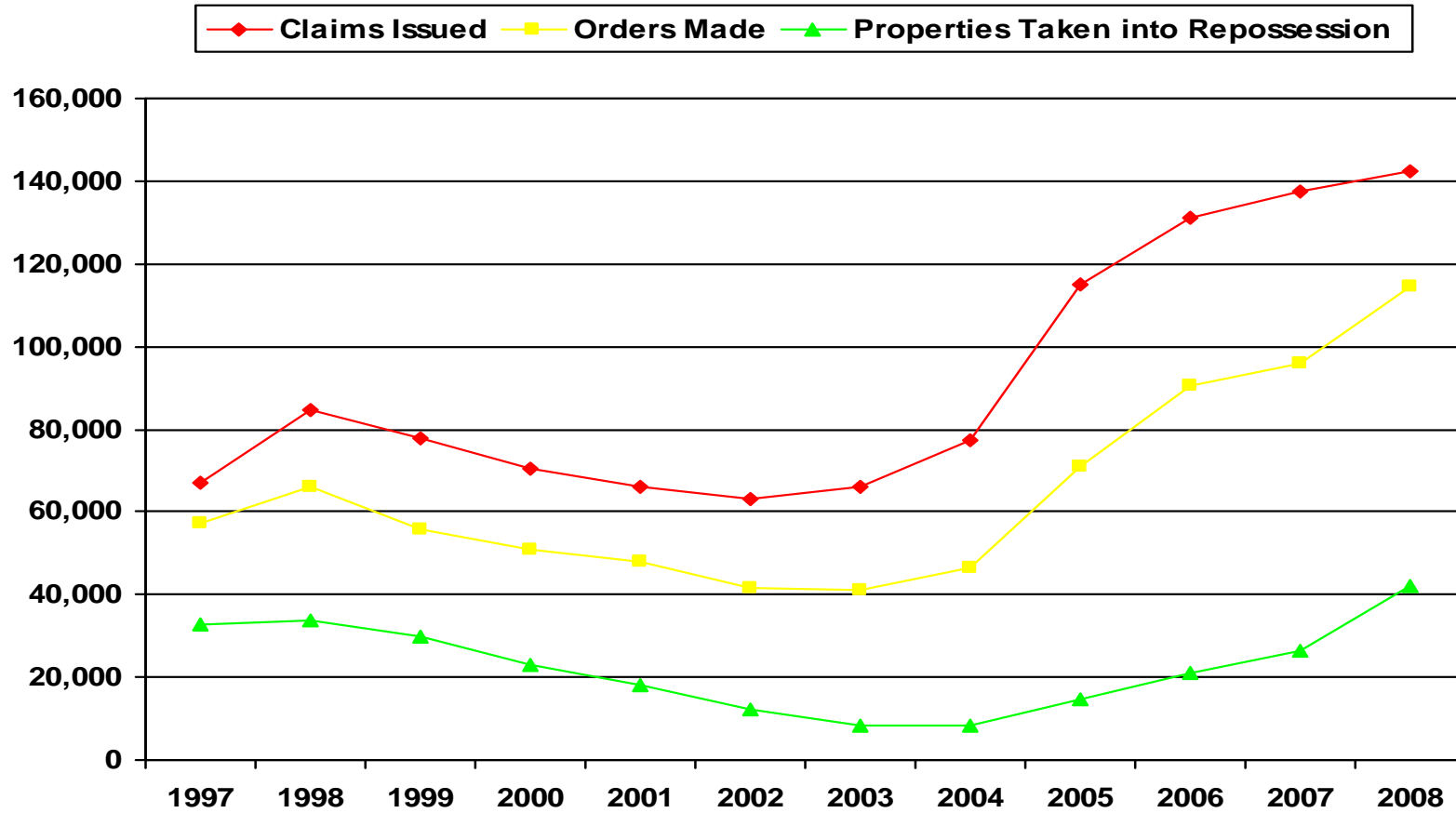
There is a risk of an increase in the number of people losing their home in the social sector and private rented sector due to evictions for rent arrears caused by debt and loss of income due to unemployment or reduced household income.

There may also be an increase in family breakdown cases where tensions increase at home, and increased homelessness due to relationship breakdown.

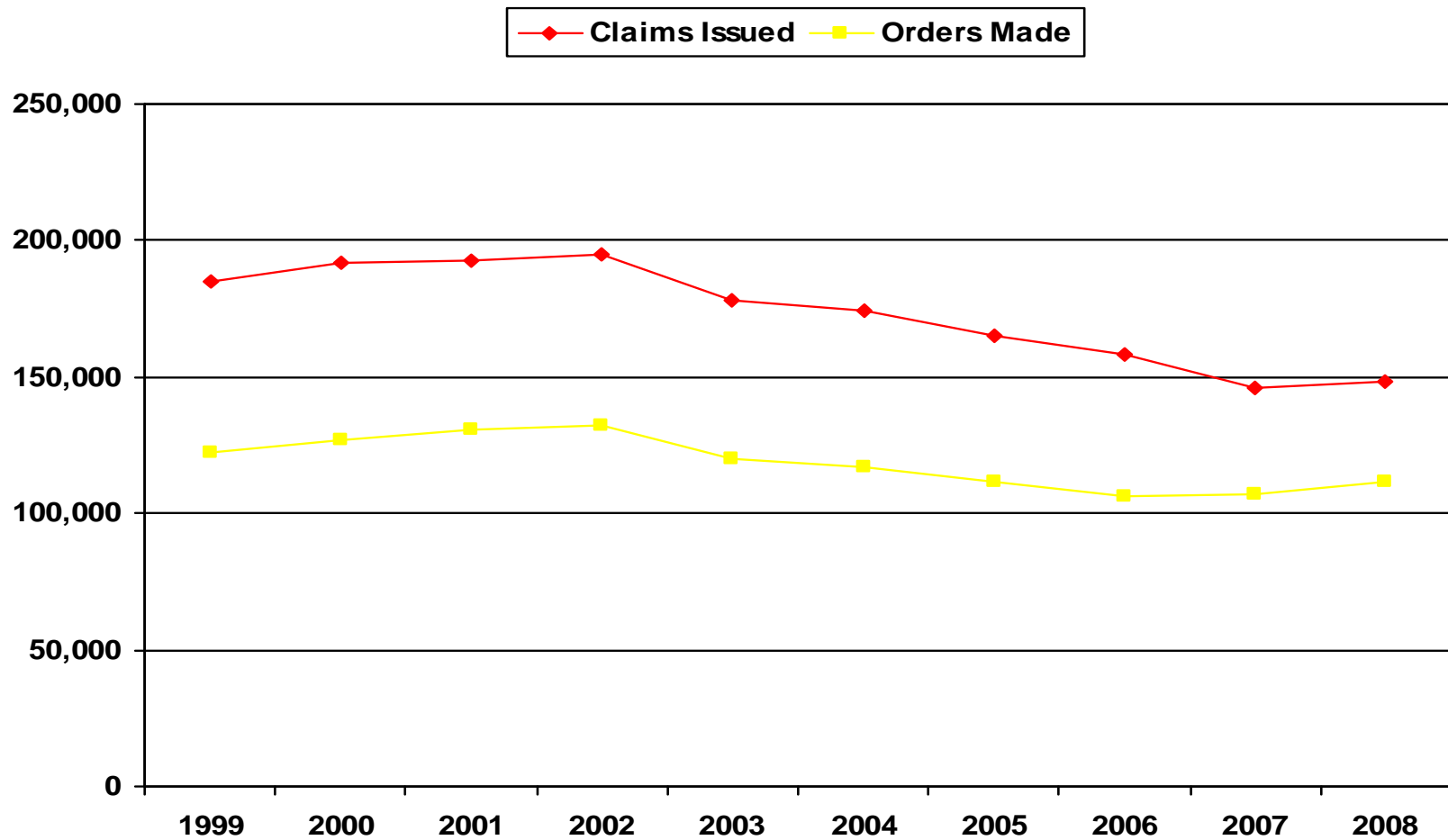
Given the depth of the recession more people will approach local authorities seeking housing help.

Local authorities are encouraged to plan to mitigate the risk of homelessness across all tenures.

Mortgage Repossession Actions



Landlord Repossession Actions



% Change in Court Repossessions Orders

Local Authority	Orders 2005/06	Orders 2007/08	Difference	% Change	% h/holds 2005/06	% h/holds 2007/08
<i>England</i>	115,424	129,927	14,503	13	0.54	0.64
<i>North East</i>	6,325	5,384	-941	-15	0.57	0.48
<i>North West</i>	16,683	21,888	5,205	31	0.57	0.74
<i>Yorkshire & Humber</i>	11,393	13,337	1,944	17	0.53	0.62
<i>East Midlands</i>	10,254	12,898	2,644	26	0.55	0.69
<i>West Midlands</i>	13,238	17,151	3,913	30	0.59	0.76
<i>East of England</i>	11,992	12,349	357	3	0.51	0.51
<i>London</i>	21,800	21,456	-335	-2	0.68	0.66
<i>South East</i>	15,689	16,540	851	5	0.45	0.48
<i>South West</i>	8,050	8,915	865	11	0.36	0.40



Mortgage and Landlord Repossessions

Mortgage repossession claims up by 4% up to 142,626, the highest levels seen since 1992.

Mortgage repossession orders up 19% to 114,296, the highest levels since 1992.

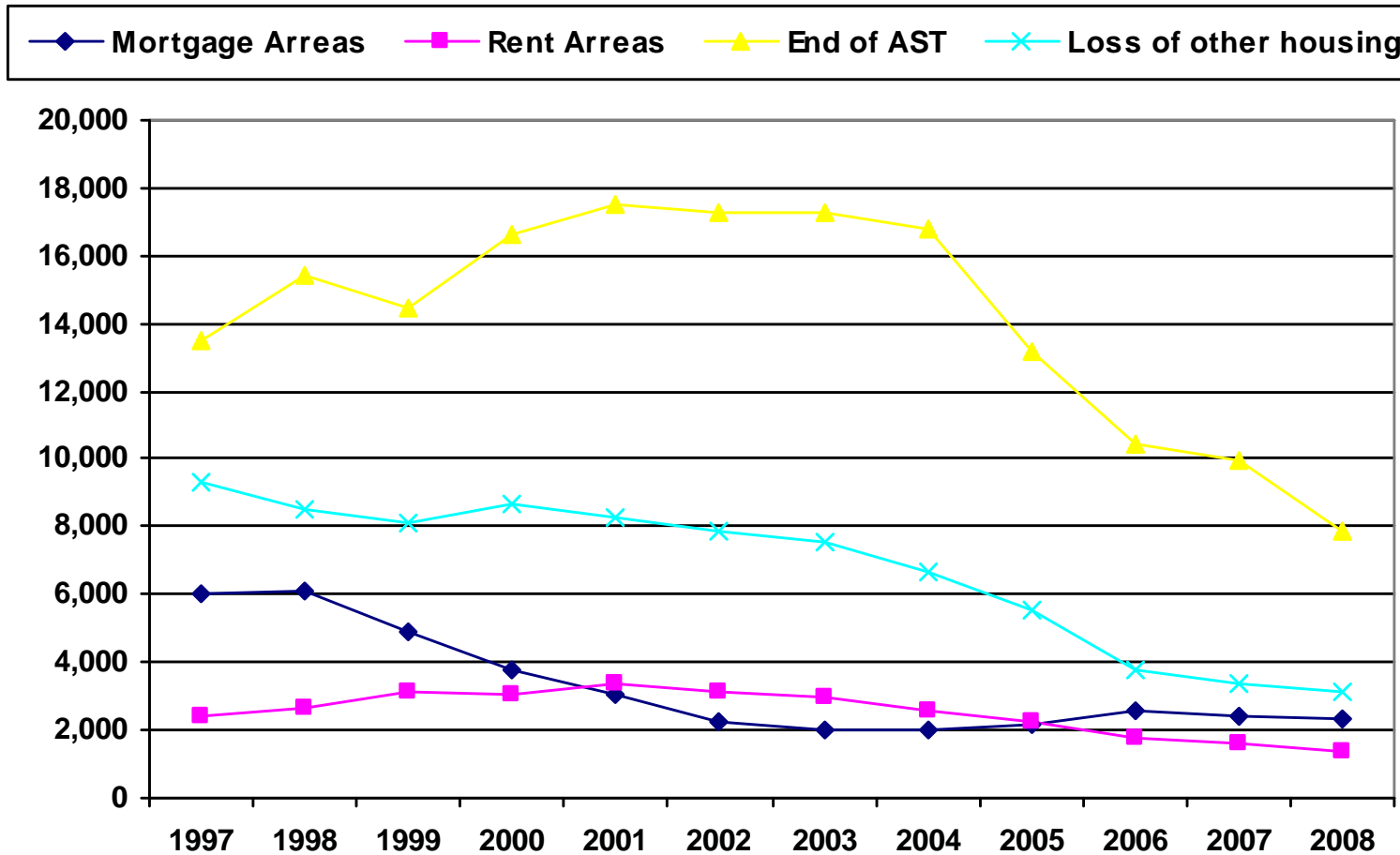
Council of Mortgage Lenders data shows about 40,000 homes repossessed during 2008, the highest levels since 1996 but nowhere near levels experienced during the height of the last recession when levels reached over 90,000 in early 1990's

Council of Mortgage Lenders predict 75,000 homes will be repossessed during 2009.

Landlord repossession claims (social landlord and private landlord repossessions combined) increased by 1% up to 148,040, way below the peak of 195,000 recorded in 2002.

Landlord repossession orders up by only %5 to 112,294.

Homelessness acceptances by main reason of loss of last settled home



Homelessness acceptances by main reason of loss of last settled home

	2006 – 2007			2007 – 2008		
	Mortgage arrears acceptances	Total Acceptances	Proportion of acceptances	Mortgage arrears acceptances	Total Acceptances	Proportion of acceptances
England	2,618	73,360	3.6	2,283	63,170	3.6
North East	275	4,790	5.7	239	3,600	6.6
North West	389	11,380	3.4	377	8,530	4.4
Yorkshire & Humber	250	8,220	3.0	228	7,350	3.1
East Midlands	288	6,020	4.8	241	4,780	5.0
West Midlands	477	8,740	5.5	476	9,170	5.2
East of England	271	6,890	3.9	218	5,900	3.7
London	279	15,390	1.8	206	13,800	1.5
South East	232	6,660	3.5	176	5,510	3.2
South West	157	5,270	3.0	122	4,520	2.7

Homelessness acceptances by main reason of loss of last settled home

Compared to levels of mortgage arrears acceptances ten years ago the levels today are still much lower, 6,130 households accepted in 1998 (6% of the total) compared to 2,340 (4%).

The levels of homelessness acceptances due to rent arrears has reduced in real terms during the past ten years from 2,640 (3%) in 1998 down to 1,400 (2%) in 2008.

Homelessness due to end of assured shorthold tenancy has dropped from 15,390 in 1998 to 7,870 in 2008

Homelessness due to other rented or tied accommodation has fallen from 8,520 down to 3,130 during the same period.

Total acceptances across England during 2008 were at 57,000 a reduction of 14% compared to the previous year and a 60% reduction when levels peaked in 2003.

Government Action to Prevent Repossessions

There are eight strands to the Government action to prevent repossessions

1) **Public awareness campaign and debt advice**

- getting advice early is crucial to helping households avoid repossession
- public awareness campaign launched 20 February 2009, further information can be found at the following website;
<http://campaigns.direct.gov.uk/mortgagehelp/index.html>
- further £15m for debt advice services

2) **Protection through the courts**

- pre-action protocol setting out what lenders should do before taking action to repossess
- Courts have discretion to stay, suspend, or adjourn
- England and Wales

3) **Extra advice for households at court**

- housing repossession court duty scheme operating across all Courts from April 2009
- funded by Community Legal Services Commission and contribution from CLG

Government Action to Prevent Repossessions

4) **Enhanced Support for Mortgage Interest (SMI)**

- provides support for out of work households
- enhanced SMI for 2 years – doubled capital limit to £200,000, shortened waiting period to 13 weeks
- frozen rate at 6.08%
- effective from 5 January 2009 across the whole of UK

5) **Mortgage Rescue scheme**

- £280 million budget to provide support for vulnerable households
- Local authorities and housing associations step in to help them stay in their homes
- launched across England on 16 January 2009. Full information guide distributed to all local authorities in January 2009.
- Households in negative equity now included where loan to value ratio is no higher than 120%
- More information can be found at the following website;
<http://www.communities.gov.uk/housing/buyingselling/mortgagerescuemeasures/>

Government Action to Prevent Repossessions

6) Homeowners Mortgage Support Scheme

- for households suffering an income shock
- allows for borrower to defer interest and reduce monthly payments
- Open from April 2009
- further information can found at the following website;
<http://www.communities.gov.uk/housing/buyingselling/mortgagesupportscheme/>

7) Repossessions Prevention Fund

- £20 million funding for local authorities
- Enable local authorities to offer households small loans or one off payment to help prevent repossession or eviction
- open to anyone threatened with homelessness either through repossession or eviction. For example, it could be used to clear mortgage or 2nd charge arrears in appropriate cases, where this would prevent repossessions.
- maximum loan £5,000 and is conditional on the household seeking money advice with CAB or other money advice agencies that are used by the Council.

Government Action to Prevent Repossessions

8) **Better protections for tenants**

- We have committed to change the law as soon as possible to give better protections and a decent notice period to tenants whose landlords are repossessed
- We are also working with lenders to improve best practice

This range of Government support announced since September is underpinned by

- FSA regulation – to ensure customers are treated fairly
- Greater encouragement of lender forbearance
- Local Authority homelessness prevention work and safety net

Developing a Local Action Plan

Local authorities should sensibly be looking across all housing sectors to understand the current pressures on local people and to plan, with local housing associations and other voluntary sector partners, to address those needs.

The practical steps that a local authority can take, either on their own or within sub-regional partnerships, are divided into three stages;

1. Developing a strong strategic and coordinating role.
2. Making best use of resources across the council and partners.
3. Developing a practical set of actions to prevent homelessness across all tenures and setting these out in an action plan.

Housing associations, money advice services, and job centre plus should all be key Partners that are involved in shaping and delivering local actions

Developing a Local Action Plan

Stage 1 – Developing a strong strategic and coordinating role

- 1) Gain corporate commitment to prevent repossessions.
- 2) Develop a framework for your action plan
- 3) Developing an information set to monitor local impacts on repossession levels and homelessness acceptances
- 4) Set up a multi agency task group to co-ordinate joint working on preventing repossessions
- 5) Developing a communication plan to explain the support that is available locally and nationally to prevent repossessions.

Step 2 – Making best use of resources across the council and partners

6) Has the local authority access to sufficient resources to implement their action plan?

7) Conduct a joint audit of capacity of all key agencies that may form part of the partnership to prevent repossessions.

8) Under-taking housing options outreach surgeries across the borough and inviting partner organisations to carry-out outreach surgeries at the Housing Options Centre so that a wider range of people can access advice that can prevent to repossessions.

Stage 3 – Developing a practical set of actions to prevent homelessness across all tenures and setting these out in an action plan

- 9) Have the existing homeless prevention tools used by housing options advisors been re-tuned to prevent repossessions?
- 10) Check that there are joint working protocols in place between the housing options service and all key partners to ensure everyone knows their role in preventing repossession.
- 11) Develop a 'benefits take-up campaign' with the Council's Housing Benefit service.
- 12) Meet with money advice services to coordinate local action to prevent repossessions

Developing a Local Action Plan

13) Meet with social landlords to coordinate local action to prevent repossessions due to rent arrears

14) Meet with private landlords to coordinate local action to prevent repossessions because of rent arrears.

15) Is the local authority developing actions to prevent repossessions because of private landlord repossession?

16) Has the housing options service promoted to private landlords a business case setting out the benefits of working with the local authority increasing the supply of private rented accommodation for people where actions to keep them in their home fail?

17) Does the local authority have the capacity to set-up a their own hardship fund to prevent repossessions?

Developing a Local Action Plan

- 18) Developing effective joint working arrangements with the service provider of the local Court Advice Desk
- 19) Do housing options advisors promote the enhancements made to Mortgage Support Interest as part of a suite of local measures to prevent homelessness due to repossessions?
- 20) Monitor progress on fully implementing the Government's Mortgage Rescue scheme locally.
- 21) Train housing options advisors, Council call centres staff, and Council one-stop shop service centres so they can provide information on the Government's Homeowner Mortgage Support Scheme to residents once it is launched in April 2009.

The Government made £3.7 million available in March 2009 to local authorities to support the development of actions to tackle the threat of repossessions across all tenures

Local authorities may need to update their housing options toolkit to respond to increasing levels of presentations from people in housing difficulties caused by the recession and family breakdown resulting from the economic downturn.

Local authorities are encouraged to work with housing associations and their local third sector partners. It might also be sensible to develop this work stream sub regionally to enable the pooling of skills and resources.

Government action on preventing repossessions is just one tool that local authorities can use to prevent homelessness more generally

Preventing repossessions is a key Government priority, it also be so for local authorities.

Questions?