

EAST HERTS COUNCIL

EXECUTIVE - 8 JANUARY 2013

JOINT REPORT BY THE EXECUTIVE MEMBERS FOR HEALTH,
HOUSING AND COMMUNITY SUPPORT AND FINANCE

LOCAL AUTHORITY MORTGAGE SCHEME (LAMS)

WARD(S) AFFECTED: ALL

Purpose/Summary of Report

- This report recommends an amendment to the current Local Authority Mortgage Scheme that was originally recommended by the Executive on 7 February 2012 and subsequently agreed at Council on 22 February 2012

RECOMMENDATION FOR COUNCIL: that

(A)	the Council's Local Authority Mortgage Scheme, approved at its meeting held on 22 February 2012, be amended as follows: The maximum loan amount that can be awarded per property be increased from £160,000 to £190,000.
------------	---

1. Background

- 1.1 The original LAMS scheme for East Herts was agreed by full Council on 22 February 2012. The scheme allows local authorities to help address a shortage of mortgage lending that is accessible to those with deposits of less than 25%. The scheme gives access to funding to those with a deposit of 5% (or more) with the Council acting as guarantor for the balance of the normal deposit of up to 20%.
- 1.2 The East Herts scheme was launched in February 2012 and we were an early adopter of a much wider scheme that was formally launched across Hertfordshire on 23 November 2012. In launching a wider scheme, one of East Herts conditions of the scheme is different to other participating Districts.

2. Report

2.1 In setting up the East Herts LAMS scheme the Council provided £1m to support the scheme and the following criteria were set as the parameters of the scheme:

- a) The Scheme to apply to all post code areas within East Herts
- b) The maximum loan per property be set at £160,000

2.2 In setting the maximum loan size it determined both the number of families which could be assisted and the type of property they can access. With a minimum 5% deposit and cap on the loan of £160,000 the scheme would give access to properties to a value of £168,000.

2.3 A formal launch of a scheme that covered all of Hertfordshire in November 2012, of which the East Herts scheme was also included, saw a County wide set of parameters set of a cap of £190,000 (apart from Stevenage who have set their cap at £180,500).

2.4 With a £190,000 cap, the scheme would give access to properties to a value of £199,500, an increase of £31,500 from the current scheme in East Herts.

2.5 Increasing the maximum loan size by £30,000 would reduce the number of families that could be helped from approximately 32 to 26 (if all applicants requested the maximum amount).

2.6 So far, the take up of the scheme has been limited, and anecdotally there is some evidence that part of the reason is the difficulty in securing property at the values that we have set.

2.7 To bring the scheme into line with our neighbouring authorities and to stimulate greater access to the scheme, an increase in the maximum loan size to £190,000 is recommended.

2.8 No other amendments to the scheme are being recommended.

3.0 Implications/Consultation

3.1 These are set out at **Essential Reference Paper 'A'**.

Background Papers

Executive Report on Local Authority Mortgage Scheme – 7th February 2012

<http://online.eastherts.gov.uk/moderngov/ieListDocuments.aspx?CId=119&MId=1791&Ver=4>

Contact Member: Michael Tindale – Executive Member for Finance
michael.tindale@eastherts.gov.uk
Linda Haysey – Executive Member for Health,
Housing and Community Support
linda.haysey@eastherts.gov.uk

Contact Officer: Adele Taylor – Director of Finance and Support
Services – Contact Tel Ext No 1401
adele.taylor@eastherts.gov.uk

Report Author: Adele Taylor – Director of Finance and Support
Services – Contact Tel Ext No 1401