

shelter

N O R T H E R N I R E L A N D

DSD Proposed Not For Profit Mortgage
Rescue Scheme
Summary Response

21st November 2008

Shelter Northern Ireland Summary
Response to DSD proposed not for profit Mortgage Rescue Scheme

Friday, 21 November 2008

Introduction

1. Shelter Northern Ireland welcomes the opportunity to contribute to the consultation on the proposal to introduce a not for profit Mortgage Rescue Scheme (MRS) in Northern Ireland.
2. Shelter Northern Ireland believes that housing should be a right for everyone. Housing in all its forms should also be accessible, built in sufficient supply to a decent standard, affordable and provide security of tenure for the occupants.

General Comments

3. The numbers of households whose homes are being repossessed or who are facing the threat of repossession continue at a very high level here. In the quarter ending September 2008, the number of writs and originating summonses for repossessions ordered by the Courts was almost double the same period last year.
4. There is a clear need for action to prevent an elevation in the number of households presenting as homeless. There are sale and leaseback private ventures but some of these products have not been beneficial to the vulnerable household. Shelter NI supports the concept of Mortgage Rescue on a not for profit basis as a better alternative to the market and commends the Minister and the DSD for bringing this scheme forward in NI.
5. However this initiative does not add to the housing stock and Shelter NI is concerned that the level of new starts promised for the social housing programme should not be reduced at the expense of bringing forward a worthy Mortgage Rescue proposal.
6. Shelter NI would also have concerns about some of the exclusions to the policy, about the level of bureaucracy needed to access the scheme leading to the possibility that only a limited number of households will be assisted.
7. Shelter NI welcomes the 1.5% reduction in the base rate for loans and would encourage the Stormont Executive to ensure that Lenders pass the full reduction on to mortgagees immediately.

Summary Comments

8. Shelter NI believes
 - There should be general information promoted ahead of a mortgage crisis in multiple formats and media
 - DSD should work closely with lenders to encourage a less aggressive approach to repossession
 - Advice should be comprehensive and not just focus on housing debt

Shelter Northern Ireland Summary
Response to DSD proposed not for profit Mortgage Rescue Scheme

- There are many eligibility and other criteria, some overlapping and some of which are open to different interpretation, which will both restrict the number of households which may be successful and perhaps create differential outcomes- clear and unambiguous guidance is required
 - The DSD should carry out an economic appraisal study of where the property value threshold lies to determine minimum equity stakes below which a housing association and the residents would both get more benefit from Mortgage to Rent.
 - The DSD should come forward with a policy approach which will consistently apply the same rules to Co-ownership policy, the amendment to the house sales scheme, existing satisfactory purchase and the Mortgage Rescue initiative. This would also deal with residual rent and maintenance matters.
 - DSD must give due consideration the Semple proposed and the NIHE affordability thresholds if this is to be part of the rent setting exercise
 - Homes should be repaired and improved at least to the Decent Homes standard
 - The DSD should not be trying to establish a new tier of housing with separate sets of policies and arrangements- this is entirely unnecessary and will also delay the introduction of the scheme
 - That the issue of households experiencing negative equity either directly or after repair costs are taken into account should be given further consideration for eligibility to the initiative
 - There should be no equity limit repayable to the household but the consequences of this need to be fully explained
 - Tenancies under the MTR scheme must be secure
 - That the House Sales scheme must be comprehensively reviewed and that the treatment of properties in the Mortgage Rescue initiative should be considered as part of this review
9. Shelter NI is in the process of producing a detailed response to the consultation paper which should be available within the next week or two.

I trust this is satisfactory.

Tony Mc Quillan
Director
Shelter Northern Ireland
Campaign for Homeless People
58 Howard Street
Belfast BT1 6PJ
Tel:(028) 9024 7752
Fax:(028) 9024 7710
e-mail: shelterni@btconnect.com