

PRIVATE SECTOR HOUSING AND REGENERATION ASSISTANCE POLICY

1.0 EXECUTIVE SUMMARY

- 1.1 The purpose of this report is to seek agreement to undertake a consultation exercise in relation to proposed revisions to the Council's Private Sector Housing and Regeneration Assistance Policy. Following the consultation exercise a further report will be presented to Members detailing the final version of the policy, with the intention of implementing the revised policy in May 2010.

2.0 BACKGROUND

- 2.1 The Regulatory Reform (Housing Assistance) (England and Wales) Order 2002 (referred to as the RRO in this report) gave Local Authorities the power to provide assistance to improve living conditions in their area. This assistance can be provided in any form and can include such things as advice about property improvements and financial assistance in the form of grants and/or loans. This power cannot be used unless a policy for the provision of such assistance has been adopted. Once adopted, the policy should be monitored, reviewed and amended (if necessary) to take into account changes in local circumstances and government policy. In this way, the policy should evolve over time to meet the needs and aspirations of Wirral residents. Any significant changes should be subject to consultation prior to being adopted and the public should be notified about the revised policy. In addition to the RRO, Part 1 of the Local Government Act 2000 allows Local Authorities to give financial assistance to any person in order to promote the economic, social and environmental well being of an area. This power supports the use of products aimed at non-residential interests involved in regeneration activity connected with housing schemes. Related products involving non-housing interests are also included in Wirral's policy. Since 2002, annual reports have been presented to Cabinet for the adoption of updated assistance Policies.
- 2.2 On 23rd of April 2009, Cabinet agreed to adopt the current Private Sector Housing and Regeneration Assistance Policy which details a range of assistance to support property owners. This assistance has been used to benefit residents and property owners throughout the borough and particularly those involved in the Housing Market Renewal Initiative.
- 2.3 The current policy introduced a number of new forms of local assistance, including a commitment to developing a Business Movers Support Service, Business Rent Relocation Support, and a 'fast track' arrangement with Wirral's Citizens Advice Bureau to provide specialist housing and debt related advice. In addition, a number of amendments were made to existing assistance products. Finally, commitments were made to review the policy as a whole to incorporate measures to secure a more environmentally responsible assistance policy and to review the assistance available to private sector landlords.

- 2.4 On the 3rd September 2009, Cabinet agreed to the introduction of a new financial assistance product called a Home Purchase Assistance Loan, using powers under the Local Government Act 2000. This loan is to be introduced to assist people wishing to buy new build properties at the flagship HMRI SevenOaks development in Rock Ferry and properties sold by the Council in other parts of the Wirral through the HOUSED scheme. The equity based financial loan will provide up to 30% of the value of the house, subject to a maximum of £54,000, in recognition of the difficulty currently being experienced by potential home owners needing to provide larger deposits. The loan is subject to the applicant receiving advice from an Independent Financial Advisor, and providing at least a 5% deposit from their own resources in conjunction with a commercial mortgage which makes up the remaining balance. It is intended that the loan will to be provided through the Council's existing loan administrator, ART Homes Ltd, in conjunction with our HMRI partners, Liverpool City Council and Sefton Council. This product is subject to further legal advice in connection with the use of the LGA 2000 powers
- 2.5 On 16th October 2008, Cabinet agreed to adopt a preferred builder protocol in connection with both Equity Renewal Loans and Home Repair Assistance. This protocol restricts the use of contractors to those registered with Council's Wirral Traders Scheme and was implemented on the 1st September 2009.
- 2.6 In order to allow sufficient time to implement a revised policy by May 2010 it is now necessary to start the annual review process.

3.0 **SUGGESTED AMENDMENTS TO THE EXISTING POLICY**

3.1 Existing Assistance

3.1.1 Wirral's policy is currently split into 3 distinct sections covering:

- Assistance for relocation (in connection with demolition schemes)
- Assistance for renovation
- Other (help for first time buyers, Handyperson Service, CAB advice etc)

3.1.2 Officers are currently preparing a more detailed document regarding the assistance available, which will incorporate both the suggested amendments and new assistance. This document will be available for the consultation exercise and will be sent to all Members.

3.2 **ASSISTANCE FOR RELOCATION**

3.2.1 Equity Relocation Loans

The financial products include equity based relocation loans for owner-occupiers and businesses. Both loans offer up to £45,000 in gap funding to assist with the acquisition of alternative accommodation. The normal limit in the case of owner-occupiers is £35,000, however, this can be increased to a maximum of £45,000 with the permission of the Newheartland's Discretionary Panel. During the last 12 months a number of HMRI schemes have moved from acquisition and demolition to the redevelopment phase resulting in new housing stock becoming available. For those residents wishing to buy these new properties it has been recognised that the gap funding needed, can often exceed the £45,000 upper limit. On the 3rd June 2009 the Newheartlands Monitoring and Implementation Group decided to **increase the upper limit of the Relocation Loan to a**

maximum of £55,000 in cases of HMRI new build only. All cases wishing to access this new limit will require the agreement of the Discretionary Panel.

3.2.2 Business Movers Support

A comprehensive Business Movers Support service is now provided by Invest Wirral to guide all non-residential interests involved in demolition areas through the process of relocating. This service is regulated by a Service Level Agreement and funded by HMRI resources. To date the service has been well received, and has been particularly helpful in relation to the ongoing relocations from the Cavendish Enterprise Centre in Birkenhead and the remaining businesses involved in the Church Road Regeneration Initiative in Tranmere.

3.2.3 Relocation Rent Support

This is time limited financial assistance designed to cushion any increase in rent payments resulting from the relocation of non-residential interests from a demolition scheme. It is proposed to **introduce a condition that prevents either the applicant or his/her immediate family from having an interest in the alternative property which is subject to the Relocation Rent Support assistance.**

4.0 **ASSISTANCE FOR RENOVATION**

4.1 Assistance for Empty Properties

4.1.1 HOUSED (Home Ownership Using Sustainable Empty Dwellings) brings back into use long term empty properties through a program of acquisition, comprehensive refurbishment and discounted sale (10% off market value) for low income owner-occupiers. Since introducing HOUSED, a number of properties have been successfully brought back into use. In more recent times, the depressed housing market and stricter access to mortgage finance has resulted in some difficulty selling HOUSED properties once completed. In order to minimise the risk to the Council, Members have already agreed the new Home Purchase Assistance Loan to be made available in connection with the HOUSED scheme. For clarification, an applicant interested in HOUSED can either opt for the discounted sale (10% off market value) or the Home Purchase Assistance Loan. The discounted sale and Home purchase Assistance Loan cannot be used together.

In addition, it is proposed to **amend the eligibility criteria for HOUSED to take into account annual income rather than just salary. Some degree of flexibility around the income thresholds is to be introduced to facilitate property sales where there is no interest from applicants meeting the criteria.** Where applicants fall below the minimum income threshold (currently £13,000 and £18,000 for single and joint applicants respectively) the Empty Property Team will refer the applicant(s) to an Independent Financial Advisor (IFA) from the Newheartlands Panel. The IFA will advise whether or not the applicant is suitable to buy the HOUSED property.

4.1.2 Empty Property Loans

Wirral currently offers an Empty Property Loan of up to £10,000 for long term empty properties where the owner is prepared to become an accredited Landlord and refurbish them to decent homes standard, ensure freedom from Category 1 Hazards and grant nomination rights for five years for homeless families or persons in housing need. Should the landlord pay back the loan in full within the first 5 years nomination rights will be surrendered by the Council. The loan is payable to the landlord once the property becomes occupied and will be recovered once the property is sold. The Empty Property

Loan is also available for first time buyers and it is proposed to link access to this loan to the Preferred Builders Protocol, previously mentioned in 2.5. **Private Landlords will be asked to use the Protocol** but as many landlords are also developers they are often able to carry out the works themselves or procure it from established suppliers.

The loan product has been reviewed to ensure that it is effective in bringing empty properties back into use and a balance between value for money and attractiveness to landlords is being achieved. Although still a relatively new product and in a restricted financial climate, since April 2009 there have been 80 application requests (68 of these resulting from a marketing campaign in August 09). This demonstrates a reasonable level of interest in financial assistance to bring long term properties back into use. However, only a fraction of application forms have been returned, of these only 4 loans have been completed and a further three have been approved.

Feedback from the applicants who failed to progress the loan have cited difficulty in accessing funds to make stage payments or purchase materials up front as the main reason for not taking up the loan offer. Other reasons given from a minority of applicants include reluctance to agree nomination rights and the bureaucracy associated with the application process.

It is suggested that the nomination criteria should remain non negotiable. It has also been agreed to **provide more assistance to landlords to guide them through the application process in future.**

In addition to the existing loan product it is also suggested that **Wirral pilot a small Empty Property Grant of £2,000 payable once the property becomes occupied.** This type of assistance has been successfully operating in Chester for several years where around 50 grants are approved each year. This grant would not be linked to nomination rights and would therefore be simpler to administer. It would still require works to be completed to the decent homes standard, ensure freedom from Category 1 Hazards and the owner must become an accredited landlord before the works are signed off.

4.1.3 Group Repair and Neighbourhood Facelift Scheme

Both provide financial assistance to repair the external fabric of a block or terrace of houses. Under the terms of both types of scheme, a 'test of resources' is applied that results in private sector landlords and some owner-occupiers contributing up to 25% of the cost of the works. Lower income owner-occupiers can be excluded from making a financial contribution. Where an applicant has committed to make a financial contribution this is currently made once the works have been completed. Experience has shown that the participant's circumstances can change in the period between originally committing to the scheme and the point (often some months later) when the payment is due. The Council does make every effort to collect an applicant's financial contribution, however, it is proposed to **introduce the discretion to waive the payment of any unpaid contribution, where circumstances of hardship are subsequently established.**

4.1.4 Equity Loans for Renewal

Equity Loans for Renewal provide up to £30,000 to enable low income owner-occupiers with sufficient free equity in their houses to fund repairs/improvements to their homes. As part of the application process all applicants have to be assessed by an Independent Financial Advisor from the Council's list. Should any loan proceed to approval then the professional fees incurred in setting up the loan, including the IFA fee, are incorporated into the loan. Should the loan not proceed for any reason, these abortive costs are currently borne by the Council. It is proposed that in **any future application involving abortive costs, the applicant becomes liable for paying these except in cases of proven hardship.** The applicant will be made aware of this condition prior to any costs

being incurred. This amendment will match a similar condition already in place with abortive costs associated with applications for Home Repair Assistance Loans. These loans are available in certain circumstances across Wirral but are targeted at the HMRI area.

4.1.5 Home Repair Assistance

Home Repair Assistance (HRA) provides an interest free loan up to £6000 to help with small scale emergency repair work. In practice not all requests for assistance are deemed eligible within the terms of the current policy, despite affecting the wellbeing of the applicant. In order to have the flexibility to consider such situations as eligible for assistance, ***officers are to be given the flexibility to consider each case using a risk assessment. The emphasis will remain on an immediate risk to health and safety.***

5.0 OTHER ASSISTANCE

5.1 Home Purchase Assistance Loan

The Home Purchase Assistance Loan previously mentioned in 2.4 will be incorporated into the revised policy.

5.2 Financial assistance to support specific carbon reduction initiatives

The Council is already actively supporting carbon reduction measures through its Private Sector Housing and Regeneration Assistance Policy. The national focus on existing residential properties is shifting towards the 'whole house' approach and harder to treat solid wall properties. The Council has the opportunity to bid for and secure funding to benefit Wirral residents in relation to solid wall insulation. Some of this funding will be reliant on partnership working and match funding being secured from other sources. In light of this, there is a need to be able to respond quickly and provide robust funding bids. The review of Wirral's assistance policy on an annual cycle does not sit neatly with this need to respond quickly. It is proposed to ***make a provision within the revised policy for new carbon reduction specific financial products to be created at short notice*** in consultation with the Cabinet member for Housing. Any such products will be created to secure or compliment resources for the benefit of Wirral residents and could be retrospectively reported to Cabinet. Also, products may be created to support pilot initiatives focussing on solid wall insulation and associated energy efficiency measures in line with the 'whole house' approach. The next annual review would consolidate any new products introduced during the previous year.

5.3 Financial Assistance to support fire safety upgrades to high risk Houses in Multiple Occupation (HMOs).

The Housing Act 2004 introduced powers which required local authorities to license all higher risk houses in multiple occupation. Wirral's recent Private Sector House Condition Survey highlighted these properties as having three times more Category 1 hazards (severe hazards which could affect the health and safety of vulnerable occupants) as single dwellings. These properties are also 10 times more likely to experience a fire than a single family dwelling and consequently they are required to have comprehensive fire precaution measures to ensure adequate means of escape from fire. It is proposed that ***discretionary interest free loans of up to £10,000 are made available for HMO fire safety works, where the landlord agrees to become a member of the Council's Landlord Accreditation Scheme and adheres to the code of practice for HMOs and mandatory Licensing Scheme, if applicable.*** As with the Empty Property Loan, nomination rights can be attached to support Wirral's Homelessness Strategy. These new loans are to be known as HMO Fire Safety Loans.

5.4 Cosy Homes

Cosy Homes provides financial assistance towards improving energy efficiency and heating for households in the Housing Market Renewal Area. This scheme has been well received and has helped many residents throughout the HMRI area. Following on from this success it is proposed to ***extend the scheme to assist property owners and vulnerable residents in the Healthy Homes Pilot Area in New Brighton***. Private sector landlords will be given priority as research has established a high concentration of private rented properties, split into flats and bedsits, within the pilot area. This type of accommodation is more likely to be occupied by low income vulnerable households. However, all vulnerable residents, including owner-occupiers will be able to apply for this assistance.

6.0 ENVIRONMENTAL RESPONSIBILITY

6.1 Since April 2009 the assistance policy has been reviewed to see if it can incorporate any further measures to secure a more environmentally responsible policy. This review has resulted in a number of changes being made to the standard 'schedule of works' used in connection with both the Equity Renewal Loan and the Home Repair Assistance Loan. These changes introduce the flexibility for service users to opt to use more environmentally friendly methods of renovation or materials when undertaking repairs or improvements. Contractors used in connection with loan products will be encouraged to use recycled materials and FSC sourced timber products. In relation to both Group Repair and Neighbourhood Facelift Schemes measures to reduce the carbon footprint of the houses involved will be increased over time and will start with the piloting of both internal and external solid wall insulation. Recent innovations successfully introduced in the Craven Street Facelift Scheme involves solar thermal water heating and rear yard gates and frames constructed out of recycled plastic. It is envisaged that future schemes will continue to evolve over time incorporating the latest thinking in terms of environmental sustainability.

7.0 CONSULTATION

7.1 The policy revisions set out in this report will be subject to public consultation via the Council's website and local press. Residents and other stakeholders will be invited to make comments by the end of March 2010. Following the consultation period the revised policy will be submitted to Cabinet for final approval and will come into force in May 2010.

8.0 FINANCIAL IMPLICATIONS

8.1 The funding for the revised policy will be from HMRI and Housing Capital programme resources for 2010/11.

8.2 As mentioned in 5.2 the Council is seeking to further support the revised policy through external funding. At this stage there is no guarantee that additional funding will be secured

9.0 STAFFING IMPLICATIONS

- 9.1 Existing staffing arrangements can deliver the assistance policy. Should there be any staffing implications following consultation on the proposals, it is intended to report back to members with further details

10.0 EQUAL OPPORTUNITIES/EQUALITY IMPACT

- 10.1 The revised policy recognises that there will be a proportion of vulnerable owners whom will not have sufficient resources to maintain their homes. In addition, in relation to clearance action some owners and residents might be unable to fund a move to an alternative property. The policy makes provision for such owners and residents.
- 10.2 The proposals contained within this report will be subject to a period of consultation with potential service users. The existing HMRI Clearance & Improvement Programmes Equality Impact Assessment (copy attached in Appendix 1) will be reviewed following the consultation period.
- 10.3 Service delivery of the revised policy will be routinely monitored in relation to equality and diversity.

11.0 COMMUNITY SAFETY IMPLICATIONS

- 11.1 The revised policy takes into account community safety implications, particularly in relation to renovation assistance.

12.0 LOCAL AGENDA 21 IMPLICATIONS

- 12.1 The revised policy will include measures to both support the improvement of existing housing stock where this is deemed to be sustainable and assist with the strategic clearance of obsolete housing stock and the provision of new, energy efficient houses for the future. The policy includes measures to reduce environmental impact.

13.0 PLANNING IMPLICATIONS

- 13.1 Assistance for private sector housing renewal supports the Urban Regeneration Strategy outlined in the Unitary Development Plan and Regional Spatial Strategy. In particular, it will help to encourage the reuse of existing buildings that are worthy of retention. These proposals would also support the delivery of the emerging Spatial Options for the Core Strategy.

14.0 ANTI-POVERTY IMPLICATIONS

- 14.1 The revised assistance policy targets the majority of it's assistance towards low income households. Those applicants deemed to have the ability to afford improvements or relocation by other means will be sign-posted accordingly.

15.0 SOCIAL INCLUSION IMPLICATIONS

15.1 The revised assistance policy will help those members of society least able to afford to undertake improvements or move to alternative accommodation. In addition, it will assist private landlords to improve housing conditions for some of the most vulnerable members of society.

16.0 **LOCAL MEMBER SUPPORT IMPLICATIONS**

16.1 This report affects all wards

17.0 **BACKGROUND PAPERS**

17.1 Cabinet report 'Adoption of a Preferred Builder Protocol in connection with the Private Sector Housing and Regeneration Assistance Policy', 16th October 2008

17.2 Cabinet report 'Home Purchase Assistance Loan Scheme', 3rd September 2009

18.0 **RECOMMENDATIONS**

18.1 That

- (i) the revised Private Sector Housing and Regeneration Assistance Policy be subject to a consultation exercise, as detailed in item 8.0 of this report
- (ii) a further report be submitted to Cabinet in Spring 2010 detailing the final version of the Private Sector Housing and Regeneration Assistance Policy for adoption and implementation from May 2010.

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