

**PRIVATE SECTOR HOUSING AND REGENERATION ASSISTANCE POLICY**

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**1.0 EXECUTIVE SUMMARY**

- 1.1 The purpose of this report is to seek approval of the Council's revised Private Sector Housing and Regeneration Assistance Policy following consultation. Any revisions approved will be implemented with immediate effect.
- 1.2 This report also seeks to amend the Council's preferred builders protocol used in conjunction with the renovation assistance to allow applicants to seek contractors outside the preferred builders protocol list, should there be insufficient registered contractors to provide a quotation.
- 1.3 This report also advises members that in conjunction with our Housing Market Renewal partners, the contract with the Council's current loan administrator, ART Homes Ltd, has been extended for a further 12 months to 31<sup>st</sup> March 2011

**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 April 23, 2009, Cabinet agreed to adopt the current Private Sector Housing and Regeneration Assistance Policy ("the 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 3<sup>rd</sup> 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 intended to be introduced to assist people wishing to buy new build properties principally at the flagship HMRI Sevenoaks development in Rock Ferry and also 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 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 Local Authority powers to introduce shared equity for new- build housing.
- 2.5 On 16<sup>th</sup> 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 On the 4th February 2010 Cabinet agreed to undertake a consultation exercise in relation to proposed revisions to the Council's Private Sector Housing and Regeneration Assistance Policy. This report provides feedback on the completed consultation exercise and proposes that the revised policy be adopted.

### 3.0 **CONSULTATION**

- 3.1 The revised policy was subject to public consultation via the Council's website, local press and bespoke leaflets distributed largely via the Council's 'One Stop Shops'. Leaflets were also distributed at the Landlords Forum which was held on the 22<sup>nd</sup> March 2010. Council staff were also invited to comment on the proposed changes. No comments were received from members of the public about the proposed revisions, however, comments were received from Council staff on the use of the preferred builders protocol. This protocol is linked to the assistance provided for renovation.
- 3.2 It has been suggested that, in light of experience gained to date, an amendment be made to the preferred builders protocol to allow applicants seeking assistance to complete renovation works, to obtain quotations from suitable contractors not registered with the preferred builders protocol, only in circumstances where sufficient quotations cannot be obtained by using registered contractors. Any non registered contractors used for quotations will have to be prepared to work towards full membership of the Wirral Traders Scheme/preferred builders protocol and will be subject to a desk top evaluation by Wirral Trading Standards. It is envisaged that this option will rarely be used but will give both the Council and applicants some flexibility to ensure that works can be undertaken within a reasonable time period. Having considered this option further I would recommend that this amendment is made to the current protocol.

## 4.0 SUGGESTED AMENDMENTS TO THE EXISTING POLICY

4.1 The revised policy can be accessed using the link below to the Council's website.  
<http://www.wirral.gov.uk/pshrapolicy>

4.1.1 A summary of the proposed revisions to the policy is provided at Appendix 1 with the detail being given in the paragraphs below

## 4.2 EXISTING ASSISTANCE

4.2.1 Wirral's policy has 3 sections covering:

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

## 4.3 ASSISTANCE FOR RELOCATION

### Equity Relocation Loans

4.3.1 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 NewHeartlands 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 3<sup>rd</sup> 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.

### Business Movers Support

4.3.2 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.

### Relocation Rent Support

4.3.3 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**.

## 5.0 ASSISTANCE FOR RENOVATION

### Assistance for Empty Properties

- 5.1 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.
- 5.2 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.

### Empty Property Loans

- 5.3 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.
- 5.4 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.
- 5.5 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.

- 5.6 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.***
- 5.7 In addition to the existing loan product it is also recommended 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.

#### Group Repair and Neighbourhood Facelift Scheme

- 5.8 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<sup>1</sup> are subsequently established.***

#### Equity Loans for Renewal

- 5.9 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<sup>1</sup>***. 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.

#### Home Repair Assistance

- 5.10 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.***

<sup>1</sup> Hardship will be proven by the applicant producing all of the relevant facts for consideration, such as loss of employment and a reduction in household income.

#### The preferred Builders Protocol

- 5.11 Applicants for HRA and Equity Loans for Renewal must currently seek quotations from contractors registered under the Councils preferred builders protocol. Where there are insufficient suitable contractors registered it is proposed to allow applicants to seek

quotations from contractors not registered, on the understanding that the contractor will work towards full registration and will be subject to a desk top assessment by Wirral trading Standards.

## 6.0 OTHER ASSISTANCE

### Home Purchase Assistance Loan

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

### Financial assistance to support specific carbon reduction initiatives

- 6.2 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.

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

- 6.3 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.

### Cosy Homes

- 6.4 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.

## Loan Administrator Contract Extension

6.5 Wirral Council and its HMRI partners currently use ART Homes Ltd ("ART") to provide a loan administration service in relation to all equity based loans. The contract with ART was originally for the period 2007 to 31<sup>st</sup> March 2010, with an option to extend this contract further. Following discussions with ART and the relevant legal officers from the 3 partner Councils it was agreed to extend the contract for a further 12 months to 31<sup>st</sup> March 2011. This extension has been actioned by the accountable body Liverpool City Council. Beyond 2011, various options are currently being considered, including the possibility of a new regional loan provider service which is due to be launched in April 2011. I intend to report back to members on this matter when further information is available.

## **7.0 ENVIRONMENTAL RESPONSIBILITY**

7.1 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.

## **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 6.2 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 revised policy.

## **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 have now been subjected to a period of consultation. The existing HMRI Clearance & Improvement Programmes Equality Impact

Assessment has been reviewed in light of the proposed revisions and consultation feedback and no changes are considered necessary.

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 includes 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 promote carbon reduction measures and encourage the reuse of existing buildings that are worthy of retention. These proposals would also support the delivery of the emerging preferred options for the Core Strategy.

#### **14.0 ANTI-POVERTY IMPLICATIONS**

14.1 The revised assistance policy targets the majority of its 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 helps those members of society least able to afford to undertake improvements or move to alternative accommodation. In addition, it assists 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', 16<sup>th</sup> October 2008

17.2 Cabinet report 'Home Purchase Assistance Loan Scheme', 3<sup>rd</sup> September 2009

#### **18.0 RECOMMENDATIONS**

18.1 That Members agree the revised Private Sector Housing and Regeneration Assistance Policy as set out in this report and that this be implemented with immediate effect.

- 18.2 That Members agree to amend the Preferred Builders Protocol to allow applicants to seek quotations from suitable contractors not registered with the Protocol only when insufficient registered contractors are available to provide a quotation. This is subject to the conditions mentioned in paragraph 5.2 of this report.
- 18.3 That members note the 12 month extension until 31<sup>st</sup> March 2011, to the ART Homes Ltd loan administration contract, in conjunction with our HMRI Partners.

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