

WIRRAL COUNCIL

CABINET – 15 JANUARY 2009

REPORT OF THE DIRECTOR OF REGENERATION

PRIVATE SECTOR HOUSING AND REGENERATION ASSISTANCE POLICY

1.0 EXECUTIVE SUMMARY

- 1.1 The purpose of this report is to seek approval to undertake a consultation exercise in relation to the 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 April 2009.
- 1.2 The report also requests delegation to use specialist contractors, not registered on the Trading Standards Wirral traders Scheme, in cases involving HRA and Equity Loans for Renewal, where there are specialist building works to be undertaken.

2.0 BACKGROUND

- 2.1 The Regulatory Reform (Housing Assistance) (England & Wales) Order 2002 ("the RRO") gave Local Authorities the power to provide assistance to improve living conditions in their area. This assistance can be 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 any 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 to housing schemes. Related products involving non-housing interests are also included in the policy.
- 2.2 On the 3rd of April 2008 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 Equity Renewal Loans, Home Repair Assistance Loans, Empty Property Loans, assistance for low income first time buyers via the 'First Homes' initiative, Business Renewal and Relocation Loans and finally the Neighbourhood Facelift Scheme. Since the introduction of the RRO, Wirral's policy has gradually diversified and includes a mix of public subsidy and loan assistance as well as advice.

2.4 As it is now nearly 12 months since the last review was undertaken it is considered appropriate to review the current policy in light of progress with HMRI implementation and the introduction of the new loan based products.

3.0 **SUGGESTED AMENDMENTS TO 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 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.

3.2 Assistance for Relocation

Equity Relocation Loans

3.2.1 The main financial products include equity based relocation loans for both owner-occupiers and businesses. Currently, the limit for both loans is £35,000, however, in the case of relocation loans for owner-occupiers there is a possibility to increase the loan to £45,000 if approved by the Newheartlands Discretionary Panel. The interest shown in the business relocation loan to date suggests that the £35,000 limit may be insufficient to close the financial gap between the compensation paid by the Council and the cost of a suitable, alternative, premises elsewhere. In the current economic climate, and in order to assist businesses to move to meet HMRI objectives, it is proposed to increase the upper limit of the Business Relocation Loan £45,000.

3.2.2 **Business Movers Support**

HMRI clearance schemes involving non-residential interests have different requirements to owner-occupiers and tenants, when moving premises. Traditionally, advice to businesses has been provided on an ad hoc basis and in light of the challenges involved in moving the remaining commercial occupiers in Church Road and commercial occupiers in likely clearance areas in Birkenhead it is considered that there is a need for a specialist advisor to 'hand hold' the businesses through the moving process, similar to that of the Home Ownership Advisory Officers, currently providing the Home movers Service.

3.2.3 It is proposed to develop a business mover's support service over the next few months with a view to introducing a specialist advisory service later this year. It is proposed to discuss this with the Director of Law, HR and Admin and then report back to Members prior to any such role being introduced. The scheme would be along similar lines to the successful H.E.L.P. (Housing and Employment Link Project) project which is run by the Housing Options Team for residents of Wirral. It would also offer support to non-residential movers and link housing and employment agendas into a single project offered by the Housing Division.

Relocation Rent Support

3.2.4 In relation to moving non-residential interests out of clearance schemes, an issue with rent affordability has been identified. In certain cases, where a non-residential tenant is renting accommodation, the rent paid can sometimes be below that of the market rent for

a variety of reasons. Upon moving, the non-residential interest is likely to be faced with having to pay a market rent which may not be considered affordable to the proprietor.

3.2.5 It is proposed to introduce a new financial product to cushion the increase in rent for a limited period of time, allowing the non residential interest to adjust to the higher rent, or make alternative arrangements. This product is to be known as Relocation Rent Support and is in effect a “parachute” payment running over a 5 year period, with 100% gap funding provided in year 1, 80% in year 2 and so on until the support finishes at the end of year 5. An example is shown below:

3.2.6 Current rent paid: £300 per month
Market rent for similar premises elsewhere: £500 per month
Rental gap: £200 per month
Year 1 Relocation Rent Support: £200 per month
Year 2 RRS: £160 per month
Year 3 RRS: £120 per month
Year 4 RRS: £80 per month
Year 5 RRS: £40 per month

Total cost of RRS over the 5 year period: £7,200

3.2.7 It is proposed that this product will be provided by the local authority and will be made available from April 1st 2009 in relation to non- residential interests involved in HMRI clearance schemes.

4.0 **ASSISTANCE FOR RENOVATION**

Home Repair Assistance

4.1 Home Repair Assistance (HRA) provides up to £5,000 to qualifying residents throughout the borough to deal with a range of urgent minor work affecting the health and safety of the applicant. HRAs are registered as a local land charge and must be repaid when the property is sold. The current HRA's were introduced in April 2008 and, to date, 5 have been approved with 2 of these having being completed. In addition, 192 enquiries have been received about the HRA assistance. It is envisaged that the number of both approvals and completions will increase substantially by the year end. The maximum amount of assistance available through the HRA product has not changed for a number of years and inflation has eroded the ability to maximise the works that can be completed within this limit.

4.2 It is proposed to increase the limit of HRA to £6,000.

Equity Loan for Renewal

4.3 The Equity Renovation Loan was also introduced in April 2008 and a decision was taken to pilot these loans initially in the Egremont area of the HMRI. Expressions of interest were received from approximately 30 owner-occupiers and this has resulted in 6 applications being processed. Since the loan was introduced, a Framework for Equity Loans for Renewal has been agreed by the Newheartlands Monitoring and Implementation Group. This framework gives each local authority the discretion to increase the loan level beyond the limit of £30,000, in exceptional circumstances, on the understanding that this is agreed by Cabinet.

4.4 It is proposed that the Director of Regeneration be given the delegated authority to increase the loan above the £30,000 limit, to a maximum of £40,000, in cases where unforeseen works are encountered, in order to ensure the completion of works on site to a satisfactory standard, subject to the agreement of the loan agent (currently ART

Homes Ltd), any mortgagor and the Independent Financial Advisor. In cases not approved by the loan agent, the mortgagor or the IFA, consideration can be given to the use of HRA to enable the completion of works on site. Should the use of a HRA not be agreed then delegated authority be given for the Director of Regeneration to approve the use of a non-means tested grant to enable the completion of the works. The use of a grant to be considered as the last resort. It is envisaged that this situation will only arise in a very small number of cases.

Group Repair

- 4.5 Group Repair provides financial assistance to renovate the external fabric of a group of properties. Phase 4 of the Triangles Group Repair Scheme in North Birkenhead will be undertaken on 2009/10 and this is intended to be the final phase. Experience gained during the first 3 phases has identified a number of issues which need to be clarified to assist in the implementation of phase 4.
- 4.6 The clarifications include conditions relating to the payment of contributions upon practical completion of works to individual houses and the collection of any unpaid contribution.
- 4.7 In a very small number of cases on a Group Repair Scheme (which can be upward of 50 to 100 properties or more) a situation may arise where an owner of an individual property cannot fully complete the Group Repair application process before the works on that property have to commence under the contract. Often this is just a timing issue with providing information. Delaying the start of works on that property can incur costs for the Council under the contract and therefore when these circumstances arise it is proposed that the Director of Regeneration be given delegated authority to authorise that works start on that individual property with (1) the owners consent, and (2) following the undertaking of a risk assessment to establish both the risks to the scheme as a whole and the financial risks to the Council.

Neighbourhood Facelift

- 4.8 This assistance is similar to Group Repair in that it facilitates the overhaul of the external parts of a group of homes but also combines both environmental improvements within and beyond the curtilage and works to improve the interiors of the houses.
- 4.9 The suggested amendments for Group Repair above should also apply to the Facelift product.

Assistance for Empty Properties

- 4.10 A range of assistance is available and will continue to be developed to deal with empty properties.
- 4.11 To maximise the use of limited financial resources to tackle empty properties (which is an increasing issue in the Borough) it is proposed that Landlord properties that are part of a Group Repair Scheme (GRS) or Neighbourhood Facelift Scheme (NFS) do not receive a double financial benefit of the GRS or NFS and the Empty Property Assistance (up to £10,000).
- 4.12 The reason for this is that it is a condition of both the GRS and NFS that Landlords commit to let their property upon completion of the scheme. Therefore, if the property is vacant before the GRS and NFS take place it is the responsibility of the Landlord to undertake the internal improvements required to the property before letting it. The Landlord will recover their investment, over time, through the rental income they will receive from letting the property.

- 4.13 Homeswap and Homesteading have previously been piloted as methods to tackle empty properties and assist with the HMRI programme. Whilst the products were useful they proved to be difficult to sell and in the current housing market there are no proposals to use these forms of assistance during 2009/10

Business Renewal Loan

- 4.14 Equity based financial assistance up to the value of £30,000 to enable businesses involved in designated HMRI regeneration schemes to undertake shop fitting and internal improvement works. As with the Equity Renewal Loan mentioned in 4.3 above there may be occasions when it will be necessary to increase the loan beyond the limit of £30,000 to ensure the completion of renovation works to a satisfactory standard
- 4.15 It is proposed to amend the policy to allow the Director of Regeneration discretion to increase the loan up to £40,000 in cases of unforeseen works.

5.0 OTHER ASSISTANCE

- 5.1 In response to a concern about rising personal debt a Service Level Agreement has been negotiated with Wirral Citizens Advice Bureau to provide access to debt and housing advice to residents, accredited landlords and agents living or operating in HMRI areas. Cases referred under this agreement receive attention within a target of 2 weeks of the referral being made. Similar provisions have been made by Wirral's Pathfinder partners. This assistance will be incorporated in the revised policy.

6.0 GENERAL

- 6.1 **Environmental Responsibility**
In light of the urgency of the climate change agenda it is proposed that the revised policy be reviewed over the next 12 month period to incorporate measures to secure an environmentally responsible assistance policy, that is cost effective, and acceptable to service users. Members should note that the current policy already includes measures to minimise environmental impact, however, it is considered that there is scope to improve the policy further in this area.
- 6.2 **Assistance to Private Sector Landlords**
Subject to the results of the Wirral Private Sector House Condition Survey 2008 it is intended to review the assistance available to private sector landlords. Any proposed new assistance will form part of a wider strategy to improve conditions in this particular sector and be subject to the approval of Members at the next policy review.
- 6.3 **Monitoring Customer Satisfaction**
It is proposed to introduce comprehensive customer satisfaction monitoring for all assistance provided in the revised policy. This will be phased in during 2009/10 and results reported back to Members at the next review.
- 6.4 On 18th October 2008 Cabinet agreed to the adoption of a preferred builder protocol restricting recipients of both Home Repair Assistance and Equity Renewal Loans to using building contractors registered with the Trading Standards Wirral Traders Scheme.
- 6.5 At the time of writing this report there are approximately 50 contractors registered on the Wirral traders Scheme and they comprehensively cover the range of building works which will normally be undertaken through both Home Repair Assistance and Equity Renewal Loans.

- 6.6 However, there may be a limited number of cases where specialist works are required (for example to a Listed Building) and these may be outside the scope of a general contractor.
- 6.7 In these circumstances it is proposed that a specialist contractor is engaged and they are unlikely to be registered on the Wirral Traders Scheme, because the scheme only covers general building works.
- 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 February 2009. Following the consultation period the revised policy will be submitted to Cabinet for final approval and will come into force in April 2009.
- 8.0 FINANCIAL IMPLICATIONS**
- 8.1 The funding of the revised policy will be from HMRI and Housing Capital Programme resources for 2009/10.
- 8.2 The Council is currently seeking to further support the revised policy through external partner agencies. At this stage there are no guarantees 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 IMPLICATIONS**
- 10.1 The revised policy recognises that there will be a proportion of vulnerable owners whom, for whatever reason, 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 revised policy makes provision for such owners and residents, should they approach the Council for assistance.
- 10.2 The proposals contained within this report will be subject to a period of consultation with potential service users and will include taking advice from the Council's BME Team.
- 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 does take into account community safety implications, particularly in relation to renovation assistance, as far as possible
- 12.0 LOCAL AGENDA 21 IMPLICATIONS**
- 12.1 The revised policy will include measures to both support the improvement of the 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 and will be reviewed during 2009/10 with the aim of improving environmental responsibility in light of the climate change agenda.

13.0 PLANNING IMPLICATIONS

13.1 Private Sector Housing Renewal supports the Urban Regeneration Strategy outlined in the Unitary Development Plan and the Regional Spatial Strategy. In particular it helps the Council sustain its commitment to protecting the Green Belt

14.0 ANTI-POVERTY IMPLICATIONS

14.1 The revised assistance policy targets the majority of it's financial 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 None.

18.0 RECOMMENDATION

That

- (1) the revised Private Sector Housing and Regeneration Assistance Policy be subject to a consultation exercise, as detailed in item 4.0 of this report;
- (2) a further report be submitted to Cabinet in Spring 2009 detailing the final version of the Private Sector Housing and Regeneration Assistance Policy for adoption and implementation from April 2009; and
- (3) Members agree to allow officers the delegation to use specialist contractors, not registered on the Trading Standards Wirral Traders Scheme, in cases involving HRA and Equity Loans for Renewal, where there are specialist works to be undertaken for the reasons set out in the report.

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