

**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 .

1.2 If approved, this revised policy would be implemented with immediate effect.

**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 Wirral's current Private Sector Housing Renewal and Regeneration Assistance Policy was agreed by Cabinet on 3<sup>rd</sup> April 2008

2.3 On the 15<sup>th</sup> of January 2009 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'. No comments were received about the proposed revisions.

**4.0 SUGGESTED AMENDMENTS TO EXISTING POLICY**

4.1 The revised policy can be accessed using the link below to the Council's website.

[http://www.wirral.gov.uk/LGCL/100007/200077/content\\_0001990.html](http://www.wirral.gov.uk/LGCL/100007/200077/content_0001990.html)

4.1.1 A summary of the proposed revisions to the policy is provided below.

## 4.2 EXISTING ASSISTANCE

4.2.1 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.)

## 4.3 ASSISTANCE FOR RELOCATIONS

### Equity Relocation Loans

4.3.1 Equity based relocation loans are available to 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 opportunity to increase the loan to £45,000 if approved by the Newheartlands Discretionary Panel. In relation to HMRI new build schemes it is proposed by Newheartlands that the loan should be increased to £55,000 subject to the 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. 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 to £45,000.

### Business Movers Support

4.3.2 HMRI clearance schemes involving non-residential interests have different requirements to owner-occupiers and tenants, when moving premises. It is considered that there is a need for a specialist advisor to support the businesses (for example those in Church Road and the North End of Birkenhead) through the moving process, similar to the support provided by the Home Ownership Advisory Officers, for residential relocations.

4.3.3 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 work with the Director of Law, HR and Asset Management and the Invest Wirral Team to design this service..

### Relocation Rent Support (Business)

4.3.4 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.

4.3.5 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:

4.3.6 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

4.3.7 It is proposed that this product will be provided by the local authority and will only be made available to non-residential interests relocating within Wirral.

#### 4.4 **ASSISTANCE FOR RENOVATION**

##### Home Repair Assistance

4.4.1 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 HRAs were introduced in April 2008 and, to date, 5 have been approved with 2 of these having been completed. In addition, 192 enquiries have been received about HRA assistance. It is envisaged that the number of 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.

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

##### Equity Loan for Renewal

4.4.3 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.

4.4.4 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 would 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

4.4.5 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 in 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.

4.4.6 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.

4.4.7 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 related

to provision of information. Delaying the start of works on that property can entail the Council incurring costs under the contract. In these circumstances 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

4.4.8 This assistance is similar to Group Repair in that it facilitates the facelift 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.

4.4.9 The suggested amendments to Group Repair above should also apply to the Facelift product.

#### Assistance for Empty Properties

4.4.10 A range of assistance is available and will continue to be developed to deal with empty properties.

4.4.11 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).

4.4.12 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.

4.4.13 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

4.4.14 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

4.4.15 It is proposed to amend the policy to allow the Director of Regeneration delegation to increase the loan up to £40,000 in cases of unforeseen works.

### **4.5 OTHER ASSISTANCE**

4.5.1 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.

## 4.6 GENERAL

### 4.6.1 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 months to ensure that it remains up to date on these issues.

### 4.6.2 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.

### 4.6.3 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.

### 4.6.4 Preferred Builders Protocol

On the 16<sup>th</sup> October 2008, Cabinet agreed to adopt a Preferred Builders Protocol, restricting the approval of Home Repair Assistance and Equity Renewal loan assistance applications to home owners who employ only builders registered with the Wirral Traders Scheme. Within the protocol it was proposed that the Council's Home Improvement Team provide a high level of site visits, supervision and customer liaison. Since this was agreed, advice from the Council's Insurers suggests that this process should be limited to a high level of site visits and customer liaison to ensure the satisfactory completion of work. Any detailed supervision should be undertaken by either the client or their agent, in line with 7.2 in the Private Sector Housing and Regeneration assistance Policy.

## 5.0 FINANCIAL IMPLICATIONS

5.1 The funding of the revised policy will be from HMRI and Housing Capital Programme resources for 2009/10.

5.2 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.

## 6.0 STAFFING IMPLICATIONS

6.1 Existing staffing arrangements will deliver the assistance policy.

## 7.0 EQUAL OPPORTUNITIES IMPLICATIONS

7.1 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.

7.2 Service delivery of the revised policy will be monitored in relation to equality and diversity

## 8.0 COMMUNITY SAFETY IMPLICATIONS

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

## **9.0 LOCAL AGENDA 21 IMPLICATIONS**

9.1 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.

## **10.0 PLANNING IMPLICATIONS**

10.1 Private Sector Housing Renewal supports the Urban Regeneration Strategy outlined in the Unitary Development Plan and the Regional Spatial Strategy. In particular it helps to create and build sustainable communities through HMR, direct new housing into regeneration priority areas and assist the Council in sustaining its commitment to protecting the Green Belt

## **11.0 ANTI-POVERTY IMPLICATIONS**

11.1 The revised assistance policy targets the majority of its 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.

## **12.0 SOCIAL INCLUSION IMPLICATIONS**

12.1 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.

## **13.0 LOCAL MEMBER SUPPORT IMPLICATIONS**

13.1 This report affects all wards.

## **14.0 BACKGROUND PAPERS**

14.1 Cabinet Report 16<sup>th</sup> October 2008 – Adoption of a Preferred Builder Protocol in Connection with the Private Sector Housing and Regeneration Assistance Policy

14.2 Cabinet Report 15<sup>th</sup> January 2009 – Private Sector Housing and Regeneration Assistance Policy.

## **15.0 RECOMMENDATION**

15.1 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.

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This report was prepared by Alan Lipscombe who can be contacted on 691 8122