



## **OVERVIEW & SCRUTINY BOARD**

**24 AUGUST 2004**

### **HOUSING RENEWAL POLICY ADDITIONS & AMENDMENTS**

**EXECUTIVE DIRECTOR: JOHN RICHARDSON**

#### **SUMMARY**

- 1 This report sets out the key principles underlying the proposed changes to current Council policy on rehousing assistance for homeowners in residential property clearance areas.
- 2 In addition, the report seeks views on proposals which aim to ensure the complementary use of statutory and discretionary forms of rehousing assistance available through the Council and its partners, Registered Social Landlords (RSLs) and the Housing Corporation.

#### **INTRODUCTION**

##### **Background Information**

- 3 Middlesbrough Council's Housing Renewal Policy 2003 enables assistance to be given to homeowners where housing renewal results in residential property clearance. This policy tool has recently been reviewed in order to ensure its relevance to current and proposed Housing Market Restructuring (HMR) activity in Middlesbrough. Further consideration of the policy is likely to be required during 2004-05 as policy and practice in this area will change rapidly and it is essential that Middlesbrough's approach aligns with sub regional and national developments. The Council commissioned Older Housing Visioning and Masterplanning Study will report early in 2005 and will be a major influence on future strategic interventions in the town's older housing areas.

## EVIDENCE/ DISCUSSION

### Rehousing Assistance Policy Principles

- 4 Overview and Scrutiny Board is asked to consider whether the policy principles set out below are appropriate and comprehensive:
- i the Council should offer appropriate advice and assistance to enable all residents whose homes are to be demolished to relocate to a suitable alternative property;
  - ii generally, the Council should only offer direct financial support to assist home owners who wish to remain in same tenure and not to enable moves between tenure, for example tenants wishing to move into home ownership, for which there are specific schemes which are not reliant on Council funding;
  - iii however, where the open market value of the current property is less than the outstanding amount on the original mortgage obtained to purchase it then the Council should consider offering financial assistance as a contribution towards meeting the shortfall where the homeowner decides not to purchase a relocation property
  - iv the Council should assist homeowners whose homes are to be demolished by making a reasonable financial contribution towards the costs of purchasing an alternative property;
  - v it will not always be possible, or reasonable, for the Council to entirely bridge the gap between the value of the homeowners' current and relocation properties and homeowners may have to make a contribution, (whether through savings or a mortgage), if they wish to relocate to higher value areas;
  - vi the Council should not apply differential rates of assistance for homeowners in different parts of Middlesbrough and, while this will offer greater opportunity to those in relatively high value areas, offering higher levels of assistance to residents in relatively lower value properties or those with greater mortgage commitments could be seen as penalising homeowners in relatively high value areas and those with little or no outstanding mortgage;
  - vii when receiving direct financial assistance from the Council to purchase a relocation property, or as a contribution towards meeting outstanding amounts on the original mortgage, homeowners should be required to contribute any statutory Home Loss payment;
  - ix to enable residents to exercise choice, unless project funding is conditional on the inclusion of such a requirement, there should be no restrictions on where residents can move to within Middlesbrough, other than their ability to meet any funding shortfall;
  - x there should be no preferential assistance to encourage residents to reinvest in certain localities unless project funding is conditional on the inclusion of such a requirement;

- xi direct financial assistance from the Council should only be made available for moves within Middlesbrough;
- xii the requirement to repay financial assistance should reduce over time;
- xiii assistance schemes should be relatively simple to administer with the Council seeking to enable relocation and not being directly involved in relocation property purchase and sale; and
- xiv the Council should not retain any ownership interest in relocation properties.

## CONCLUSIONS

### Proposed Policy Changes & Other Proposals

- 5 Overview and Scrutiny Board is asked to consider and comment on the proposed policy changes and other proposals.
  - i That the key principles set out under section 4 above are accepted and that they form the basis for rehousing assistance in areas where residential property clearance is approved.
  - ii That the current rehousing assistance policies are applied for the duration of projects which have already offered this assistance.
  - iii That, subject to available resources, financial assistance from the Council is determined on a project by project basis and that this is based upon what the Council considers to be a reasonable contribution to assist homeowners to bridge any difference in value between their current and a suitable relocation property.
  - iv That the policy addition relating to rehousing assistance is accepted and is, in the first instance, made available to eligible homeowners whose properties are located at St. Hilda's and Whickham Close and 50 to 54, Sharrock Close, North Ormesby. **See Appendix 1, section 4.**
  - v The schemes which are not proposed at this time are detailed at **Appendix 2, sections 4, 9, 16, 20 and 28.**
  - vi That the proposals relating to statutory assistance, discretionary assistance through the Council and its partners and assistance through RSLs and the Housing Corporation are accepted. **See Appendix 3, sections 3, 6, 8, 11 and 14.**

## Summary of Proposed & Not Proposed Rehousing Assistance Tools

- 6 The following rehousing assistance tools are **proposed**:
- i Middlesbrough Rehousing Assistance Scheme (MiddRAS);
  - ii housing for rent through the Council or Registered Social Landlords (RSLs);
  - iii low cost home ownership;
  - iv shared ownership; and
  - v the Housing Corporation Homebuy Scheme.
- 7 The following rehousing assistance tools are **not proposed** at this time:
- i sale of Council properties at a discount;
  - ii Cash Incentive Scheme / Tenant Incentive Scheme;
  - iii Homeswap;
  - iv Homesteading; and
  - v Variable Rate Discount Scheme.

### Reasons

- 8 The proposals relating to rehousing assistance are based upon the key policy principles set out in this report. It is considered that they build upon existing Council policy and provide a comprehensible, equitable, cost effective and efficient means of assisting residents, over and above the statutory minimum.

### BACKGROUND PAPERS

- 9 The background papers listed below were used in the preparation of this report. It should be noted that some of the papers are confidential and have not been authorised for publication. For further information please contact the author of this report.
- i Housing Renewal Policy 2003 – 04 (Middlesbrough Council);
  - ii Corporate Complaints Procedures November 2003 (Middlesbrough Council);
  - iii Housing Options Appraisal (Partnering Plus / Tees Valley Housing Group);
  - iv Relocation Packages: HMR Pathfinder Area – Relocation Options (Newcastle & Gateshead HMR Pathfinder);
  - v Grangetown Older Housing Area Relocation Scheme (Redcar & Cleveland Borough Council);
  - vi Relocation Options: Homeswaps & Newbuild (Endeavour HA);
  - vii Equity Switch / Homeswap Project Proposal (Blackburn & Darwen Council / East Lancashire Elevate HMR Pathfinder);
  - viii Compensation & Re-Housing Options for Property Owners & Tenants (Derker) Information Sheets 4 & 5 (Oldham / Rochdale HMR Pathfinder);
  - ix Housing Renewals Assistance Policy 2003 (City of Stoke on Trent Council);
  - x Homeowners Relocation Information Guide (Stockton-on-Tees Borough Council);
  - xi Homebuy (The Housing Corporation).

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## OPTION APPRAISAL & PROPOSED REHOUSING ASSISTANCE SCHEME

- 1 Middlesbrough Council's Housing Renewal Policy 2003 includes two schemes to assist homeowners whose homes are to be cleared and who wish to move to another property within the same local area as their current home. Two forms of grant assistance, with different maximum awards, are available to help bridge the gap between the value of the existing home (to be demolished) and the cost of buying another in the same local area.

*Full details of the current scheme are set out in the Council's Housing Renewal Policy 2003.*

### 2 Advantages

- i The key principles of this form of assistance have already been accepted and adopted as Council policy and will require only minor amendment to reflect the situation in different target areas.
- ii Owner-occupiers can remain in the same tenure.
- iii The Council will not own any of the relocation property but will protect its investment through conditions which will be applied as a charge on the relocation property.
- iv Relatively simple to administer and avoids the requirement for the Council to become involved in property purchases.
- v The resident does not have to pay anything back unless they sell the property.
- vi Where site regeneration plans include new housing it may be possible for homeowners to purchase new homes on the site of their former homes.

### 3 Disadvantages

- i Assistance is limited to relocation properties in the same local area which limits choice
- ii The current maximum assistance has been set within the context of a particular project and is not considered to be a realistic contribution given the housing market conditions which apply in current HMR project areas.
- iii Having 2 almost identical schemes offering different maximum grants appears inequitable and is confusing to potential beneficiaries

### 4 Proposals

It is proposed that a detailed policy tool, based upon the policy principles and proposals set out below, is incorporated as an addition to the Housing Renewal Policy 2003.

- i In addition to the two current schemes (Relocation Assistance and Rehousing Assistance) a new scheme should be incorporated into the Housing Renewal Policy to be called the Middlesbrough Rehousing Assistance Scheme (MiddRAS). The two existing schemes will terminate at the end of any projects which have already applied them.
- ii MiddRAS is offered where funding has been secured and the Council's Executive Board has made a decision to demolish homes in a defined geographical target area unless earlier rehousing assistance tools apply to the project target area. In the first instance the new policy will apply to eligible homeowners whose properties are located at St. Hilda's, Whickham Close and 50 to 54, Sharrock Close , North Ormesby.
- iii The unified scheme continues to operate for homeowners who occupy the affected property as their only or principal home on the date the Council buys the home and have done so during the period before from the date the Council's Executive Board agreed to demolish the property. The scheme is not to be made available to tenants or to replace a private landlord's stock holding
- iv Direct financial assistance from the Council should only be made available for moves within Middlesbrough;
- v To enable residents to exercise choice, there should be no preferential treatment of residents who wish to move to certain localities. The amount that homeowners can afford to pay, given the value of their current property and the maximum amount of assistance available, will itself determine areas of relocation.
- vi Beneficiaries of assistance under the new scheme should still be required to contribute their Home Loss payment towards the cost of purchasing a relocation property.
- vii The amount repayable is reduced at a rate of 20 % per annum from the completion of the purchase or receipt of the grant assistance.
- viii The unified scheme is *not* made available to tenants on the basis that the primary object of relocation policy in clearance areas should be to enable relocation within the same tenure.
- ix The maximum grant for the unified scheme is increased to £20,000 (for eligible homeowners whose properties are located at St. Hilda's, Whickham Close and 50 to 54, Sharrock Close , North Ormesby) on the basis that this represents a realistic contribution towards the purchase of a relocation property and is affordable within the budgets for these projects.
- x It is confirmed that grant is not intended to fully bridge the gap between current and relocation property values in all circumstances and that residents may have to fund the shortfall if they wish to relocate to higher value areas.
- xi Before any offer of rehousing assistance is made the applicant will have to agree to reinvest all of the market value payment and statutory home loss payment for their

current property and these amounts, plus the rehousing assistance, must not come to more than the cost of the new home.

- xii Where the open market value of the current property is less than the outstanding amount on the original mortgage obtained to purchase it then financial assistance will be offered under MiddRAS as a contribution towards meeting the shortfall where the homeowner decides not to purchase a relocation property. MiddRAS conditions will only apply if the applicant purchases a property within 5 years of receipt of MiddRAS assistance. It should be noted that conditions relating to such assistance might be more difficult to enforce as it will not be possible to register them against a property as a local land charge.

## MiddRAS EXAMPLES

5 The examples below assume the applicant can transfer any outstanding mortgage to the new home. The amounts are for illustration purposes.

- 6 The applicant must agree to reinvest all of the market value of the current home and their home loss payment in a new home. These amounts plus the rehousing assistance must not come to more than the cost of the new home. Where the outstanding original mortgage is greater than the open market value of the current home the applicant can apply for assistance, up to a maximum of £20,000, to meet the shortfall, and relocate to rented accommodation.

### Example 1

<b>Purchase Price of New Home</b>	<b>£45,000</b>
Sale Price of Current Home	£30,000
Home Loss	£3,100
MiddRAS Award	£11,900
<b>Shortfall for Applicant to Fund</b>	<b>£0</b>

### Example 2

<b>Purchase Price of New Home</b>	<b>£50,000</b>
Sale Price of Current Home	£30,000
Home Loss	£3,100
MiddRAS Award	£16,900
<b>Shortfall for Applicant to Fund</b>	<b>£1,900</b>

### Example 3

<b>Purchase Price of New Home</b>	<b>£55,000</b>
Sale Price of Current Home	£30,000
Home Loss	£3,100
MiddRAS Award	£20,000
<b>Shortfall for Applicant to Fund</b>	<b>£1,900</b>

### Example 4

<b>Purchase Price of New Home</b>	<b>£60,000</b>
Sale Price of Current Home	30,000
Home Loss	3,100
MiddRAS Award	20,000
<b>Shortfall for Applicant to Fund</b>	<b>6,900</b>

## OPTIONS APPRAISAL & SCHEMES NOT PROPOSED AT THIS TIME

### SALE OF COUNCIL PROPERTIES AT A DISCOUNT

1 The Council has the power to dispose of a vacant Council house to an individual who intends to use it as his only or principal home either for a consideration equal to market value or less a discount, of no more than 30% where the individual is a priority purchaser. A priority purchaser is defined as an individual who, in the opinion of the Local Authority would not be reasonably able to purchase on the open market a suitable dwellinghouse, in the area of that authority, for occupation by himself and any other person who might reasonably be expected to live with him (whether immediately or in the future) and, as a result of any proposed development (within the meaning of Section 55 of the Town and Country Planning Act 1990) by or on behalf of the local authority or a registered social landlord has left or been under an obligation to leave premises.

#### 2 Advantages

i Allows homeowners access to a wider range of properties in terms of location and value.

#### 3 Disadvantages

i While the Council has already agreed to a number of such disposals to assist the West Middlesbrough Neighbourhood Trust in the regeneration of Central Whinney Banks the power to dispose of vacant Council houses will no longer be available after the Council transfers its stock to Erimus Housing in November 2004.

ii Erimus' Business Plan will not have taken into account the sale of additional properties at discount and may not have the powers to sell its stock at discount

#### 4 Proposals

i Given its limited availability and the agreement with West Middlesbrough Neighbourhood Trust (WMNT) it is not recommended that the power to dispose of vacant Council houses be employed as a relocation tool other than as agreed with WMNT.

### CASH INCENTIVE SCHEME (CIS) / TENANT INCENTIVE SCHEME (TIS)

5 The Council has previously operated a Cash Incentive scheme (CIS) which was a Government initiative part-funded through Supplementary Credit Approval. The Housing Corporation has also operated a scheme, TIS, for tenants of RSLs. Both schemes offered grants to help people who could afford to buy to move out of affordable housing into owner occupation thus creating a vacancy in high demand social rented property for those in housing need.

6 It may be possible to develop a scheme based on CIS / TIS principles either to directly or indirectly assist those affected by clearance. However, ring-fenced



Government support which part-funded local authority incentive schemes ended in 1999 / 2000 and while the Council now has the powers to establish schemes to make payments to local authority tenants to obtain other accommodation it would also have to finance the scheme. TIS has since been replaced by the Homebuy scheme (under 9 at Appendix 3 above).

## **7 Advantages**

- i Can free up rented properties in high demand areas which could be used to assist those affected by demolition
- ii Can be a direct route to home ownership for tenants affected by demolition

## **8 Disadvantages**

- i CIS would require funding in addition to that required for assisting homeowners with the probable source being the Council
- ii CIS could not operate after transfer of the Council's stock to Erimus without agreement and Erimus is unlikely to want to reduce rented stock by this method.
- iii TIS has been replaced by Homebuy and is no longer available to RSLs
- iv Assisting local authority / RSL tenants to move to allow their homes to be used as relocation properties would be complex, requiring agreement with a number of RSLs and increasing the number of personal / property transactions required to empty a property required for clearance.

## **9 Proposals**

- i CIS / TIS is not made available, directly or indirectly, to tenants affected by clearance activity on the basis that the primary object of relocation policy should be to achieve exchange within the same tenure for those affected by clearance proposals and not to assist tenants aspiring to home ownership for which there are other means of assistance, for example Homebuy.

## **HOMESWAP**

- 10 This scheme involves a transfer of ownership from a house in a clearance area, where values have reduced significantly, to an improved home in a more stable part of the same community. The Council would purchase a house (or a number of neighbouring homes for group repair) within a specific target area to replace a property or properties scheduled for demolition.
- 11 The Council would then improve the property with the costs placed as a charge against it. If the resident had a mortgage on their existing home, the Council would arrange for it to be transferred to the new home at no cost to the resident (subject to the agreement of the lender).
- 12 The property the Council would sell to the resident would be worth more than their current home, but they would not be expected to pay the difference unless they sold the relocation property. If the resident remained in the property for a specified

time they would benefit from a % discount on the charge against the property. Where the property was sold within this time period a proportion of the costs would be repaid.

- 13 Where there is limited availability of comparable properties to refurbish and offer to residents under Homeswap, a scheme could be developed to facilitate Homeswaps into new build properties, including shared ownership.

#### **14 Advantages**

- i Residents benefit from an improved house, which should retain and, possibly, increase its value.
- ii Residents can remain as owner-occupiers
- iii Residents can often remain within / close to their neighbourhood
- iv The new home should increase in value and reduce any negative equity
- v The Council can protect its investment through a charge recoverable on sale of the property.
- vi Residents do not have to pay anything back until they sell the property and this amount can be reduced over time
- vii If property prices continue to rise residents will be financially better off, as the extra value of the home will be greater than the charge, after five years.
- viii Removes from residents the burden of searching for / negotiating the purchase of suitable properties.

#### **15 Disadvantages**

- i One of the primary objects of the Homeswap scheme is that communities are not widely dispersed and owners are encouraged to re-invest in the neighbourhood. By its very nature, then, such a scheme has a limited “relocation” stock and, as regeneration activity progresses, this limited pool of properties is likely to become more expensive to acquire as property prices rise.
- ii Relocation properties adjacent to the affected area may not be what people want, for example a move from a spacious home with gardens to a back of pavement terraced property. It may also be the case that the future sustainability of these areas is in doubt.
- iii Where comparable properties are not locally available this approach may be seen as unfairly limiting choice.
- iv Requires the Council to engage in multiple, simultaneous property transactions.
- v Prices could increase if the Council begins to purchase significant numbers in certain locations.

## **16 Proposals**

- i This option is not recommended at this time as it has the potential to be time consuming and complex to administer and could be seen to unfairly limit choice.
- ii Homeswap could be considered where the strategic intervention is specifically designed to achieve partial clearance of dwellings and to encourage residents to reinvest in the same local area. However, none of the clearance projects which have already secured funding have adopted this form of intervention and what has been described as “Homeswap” in the West Middlesbrough Neighbourhood Trust’s Central Whinney Banks project is different from that described above and is reliant on a time limited offer by the Council to dispose of its void properties at discount.

## **HOMESTEADING**

- 17 This scheme would offer properties owned by the Council for sale at a discount to those affected by demolition. The discount would reflect the value of any work required to bring the properties up to an agreed standard. The house would be on a sustainable estate and be in low demand because of the state of repair – not the house type / location. The purchaser would have to agree to carry out a specified schedule of works within 2 years and pay back part of the discount if selling within 3 years.

## **18 Advantages**

- i Homesteading has been successful in local authority stock where generally the housing is popular and the facilities are good but the internal condition or arrangement of the property needs significant updating.

## **19 Disadvantages**

- i The Council would have to approve the sale of void homes in popular areas.
- ii The Council would be directly involved in property disposal
- iii Such a policy would have to be agreed with Erimus and the Housing Corporation and Erimus would be unlikely to want to reduce rented stock in sustainable areas.
- iv Erimus improvement plans will reduce the numbers of properties that might be available for such a scheme.

## **20 Proposals**

- i That this relocation tool is not employed due the likelihood of such a scheme yielding only very small numbers of units.

## **VARIABLE RATE DISCOUNT SCHEME**

- 21 There are numerous possibilities in terms of discount schemes such as Homesteading and Homeswap which are discussed above. One local scheme has further developed the concept by offering variable rates of discount which recognise

and reward both length of residency in the affected area and moves to specified locations.

- 22 This scheme is only available to owners who have lived in a target area property for at least 10 years. Qualifying persons purchase a Relocation Property from the Council with the benefit of a discount. The value of the discount depends on the length of residency in the target area property, the person's financial circumstances, location of the home the person wishes to buy, the valuations of the properties as assessed by the Council, and the resident's personal circumstances.
- 23 If the new home is located within specified wards a % discount is applied (ranging from 40% to 80%). Elsewhere the maximum discount is capped at 30%. Those wishing to purchase outside of the local authority area are not eligible for assistance.
- 24 If the Relocation Property is transferred for any reason within 5 years the full amount of the discount must be paid back. For transfers between 5 and 10 years the amount will decrease by 20% for each complete year.
- 25 Under this scheme, the Council would buy the "clearance" property and the Relocation Property and sell the latter to the qualifying person at the notified discount. The three transactions would normally be simultaneous.

## **26 Advantages**

- i As with Middlesbrough Rehousing Assistance Scheme except that it is not current Council policy
- ii Enhanced assistance packages for people remaining within a specified area forms the basis for many of the schemes currently proposed / in operation. It is certainly a way of avoiding community dispersal and, at the same time, investing in and making more sustainable parts of the local area which are those next at risk of low demand.
- iii A more "hands-on" approach might offer the Council more control over the decant process.

## **27 Disadvantages**

- i There is no "sliding scale" discount for residents of less than 10 years standing and, while the discount eligibility could be removed from any Middlesbrough scheme, the application of variable discounts based on length of residency is potentially divisive as it may be perceived as inequitable.
- ii In terms of relocation properties, where comparable properties are not available within preferential discount areas this approach may be seen as unfairly limiting choice.
- iii Requires the Council or scheme administrator to engage in multiple / simultaneous property purchase.

## **28 Proposals**

- i That this option is not made available as it is time consuming to administer and could be perceived as inequitable, divisive and limiting residents' relocation choices.

**STATUTORY ASSISTANCE, ASSISTANCE CURRENTLY AVAILABLE THROUGH RSLs, THE HOUSING CORPORATION & DISCRETIONARY ASSISTANCE THROUGH THE COUNCIL AND ITS PARTNERS**

**HOUSING FOR RENT THROUGH MIDDLESBROUGH COUNCIL & HOUSING ASSOCIATIONS, RIGHT TO BUY & RIGHT TO ACQUIRE**

- 1 The Council is obliged to offer priority rehousing to any household (homeowner or tenant) within a clearance area. Housing accommodation will be matched to meet the housing needs of the household. Where a household has a preference then Registered Social Landlords will be encouraged to respond to the housing needs of these priority cases. The Council will also have nomination rights in respect of vacancies in certain schemes. There may also be an opportunity to rent a newly built home where site regeneration plans include new housing.
- 2 Any homeowner or tenant relocating to a Council tenancy prior to the Council transferring its stock to Erimus Housing will have the Preserved Right to Buy after the stock is transferred. The scheme allows a second Right to Buy with the original discount amount being deducted from the value of the second discount. The % discount on the second RTB is not related to the original discount and is calculated as with a first-time RTB scheme purchase. Homeowners relocating to a Council tenancy would have to wait 2 years to qualify for any discount unless they have previously been a Council tenant in which case the qualifying period would be 12 months. If the homeowner relocates to Erimus Housing after stock transfer they will have the Right to Acquire which operates in a similar way RTB, though with less generous rates of discount. The Right to Acquire may also be available where the homeowner or tenant relocates to another RSL property.
- 3 Proposals**
  - i The primary home relocation assistance tool for tenants affected by demolition programmes should be rehousing with the Council / Erimus and other housing associations on the basis that this will facilitate relocation within the same tenure.
  - ii Where site regeneration plans include new housing, tenants and homeowners whose homes are to be demolished should be considered for any new build housing for rent developed on the site of their former homes

**“HOME LOSS” & “DISTURBANCE” PAYMENTS FOR COUNCIL TENANTS & HOMEOWNERS**

- 4 Council tenants and Homeowners will be eligible for a Home Loss payment to compensate them for being asked to give up their home for redevelopment. Council tenants who have lived in their current home for twelve months or more, will receive a payment of £3,100\*. Homeowners will be offered the open market value of their home and a “Home Loss” payment of £3,100 (or 10% of the open market value if greater). The Council will also pay for the reasonable cost of homeowners obtaining their own valuation and for the services of a surveyor to act on their behalf in dealing with the Council.

- 5 Council tenants and Homeowner will also be entitled to “Disturbance Payments” which will cover the reasonable costs of moving to a new home. Tenants may also be entitled to compensation for certain types of improvements they have carried out to their current home.

\* Home loss is currently 10% of open market value (OMV) with £3,100 minimum but will increase to £3,400 with a maximum of £34,000 as a % of OMV from September 2004.

## **6 Proposals**

- i Where homeowners benefit from financial assistance towards the cost of relocation from the Council they should be required to contribute their Home Loss payment.

## **LOW COST HOME OWNERSHIP (OUTRIGHT SALE)**

- 7 Where redevelopment plans include new housing the provision of low cost homes for sale to homeowners or tenants directly affected by clearance activity within the immediate vicinity could be included within the redevelopment brief for cleared sites.

## **8 Proposals**

- i Where regeneration plans include new housing, housing market circumstances are right and where there is demand from affected residents then low cost homes for sale should be explored and where possible included within the redevelopment brief for cleared sites.
- ii Where site regeneration plans include new housing, tenants and homeowners whose homes are to be demolished should be considered for any new build housing for sale developed on the site of their former homes

## **SHARED OWNERSHIP**

- 9 Shared ownership is a purchase scheme which allows people to buy a proportion of a new home from a Registered Social Landlord (RSL) and to pay rent to the RSL on the remaining proportion. Purchasing a percentage of the value of the property means that mortgage requirements are less and can be accessed by purchasers on much lower incomes. Monthly payments on a shared ownership home will usually be less than on a similar home purchased outright and this allows access to homes which would otherwise be unaffordable.

- 10 This form of tenure allows people to buy into a property at a level they feel they can afford at the time and allows them to staircase towards 100% ownership. If they sell the property, and it has gained in value, then they get a share in the increased value. If the property has fallen in value then the RSL will also share in any loss.

## **11 Proposals**

- i Where regeneration plans include new housing, housing market circumstances are right and where there is demand from affected residents then shared ownership

should be explored and where possible included within the redevelopment brief for cleared sites.

- ii Where site regeneration plans include new housing, tenants and homeowners whose homes are to be demolished should be considered for any new build housing for sale on a shared ownership basis developed on the site of their former homes

## **HOME BUY**

- 12 Home Buy is a Housing Corporation funded scheme which assists those who would otherwise be unable to afford to buy a suitable home for their needs with loan assistance, through an RSL, of 25% of the value of the purchase. There are no monthly payments on the loan from the RSL which can be repaid at any time or when the property is sold. Homebuy cannot be used to purchase properties offered at a discount or on shared ownership terms by a RSL, local council or other public body.
- 13 At the moment, the Housing Corporation has agreed for the use of Homebuy at Trinity Crescent and in the West Lane East Clearance Area. Take-up has been extremely poor, as has been the case across the sub-region. In Middlesbrough, it is likely that take-up has been poor because other options have been more attractive. Given this, Middlesbrough currently has an allocation for only 2 units of Homebuy for the period 2004 – 2006. If there is definite interest in this option then it will be necessary to explore the potential for movements of funds from other areas in the region where take-up is lower.

## **14 Proposals**

- i That the level of interest in Homebuy is gauged through the consultation process in areas where clearance has been agreed
- ii Subject to there being sufficient interest, availability of funds and agreement with the Housing Corporation on specific projects, that Homebuy is offered as an option in clearance areas.
- ii Homebuy is not used “indirectly” to free up rented properties (local authority or RSL) in high demand areas, which could then be used as demolition area relocation properties.
- iii Homebuy assistance is not restricted to moves within Middlesbrough.
- iv Homebuy is made available to homeowners and tenants in demolition target areas.



