

EXECUTIVE REPORT

HOUSING RENEWAL POLICY ADDITIONS AND AMENDMENTS

**EXECUTIVE MEMBER FOR ECONOMIC REGENERATION AND
CULTURE: DAVID BUDD**

DIRECTOR OF REGENERATION: TIM WHITE

Date: 31 August 2006

PURPOSE OF THE REPORT

1. The purpose of this report is to set out the responses to the consultation on housing relocation packages and to seek the approval of the Executive Member for Economic Regeneration and Culture for the detailed terms and conditions that will apply to the Older Housing Relocation Assistance Scheme (OHRAS). This report also outlines alterations to the legal administration of the Middlesbrough Rehousing Assistance Scheme (MiddRAS).

BACKGROUND AND EXTERNAL CONSULTATION

2. On 19th May 2006 the Executive Member approved draft proposals of new and amended financial assistance packages for the Council's Housing Regeneration programmes.
3. This report summarises the details of the proposed Older Housing Relocation Assistance Scheme (OHRAS) and the revised Middlesbrough Rehousing Assistance Scheme (MiddRAS). It also summarises the outcome of the consultation conducted to date on the principles behind OHRAS. The adoption of OHRAS is designed to complement the Council's forthcoming acquisition policy that is the subject of a separate report.

4. In areas where regeneration initiatives will result in the clearance of property, relocation packages are proposed to assist owner occupiers by providing financial resources to buy a replacement property.
5. Statutory home loss and disturbance payments will also be made as part of the rehousing compensation. Statutory home loss is calculated as 10% of the property value or £3,800, whichever is the greater. Disturbance payments are for costs associated with moving and are assessed individually.
6. It is proposed that residents eligible for OHRAS may also be eligible for priority access to assistance packages available in the area where their new home is located. Appendix 1 provides a summary guide to the proposed assistance packages. The work to establish the detail of these packages is subject to a future report.

Policy Principles

7. The principal features of OHRAS and MiddRAS, as set out in the report of 19th May 2006, are outlined in Tables 1 and 2.

Table 1 – Summary guide to OHRAS

What	Financial assistance to help property purchase
Where	Older Housing Gresham/Middlehaven proposed clearance area*
Who	Owner occupiers
Criteria	Owner is not means tested. Property must be sole or principal residence.
Conditions	Up to £7,500 available if residents relocate within the Middlesbrough local authority area. Up to £15,000 available if residents relocate within the Older Housing Area.** Home-loss to be put towards purchase, with £3,800 retained by owner. Must remain in property for five years or repay the assistance (the proportion of assistance to be repaid will reduce by 20% per annum from the date of the award).

* Appendix 2 shows the Gresham/Middlehaven proposed clearance area.

** Appendix 3 shows the Older Housing Area.

8. Appendix 4 contains the proposed OHRAS policy including details on eligibility criteria and conditions that will apply for its implementation.

Table 2 – Summary guide to MiddRAS

What	Financial assistance to help property purchase
Where	North Ormesby (Trinity Crescent) and St Hilda’s clearance area
Who	Owner occupiers
Criteria	Owner is not means tested. Property must be sole or principal residence.
Conditions	Up to £20,000 available if residents relocate within the Middlesbrough local authority area. Home-loss to be put towards property purchase. Must remain in property for five years or repay the assistance (the proportion of assistance to be repaid will reduce by 20% per annum from the date of the award).

9. The MiddRAS policy principles remain unchanged. MiddRAS has been in operation for two years in North Ormesby and St Hilda’s and with so few residents remaining in these areas and the advanced stage of acquisition in many instances, it was deemed inappropriate to propose amending its provisions. However, as with OHRAS, the charge on the property will now be placed direct with the HM Land Registry, rather than operating as a local land charge. This will ensure that the property cannot be sold without notification of the Council’s interest in the property.

Consultation

10. Whereas this report focuses on the consultation regarding OHRAS, the Older Housing Strategy and the development of the packages have been shaped by ongoing consultation since mid-2004. There has been a series of consultation events during the past two years and an extensive understanding of the issues facing the community has been developed.
11. The new policy principles behind the housing relocation packages have been subject to a period of consultation that commenced on 19th May 2006 and lasted for 28 days. Running alongside this consultation, one-to-one visits with homeowners in the proposed clearance area have provided a much more detailed understanding of the needs of the community.
12. Contact has been made with a variety of different stakeholders. Appendix 5 details a full schedule of the consultation and the feedback received.
13. This feedback indicated that:
- a) the majority of residents perceive the level of proposed assistance to be inadequate;
 - b) the majority of residents also consider the two levels of proposed assistance to unfairly penalise people who want to move outside of the Older Housing Area; and,
 - c) residents are concerned that any rises in property prices will make it difficult to relocate to desired locations.

14. These issues are addressed in turn below.

Levels of assistance

15. The level of assistance provided by OHRAS was determined following a comprehensive analysis of property transactions and house price changes across the whole of the Older Housing Area in 2005. Comparisons between the average price of property in the sub areas of the Older Housing Area determined the level of assistance required. Table 3 below shows that the level of proposed assistance is sufficient to bridge the price gap between the properties in the Gresham/Middlehaven proposed clearance area and properties in the immediate Older Housing Area.

Table 3 – Older Housing Area average property prices 2005

Sub Area	Average price	Number of transactions
Gresham/Middlehaven proposed clearance area*	£44,500	157
Retained area**	£53,000	321

* Appendix 1 shows the Gresham/Middlehaven proposed clearance area.

** The retained area is north of Ayresome Street and south of Princes Road.

16. Concern was expressed that there would not be enough good quality homes at reasonable prices for people to buy. Records of house sales show that across the whole of the Older Housing Area, 514 properties sold for less than £60,000 in 2005. This shows that there are sufficient affordable properties for residents to relocate to within inner Middlesbrough.

Ability to move outside of the Older Housing Area

17. The main reason for offering a higher level of assistance for relocation to the Older Housing Area is the result of feedback from the policy development stage during which a significant number of residents expressed their desire to remain there. This was reinforced by one-to-one visits undertaken by officers.
18. Secondly, analysis has shown that much of the broader Older Housing Area is currently a fragile housing market. In recent years there has been a shift in the tenure balance from owner occupation to private rented, with some areas having levels of owner occupancy as low as 25% and this has resulted in an increasingly transient population. The Council's policy of encouraging residents from the Gresham/Middlehaven proposed clearance area to relocate elsewhere within the Older Housing Area will support the creation of a sustainable community. This will in part be achieved by increasing the level of owner occupancy and reducing the number of empty properties. The £15,000 enables residents wishing to remain within their immediate locality to do so and retain their established community ties. However, for those wishing to move elsewhere in the town, £7,500 will be available.

Property prices

19. The valuations will be carried out under the premise that the properties are to be sold as if on the open market and this will ensure parity between the Gresham/Middlehaven proposed clearance area and properties in the Older Housing Area should house prices increase.
20. In recent years UK property prices have increased significantly due to market forces. The general increase of prices in Middlesbrough masks the fact that some areas have seen greater price increases than others e.g. prices in areas to the south of the town have risen more steeply than prices in areas of inner Middlesbrough. OHRAS is not intended to bridge the gap between areas that have witnessed differing levels of house price growth. The purpose of relocation assistance is to enable owner occupiers to purchase a replacement property of a similar standard in their current locality. The research undertaken by the Council shows that the proposed OHRAS provides a sufficient level of assistance to realise this.

OPTION APPRAISAL/RISK ASSESSMENT

21. The 19th May report sets out the policy framework for Middlesbrough's Housing Renewal Policy and details the principles for the financial assistance packages.
22. There is a risk that take-up of OHRAS will be below expectations and that this will lead to a slow acquisition of owner occupied properties delaying the progress of the project. The OHRAS policy will therefore be periodically reviewed to ensure its suitability as a rehousing tool that facilitates the acquisition of properties.

FINANCIAL, LEGAL AND WARD IMPLICATIONS

Financial

23. There are no additional implications beyond those outlined in the 19th May 2006 report.

Legal

24. Approval is sought to register OHRAS and MiddRAS charges as direct charges with HM Land Registry rather than operating as local land charges. This will provide greater protection for the Council if the properties are sold within the timescales set in the policy.

Ward

25. Resources for the delivery of MiddRAS will be targeted at the North Ormesby and Brambles Farm ward and the Middlehaven ward. Resources for the delivery of OHRAS will be targeted at the Gresham and Middlehaven wards.

SCRUTINY CONSULTATION

26. The *Housing Renewal Policy Review* was subject to scrutiny on 12 June 2006. It was decided that the Regeneration Overview and Scrutiny Panel receive a review of how the policy is working after six months.

RECOMMENDATIONS

27. It is recommended that the Executive Member approves:
- a) the continuation of the current MiddRAS policy with the amendment of registering the legal charge with HM Land Registry; and,
 - b) the immediate addition of the OHRAS policy, as outlined, to the Housing Renewal Policy 2003 (Amended) as a rehousing assistance tool in the Gresham/Middlehaven area.

REASONS

28. By registering the MiddRAS assistance as a HM Land Registry charge rather than a local charge, greater protection will be provided for the Council if the property is disposed of within the five-year period.
29. Approval of the OHRAS policy will enable the purchase of properties, as detailed in the forthcoming *Acquisition of Properties within the Older Housing Area* report.

BACKGROUND PAPERS

The following background papers were used in the preparation of this report:

Middlesbrough Housing Renewal Policy 2003 – 2004 (Amended)
Housing Renewal Policy Review
Acquisition of Properties in the Older Housing Area

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