

OVERVIEW AND SCRUTINY BOARD

A meeting of the Overview and Scrutiny Board was held on 18 September 2006.

PRESENT: Councillor Carr (Chair), Councillors Booth, McTigue, Mawston, T Ward and Wilson.

OFFICIALS: J Bennington, P Clark, J Lewis and J Turner.

**** PRESENT BY INVITATION:** Councillor Budd (Executive Member for Economic Regeneration and Culture) and Councillor K Walker (originator of the request to Call-In the decision).

**** PRESENT AS OBSERVERS:** Councillors Brady, Lowes and McPartland.
Members of the public.

**** APOLOGIES FOR ABSENCE** were submitted on behalf of Councillors Cole, Dryden, Harris, Robson and Rooney.

**** DECLARATIONS OF INTEREST**

No declarations of interest were made at this point of the meeting.

HOUSING RENEWAL POLICY

A report of the Scrutiny Support Officer had previously been circulated regarding the meeting, which had been arranged in accordance with the Authority's Call-In procedure. The Call-In related to decisions made at an Individual Executive meeting of the Executive Member for Economic Regeneration and Culture held on 31 August 2006 concerning Housing Renewal Policy.

The main components of the report of the Scrutiny Support Officer were as follows: -

- a) a copy of the reports considered at an Individual Executive Meeting of the Executive Member for Economic Regeneration and Culture held on 31 August 2006 which set out the following:-

Housing Renewal Policy Additions and Amendments:

- i) to outline the principle features of Older Housing Relocation Assistance Scheme (OHRAS) and Middlesbrough Rehousing Assistance Scheme (MiddRAS) and the amendment of registering the legal charge with the HM Land Registry;
- ii) the consultation undertaken with stakeholders and the level of proposed financial assistance;

Acquisition of Properties in the Older Housing Area:

- iii) to obtain approval of the principles to be applied to the proposed acquisition programme of residential properties in the older housing area;
- iv) the level of funding from capital resources which focussed on the next two years on acquiring residential properties;

- b) the decisions taken at the above meeting as follows:-

Housing Renewal Policy Additions and Amendments:

- i) that the current MiddRAS policy be continued with the amendment of registering the legal charge with HM Land Registry;

- ii) that the OHRAS policy be added to the Housing Renewal Policy (2003) as a rehousing assistance tool in the Gresham/Middlehaven area;

Acquisition of Properties in the Older Housing Area;

- iii) that the purchase by agreement of the premises as set out in paragraph 11 of the submitted report be approved;
 - iv) that arrangements be made regarding the subsequent management, monitoring and demolition of any premises acquired under paragraph 11 of the submitted report;
 - v) that the criteria for exceptional purchases be approved;
 - vi) that the establishment of an Exceptions Panel as detailed in paragraph 23 of the submitted report to approve the purchase of properties outside of the phased acquisition process and the detailed guidance notes referred to in the same paragraph be approved;
 - vii) that the making of statutory compensation payments be approved in accordance with the Compensation Code to include home loss, basic loss and disturbance payments together with proper legal and surveyors fees (where appropriate) be approved;
 - viii) that the Director of Resources be authorised to approve terms provisionally agreed for acquisitions in accordance with the Compensation Code and the submitted report by means of the Delegated Authority process;
 - ix) that the Director of Resources be authorised to approve by means of the Delegated Authority process, the acquisition at auction of premises set out in paragraph 11, with the upper limit of bids pre-determined by a valuation estimate;
 - x) that the Director of Legal Services be authorised to progress the necessary legal documentation.
- c) details of the Call-In procedure;
- d) the reasons given to the Authority's Proper Officer, which initiated the Call-In procedure, summarised in the report as follows: -

Housing Renewal Policy Additions and Amendments:

- i) 'the calling in of this decision surrounds, in part, the MiddRAS and OHRAS policies which creates a possible financial discrepancy in the funding programme for phase 1a of Middlesbrough Council's Regeneration Programme in Gresham Ward Middlesbrough'

Acquisition of Properties in the Older Housing Area;

- ii) 'the calling in of this decision surrounds the potential financial impact the recommendations could have directly on many residents living in the affected ward.

Also, the impact of acquisitions of property outside of phase 1a, which has an approximate limit of 20% of the total budget of £8.778m.
Also the proposed membership of the exemption panel.'

As part of his introduction, the Chair outlined the order of proceedings for the meeting.

The Strategic Housing Services Manager gave an introduction on the background to the reports presented to the Individual Executive meeting of the Executive Member for Economic Regeneration and Culture held on 31 August 2006.

The following key points were raised in the opening statement of the Strategic Housing Services Manager :-

- a) following approval on 20 July 2005 of the Council's vision of the Town's older housing for the next 15 years a number of reports had subsequently been considered on the implementation of the detailed elements of such a strategy which incorporated a combination of refurbishment and regeneration to provide a more sustainable housing market in the inner housing area;
- b) although further details were provided on how the OHRAS scheme would be implemented in the report entitled Housing Renewal Policy Additions and Amendments no changes had been made to the basic principles of the financial support being made available through OHRAS of £15,000 top up package for occupiers moving to alternative houses within the inner area and £7,500 for those choosing to move elsewhere within Middlesbrough;
- c) in accordance with a recommendation of the Board at its meeting held on 12 June 2006 monitoring reports on the OHRAS scheme would be considered in early 2007;
- d) the second report entitled Acquisition of Properties in the Older Housing Area examined the utilisation of the funding available for acquisitions in the older housing area;
- e) in order to achieve the spend target within the timescale at least 80% would be devoted to acquiring property in Phase 1A which encompassed 248 properties in Wentworth, Manor, Warren, Walpole and Union Street and part of Princes Road and seven businesses;
- f) up to 20% of the budget had been set aside for purchases outside the priority area to accommodate owners who, for significant special reasons were selling their property in accordance with the agreed criteria and subject to approval by a Panel comprising the Executive Member for Economic Regeneration and Culture and the Head of Housing Services;
- g) it was confirmed that considerable community engagement had taken place including one to one visits with residents in Phase 1 and expectations had been raised amongst the residents many of whom were supportive of the proposals;
- h) it was suggested that any further delays may cause distress and jeopardise the Council's ability to commit and utilise the resources which may impact on future allocations;
- i) since houses within the area varied considerably the budget had been set on the basis of an average package of purchase and compensation as actual prices would be negotiated on an individual basis;
- j) it was considered likely that the 70 owners within the area who had indicated a willingness to sell would be accommodated within the budget;
- k) it was reiterated that there were no Council Tax implications as current funding was on the basis of external sources.

Councillor K Walker was afforded the opportunity of asking questions of the Executive Member for Economic Regeneration and Culture and Officers. The following points had been raised during the subsequent exchange: -

- i) in response to clarification sought regarding the suggestion that £7.75m was insufficient to cover the envisaged number of properties in Phase 1 the Executive Member for Regeneration and Culture pointed out that:-
- it was difficult to give precise costs given that the houses within the area varied and actual prices would be negotiated on an individual basis;
 - there were a number of owner occupiers in the area for which the OHRAS scheme would not apply;
 - an assurance was given that no individual would have a detrimental financial loss as a result of the phasing proposals;
- ii) with reference to the demolition costs it was noted that although no specific costs could be provided such costs had been built into the cost model for the project based on recent previous experience.

Councillor K Walker outlined the reasons for invoking the Call-In procedure emphasising the following key issues as indicated in a note circulated at the meeting:-

- a) the following revised recommendations were suggested in respect of the Housing Renewal Policy Additions and Amendments report:-
- ‘A) the continuation of the current MiddRAS policy (to a maximum of £20k) with the amendment of registering the legal charge with HM Land Registry, and;
- B) the immediate addition of the OHRAS policy (to a maximum of £25k as outlined, to the Housing Renewal Policy 2003 (Amended) as a rehousing assistance tool in the Gresham/Middlehaven area;’
- b) details were provided of the reasons for the revised recommendations;
- c) it was suggested that the average cost of an alternative property within the retained area of older housing stock, using the Council's information on average 2005 property prices was £53,000 which given current prices on the open market was considered to be grossly underestimated;
- d) it was suggested that the £8.778m which had been identified for the acquisition and demolition of 255 properties over the next two years in Phase 1A equated to an average of £36,000 which did not take into account demolition;
- e) it was considered therefore that the OHRAS currently set at a maximum of £15k was considered to be significantly inadequate to bridge possible substantial funding gaps between Phase 1A properties and alternative rehousing prices within the older housing stock;
- f) the following revised recommendation was suggested in respect of the Acquisition of Properties in the Older Housing Area:-
- ‘that the report be deferred until Officers and consultants representing Middlesbrough Council provide a clearer funding package for the purchase and demolition of 255 properties in Phase 1A of the Housing Renewal Policy.’
- g) the reasons for recommendation (f) above were outlined which focussed on a likely figure of £64,000 which was considered to be totally inadequate for the purchase of alternative properties within the older housing area;
- h) the figure stated at (g) above was based on an average figure of £36,000 for the acquisition of property within Phase 1; 2005 property figures in the Gresham/Middlehaven proposed clearance area of £44,500; plus 10% payment for purchase under demolition; and up to £64,000 OHRAS;

- i) reference was made to an e-mail which had been circulated by Councillor Coppinger as Ward Member for Gresham a copy of which was made available which recommended that the OHRAS compensation levels be reviewed and emphasised the need for continued efforts to seek additional funding streams.

The Executive Member for Economic Regeneration and Culture was afforded the opportunity of asking questions of Councillor K Walker. A number of points were clarified and confirmation given that given the level of owner occupation the demand on the OHRAS was considerably less than as referred to above.

Members of the Overview and Scrutiny Board sought clarification and posed questions of all parties the responses from which focussed on the following: -

- i) evidence was sought regarding any changes to the housing market since June 2006;
- ii) the Executive Member for Regeneration and Culture reiterated that the level of assistance provided by OHRAS had been determined following a comprehensive analysis of property transactions and house price changes across the whole of the Older Housing Area in 2005 which demonstrated that the level of financial assistance was sufficient to bridge the price gap between properties in Gresham/Middlehaven clearance area and property in the immediate Older Housing Area;
- iii) the Executive Member confirmed that the OHRAS was to enable owner-occupiers to purchase a replacement property of a similar standard in their current locality;
- iv) the Executive Member acknowledged that given the timescales involved in acquiring properties there might be insufficient funding available to complete Phase1A although additional funding was expected to come on stream should it be demonstrated that the scheme was proceeding;
- v) it was acknowledged that there were many variables and it was currently difficult to know the precise costs;
- vi) it was also recognised that whilst no guarantees could be given strong commitments had been indicated from a number of sources of funding and it was stressed that this would not be by means of the Council Tax.

Following closing submissions of the Executive Member for Economic Regeneration and Culture and Councillor K Walker the Board discussed the evidence received and considered its decision.

The main observations of the Board Members on the evidence presented were as follows: -

- a) some Members commented that there was a significant gap in funding and further detailed information was required;
- b) the importance for the OHRAS which ensured that owners secured 'like for like' was stressed;
- c) whilst Members were satisfied that the current methodology and levels of financial assistance were appropriate as outlined in the report, Housing Renewal Policy Additions and Amendments, it was suggested that the OHRAS be kept under review to reflect changing house market conditions in subsequent years;
- d) in relation to the report, Acquisition of Properties in the Older Housing Area, it was recognised that in the current situation across the UK, funding streams were rarely guaranteed and it was necessary for the Council to demonstrate that progress was being made on the overall scheme to secure the necessary additional funding.

ORDERED that the decisions taken at the Individual Executive Meeting of the Executive Member for Economic Regeneration and Culture held on 31 August 2006 be not referred back on the

basis of the evidence presented but that the Executive be asked to consider the following recommendation: -

that whilst the current financial limits were considered appropriate in respect of the OHRAS as outlined in the report entitled, Housing Renewal Policy Additions and Amendments, the upper limits be kept under review in order to take into account any potential changing housing market conditions.