



OVERVIEW AND SCRUTINY BOARD

27 JULY 2010

FINAL REPORT OF THE ECONOMIC REGENERATION AND TRANSPORT SCRUTINY PANEL

OLDER HOUSING AREAS

PURPOSE OF THE REPORT

1. To present the findings of the Economic Regeneration and Transport Scrutiny Panel's review of the Older Housing Areas.

AIM OF THE SCRUTINY INVESTIGATION

2. The overall aim of the Scrutiny investigation was to consider the updated position in respect of the Council's vision for the Older Housing Areas and examine the various Housing Market Renewal (HMR) activities undertaken to help build sustainable communities in inner parts of the town where levels of deprivation are most pronounced.

TERMS OF REFERENCE OF THE SCRUTINY INVESTIGATION

3. The terms of reference for the Scrutiny investigation were as outlined below:
 - (a) The updated position concerning the Gresham ward, including the revised vision recently announced by the Mayor and developments since the original proposals were published in 2005
 - (b) Joint work which has been undertaken with Tees Valley Living
 - (c) The impact of regional planning policies on permitted house building within Middlesbrough
 - (d) Issues concerning private sector landlords i.e. the Council's powers, resources and actions taken in this area

METHODS OF INVESTIGATION

4. Members of the Panel met formally between 28 September 2009 and 13 April 2010 to discuss/receive evidence relating to this investigation and a detailed record of the topics discussed at those meetings are available from the Committee Management System (COMMIS), accessible via the Council's website.

5. A brief summary of the methods of investigation are outlined below:
 - (a) Detailed officer presentations supplemented by verbal evidence
 - (b) Discussions with the Mayor
 - (c) Detailed presentation from the Director of Tees Valley Living
 - (d) Visit to the Older Housing Areas
 - (e) Discussion with officers from a neighbouring local authority
 - (f) Discussion with the Primary Care Trust
 - (g) Discussion with Teesside University
 - (h) Information submitted by Liverpool City Council

6. The report has been compiled on the basis of their evidence and other background information listed at the end of the report.

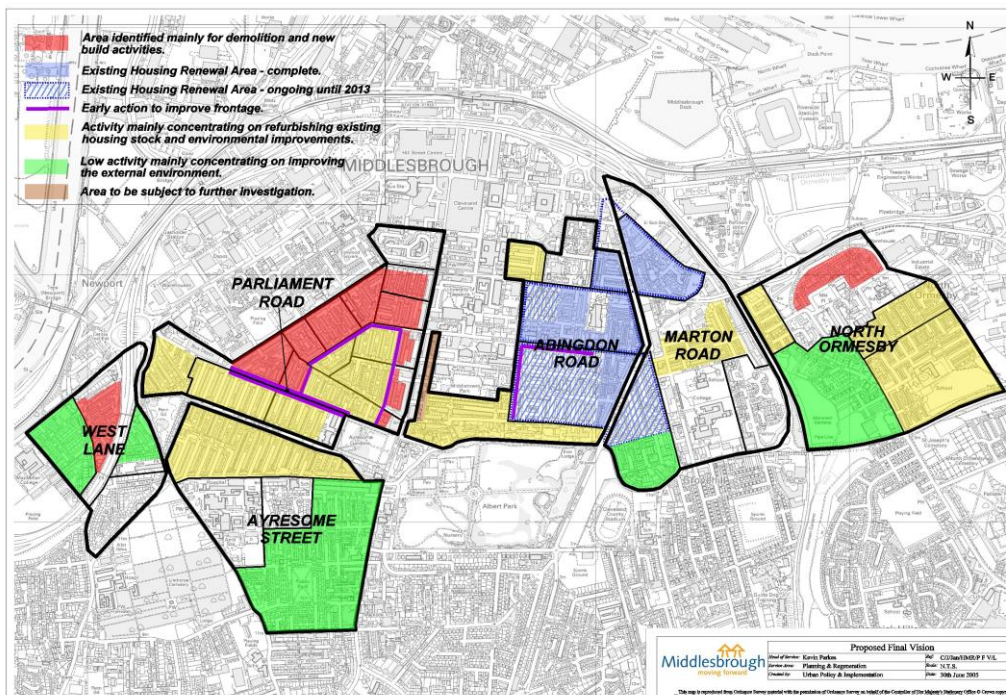
MEMBERSHIP OF THE PANEL

7. The membership of the Panel was as detailed below:

Councillors J Cole (Chair), Councillor Kerr, (Vice-Chair), Councillors Khan, Hubbard, Lowes, Mawston, Rehman, G Rogers and Taylor.

BACKGROUND INFORMATION

8. The Council announced its strategy for older housing on 20th July 2005. The strategy set out a 15 year vision for Middlesbrough's older housing area that included clearance and transformational redevelopment and a programme of investment across six neighbourhoods.



9. The proposed final vision as detailed above was developed in light of some key facts about the town and specifically the older housing areas;

- Middlesbrough has a declining population with 30,000 less residents in 2005 than in 1961
 - Middlesbrough residents fill only 51 per cent of jobs within the town
 - More than 8000 workers commute into Middlesbrough daily for employment purposes, which is the highest net inward migration within the Tees Valley
 - The number of private rented properties is increasing (43 per cent in the proposed clearance area) and home ownership figures are reducing
 - Historic low building rate. Between 1991 and 2001 Middlesbrough constructed 75 properties per annum. Over the same period Stockton built 500 properties per annum.
 - High levels of deprivation
 - Poor perceptions of place
 - Low business formation
10. In addition the Tees Valley Housing Market Assessment 2004 revealed that although terraced housing formed 43 per cent of the town's housing stock it was the choice of only 11 per cent of those planning to move home.
11. To rebalance supply and bring stability to Middlesbrough's failing housing market it was apparent that the Council needed to develop a major intervention plan. A series of initiatives were proposed within the older housing vision, which in combination with a supply of attractive, new, high quality, mixed tenure homes aimed to bring supply and demand of older housing back into balance thus restoring investment confidence.
12. The Panel's review will consider the progress made in respect of the older housing projects as well as examine the complementary initiatives which have been undertaken to address housing market failure within the older housing areas of the town.

THE UPDATED POSITION CONCERNING THE GRESHAM WARD

13. On 20th July 2005 the Council announced its strategy for older housing. The strategy set out a vision for Middlesbrough's older housing areas that included the proposed clearance of almost 1,500 terraced properties in the Gresham/Middlehaven Wards and their replacement with a transformational development. Since that announcement however a number of significant challenges and developments have impacted on the implementation of the strategy.
14. The Mayor was invited to attend an initial meeting of the Panel in November 2009 to explain the challenges posed in the prevailing economic climate and to highlight the joint work undertaken with the Homes and Communities Agency (HCA) to realise a deliverable scheme within Gresham in an acceptable timescale.
15. At the point the Panel commenced its review the Mayor had recently announced that the plans to demolish 1,500 homes in the Gresham area would have to be revised and the Council and HCA had engaged consultants to undertake a review of the Gresham project.

The story so far....

16. The Panel heard that the Council commenced acquisitions in the clearance area in October 2006 and since then the Council has acquired 319 privately owned

properties across the older housing area. In addition two Registered Social Landlords (RSLs) who are supporting the regeneration of the area own 134 properties. The Council and its partners effectively control 453 properties in the clearance area, which equates to nearly one in three. With the provisional funding allocation for 2010/2011, the Council could control around 530 properties by the end of March 2011.

17. In terms of housing facelift improvement schemes the Council has invested approximately £3,300,000 (between 2005/06 and 2008/09) in improving the external appearance of over 875 properties in Gresham. Works have included brick cleaning, re-pointing, replacement of boundary walls to the front of the properties, replacement canopies and new UPVC doors and windows.

Economic Recession

18. Despite the level of acquisitions achieved to date the economic recession has adversely affected the housing sector with significant implications for the implementation of the strategy. The main impacts have been a collapse in transactions and house prices, which has made it very difficult for house builders to develop existing sites. The Panel learnt that regeneration sites are particularly high risk for developers due to factors such as site remediation, infrastructure, site acquisition and assembly and often because they are in areas where market conditions are challenging.
19. The Panel was advised that the difficulties in the housing sector have also led to lower land values. The fall in land values has particularly hit the economic basis of the older housing strategy, which envisaged a major capital contribution by the Council from the sale of land at Hemlington Grange. In addition to the challenge posed by the fall in land values the likely reduction in public sector spending post 2011 means that the future capital budget allocations are unlikely to enable the rapid completion of acquisitions. The Panel heard that at current cost and funding levels, it would take in the region of 16 years before all remaining properties in the older housing area are acquired.
20. Given the prospect of a protracted programme of acquisitions the Panel was advised that action had to be taken and the Council entered into negotiations with the HCA in 2009 to seek financial support for the delivery of the older housing vision.

Older Housing Project Funding 2006-10

21. Members acknowledged that the amount reported to the Executive in 2005 for the delivery of the vision was £110-161m over eight years and £75-100m of which was estimated for property purchase and compensation of 1,500 properties.
22. The Panel queried the level of funding received to date and it was advised that the overall funding awarded to the older housing project between 2006-10 is £22,128,456. The purpose of the funding has been to acquire property, compensate owners and residents. The combined HMRF and SHIP Objective 1 funding allocation to the project has enabled circa 310 properties to be purchased in the area, along with the associated compensation.

23. The Panel heard that there is £4,668,128 of HMRF and SHIP Objective 1 provisionally allocated to Middlesbrough Council for 2010/11. However, there will be some changes to this amount following announced cuts by the North East Housing Board. There will also be a requirement to fund up to £1m towards the remaining property acquisitions and compensation in St Hildas.
24. It was noted that the cost of demolishing 50 properties is in the region of £3.5million, including acquisitions costs, and the Council simply does not have the funding to acquire 1,500 homes. The original plans for Gresham have been derailed as the Council has to be pragmatic about what can be realistically achieved.

Original Proposals

25. The Mayor explained that the reason behind the original proposals for the older housing area was due in part to the fact that the town's population has decreased by approximately 20,000 from 160,000 in 1971 to 139,500 in 2009. The Revenue Support Grant (RSG) received by the Council is to a large extent based on the per head population and the Council is now receiving in real terms approximately £8 million per annum less in income, which is a significant amount when looking at sustainability. The second reason is linked to the type of housing on offer within the town. Aspirations and expectations in respect of what people want in a home has changed and people are no longer looking for a three bedroom terraced property in Gresham. First time buyers have in recent years been in a position to by pass this type of housing offer and have moved out of the town taking their families with them.
26. The Panel heard that Middlesbrough's housing offer is currently unbalanced with over 53 per cent of properties classified as Band A properties in terms of Council Tax. In other local authorities this figure is much lower and generally Band D properties are viewed as the average. In Middlesbrough only 7.9 per cent of properties fall within Band D. When considering the proportion of properties classified as Band H it was advised that 0.1 per cent of properties in Middlesbrough fall within this banding.
27. In terms of the Council's current position in respect of Housing Market Renewal (HMR) activities the Mayor advised that the Council remained focussed on Gresham, St Hilda's and Grove Hill. The Panel questioned whether any developers were on board to redevelop Gresham once the demolition of homes had taken place. The Mayor advised that it was premature for developers to be on board and that the consultants' review would be completed by the end of January 2010. Once the review exercise had been completed work would begin on looking at the revised phases and timeline.
28. The Mayor advised that in terms of the original proposals for Gresham it had been a credible aspiration at a time when public and private sector funding was easier to secure. The financial climate has since changed and the proposals had to be revised. The Mayor stated that the overriding aim of significantly changing the housing offer had been right but that it had been wrong to advance it without having the funding in place to carry it though. The Mayor stated that he was sorry the previously agreed vision for Gresham could not be achieved in its original form and he had not meant for this to happen. The vision had been well intentioned.

29. Reference was made to other housing sites across the town and the Panel heard that Site 44 had been ring fenced for housing and the site provides an opportunity to develop a mix of Band C, D and E properties, as well as some affordable housing. The type of housing proposed for the area would help attract people into the town and increase the town's population. The Mayor emphasised that the Council needs to make the most of the sites available across the town as well as attract the optimum capital receipts for the land the Council owns.
30. The Panel requested that the Mayor be invited to attend a further meeting of the Panel once the outcome of the consultants' review was known.

Revised proposals for Gresham

31. The Mayor attended a meeting of the Panel on 13 April 2010 to provide details in respect of the updated position.
32. The Mayor explained that the consultants' options report has recently been received and that there is now a much clearer idea about the future proposals for Gresham. The consultants' report presents several scenarios and the emerging option proposes a reduction in the number of demolitions from 1,500 to 773 homes and includes refurbishment, new housing, investment in community facilities and a mixed use development. A copy is attached at Appendix 1.
33. Reflecting on the original decision to demolish 1,500 homes in Gresham the Mayor stated that although it could be argued that the recession had derailed the plans the reality was simply that the judgement call made in 2005 to advance the demolition of 1,500 homes in Gresham had been a mistake.
34. The Mayor advised that the consultants' emerging option, which proposes alongside 773 houses for demolition, the refurbishment of 152 houses, facelift works for 75 existing houses and the construction of 285 new homes is much more realistic. It is also clearer where the funding to deliver this option will be obtained. The Mayor stated that the consultants' emerging option provides a real chance to deliver transformational change within Gresham.
35. Members of the Panel queried the proposed time scales for the demolition of properties. The Mayor stated that subject to the necessary funding being secured all the properties to be demolished could be demolished by 2014/15. It was noted however that the current economic climate and the impact of the recession still remained a real issue. The Mayor stated that whilst preparations for the demolition of houses are underway a master planning exercise will be undertaken and the majority of new houses to be built in Gresham would be constructed by 2019/20. It was stated that the most important aspect at present is to complete the acquisitions/demolitions and following that it may then be a case of building in phases.
36. The Mayor acknowledged that Middlesbrough is still significantly behind the pace in terms of the number of net additional homes constructed in recent years, with only a fraction of the required targets having been achieved.
37. In terms of the Council's relationship with the HCA the Mayor advised that the HCA will be contributing significant levels of funding to achieve the revised vision for Gresham and that within the Tees Valley the HCA's priorities are Gresham, Grove

Hill and South Bank. The Mayor stated that the consultants' emerging option is achievable and can be completed in a reasonable time scale. Consultation with local residents is being undertaken at present and it is anticipated that the Executive will consider a decision on the revised proposals in the summer of 2010.

38. The use of a Local Asset Backed Vehicle (LABV) to accelerate the delivery of the revised proposals for Gresham was discussed and the Panel was advised that the use of such a mechanism remained an option. The contribution of the Hemlington Grange site to a LABV would potentially result in a requirement for any developer interested in developing the Hemlington Grange site to also commit to developing Gresham. The need for the Council to maximise the capital receipt for the Hemlington Grange site was emphasised and it was noted that this aspect could impact on the demolition time scales previously outlined for Gresham. The Mayor stated that Gresham remained the priority and that the Council had to 'get it right'.
39. The Panel queried whether there were any measures that the Council could take to ensure that individual families purchase the new homes in Gresham rather than private sector landlords. The Panel expressed the view that one of the key objectives was to attract young families to the area and help them to get onto the housing ladder. Increasing owner occupation in the area was important and measures needed to be put in place to ensure that Gresham does not end up in a similar situation, as is currently, with a high percentage of the properties owned by private sector landlords. The Mayor accepted that this is an issue worthy of consideration. Addressing other issues such as antisocial behaviour in some of the older housing areas in order to protect the value of new build properties also requires further attention.

JOINT WORK WITH TEES VALLEY LIVING

40. At the Panel's initial meeting on the topic of the Older Housing Areas Members indicated that they were particularly interested in the issues relating to Housing Market Renewal (HMR) and the joint work that has been undertaken between the Council and Tees Valley Living. Jim Johnson, Director of Tees Valley Living was invited to attend a meeting of the Panel for consideration of this aspect of the Panel's work.
41. The Director of Tees Valley Living (TVL) set out the main achievements of TVL and the HMR programme across the Tees Valley, as well as the challenges ahead.

Tees Valley Living

42. The Panel heard that Tees Valley Living (TVL) was set up in 2003 to lead and co-ordinate HMR in the Tees Valley. In April 2008 TVL was granted Housing Market Renewal 'pathfinder' status, as part of the government's HMR programme.¹
43. TVL is a partnership between the five Tees Valley local authorities, housing associations and the private sector. Since 2003 TVL has harnessed £92 million of public sector funding to implement the HMR and Growth Programme (GP) in partnership with the five Tees Valley boroughs. A further £12.5 million of public funding has been allocated via the Regional Single Housing Investment Pot (SHIP)

¹ The government's HMR programme focuses on tackling the problem of declining demand for housing in parts of the Midlands and North East of England.

to assist the sub region in the delivery of the decent homes objectives for private sector stock and supporting people agenda in the period 2008-11.²

Tees Valley Housing Market Renewal Programme

44. The Tees Valley Living HMR Strategy produced in 2006 set out the vision for creating a network of sustainable communities through the physical transformation of areas affected by low demand and housing market failure across the Tees Valley. The Strategy proposes the clearance of almost 5,500 houses in areas of market failure and their replacement with more than 5,000 modern new homes built to meet modern demands and high standards of sustainability and energy efficiency.

HMR Funding

45. In 2006 TVL was awarded £31million of HMR grant funding through the government's pathfinder programme. TVL has since directed its HMR resources into four key areas: Central Middlesbrough, Central Hartlepool, Greater Easton and Central Stockton. Major redevelopment is underway in these areas and will continue for a further 10 years.
46. The HMR grant allocation has been prioritised for site assembly works to pump prime sites through acquisition and clearance of properties. The grant has also assisted in relocation packages for residents. New build has taken place on sites in central Hartlepool and Parkfield, North Ormesby and West Lane and this work is currently progressing. HMR grant has not been used to subsidise new build costs or improvement works. Improvement of private sector properties in streets adjacent to the clearance areas has been undertaken and funded by other Council funding sources.
47. The TVL Business Plan 2008-11 identifies achievements from 2003 to March 2008 across all HMR schemes including RSL and Council-led. During this time the following outputs have been achieved:

Core Outputs and Leverage 2003-08	
Private sector finance levered in to HMR activity	£110,343,434
Public sector finance levered in to HMR activity	£88,811,125
Outputs in HMR areas	2003-08
Total number of homes acquired	2,302
Total number of homes demolished	2,842
Total number of relocation packages	624
Total number of homes constructed	693
Total number of homes improved	2066
Total number of hectares of land acquired (for HMR purposes)	73.88

TVL – assisted priority HMR schemes	2006-09 TVL funded outputs
Acquisitions	909
Demolitions	430
Relocation packages	128

48. In terms of best practice in respect of Housing Market Renewal within the Tees Valley the following examples were highlighted:-

² HMR Performance Review 2009 – Tees Valley Living March 2010

Headway / Trinity Court and Square, Hartlepool

585 demolitions, 324 new family homes, Taylor Wimpey / Yuill best sellers in the North East 2007

Trinity Crescent, North Ormesby, Middlesbrough

57 Demolitions – 150 new build, plus 42 place extra care home and medical village. Awarded Outstanding Achievement in Housing in England Award at the UK Housing Awards 2009

Parkfield, Mandale, Hardwick, Stockton

1300 poor quality homes demolished, 1000 residents rehoused, 800 new mixed tenure homes

HMR Funding 2008-2011

49. TVL's HMR grant allocation for the current 3 year programme (2008-11) amounts to £49.7m. In April 2008, as part of the business planning process, it was anticipated that over the current 3 year programme across all Council and RSL-led HMR schemes within the Tees Valley up to 2000 properties would be cleared and in the region of 2,800 new homes built. A further 3600 retained properties would be improved. Of those it was estimated that over 870 property acquisitions, 455 clearances and 680 of the projected new builds would take place on TVL assisted HMR schemes.
50. In terms of progress for TVL funded outputs (within the current 3 year programme) 58 per cent of the acquisition target and 28 per cent of the clearance target have been achieved. In addition 17 per cent of the new builds have been completed. The Panel heard that the slow down in the housing market is presenting some challenges to the HMR programme. Developers have scaled back operations significantly, as problems of unsold completed units have become a major issue.
51. HMR completion costs beyond 2011 were noted as follows;
- Hartlepool** – Belle Vue, Carr/Hopps **£7m**
 - Middlesbrough** – Gresham **£50m** (subject to review)
 - Redcar & Cleveland** – Greater Eston **£3.5m**
 - Stockton-on-Tees** – Parkfield **£4m**

52. The Panel heard that a Tees Valley annual build rate target was set at 2,670 new homes per annum to 2017. However, the actual out turn figure for annual build rate in year 1 of the current programme (2008-2011) is likely to be less than 1,000. It was noted that all Growth Points nationally will fall significantly short of their stated targets.

Partnership Working

53. The Panel heard that as part of the joint working arrangements TVL has established the Tees Valley Housing Recovery Programme Task Force, which has brought together housing stakeholders to assess the impact and future implications of the recession. The Task Force has considered the challenges from the perspective of the homeowner, potential home purchaser and house builder and identified a range of initiatives to help recover the momentum of the house building industry.

54. In terms of HMR funding allocations the Panel heard that Middlesbrough has received 29 per cent of the funding awarded by TVL, which is the highest proportion of HMR funding awarded within the Tees Valley. This level of allocation is in recognition of the fact that Middlesbrough has the greatest level of need. The Community Vitality Index (previously referred to as the Neighbourhood Vitality and Viability Index) is the tool used to decide how the money is to be distributed. It was emphasised that the role of TVL is to put the business case together for HMR and then make a submission to government on behalf of the Tees Valley authorities. Each local authority decides on its own priorities and where the HMR funding awarded should be spent.
55. Attached at Appendix 2 is a detailed breakdown of the HMR funding expenditure and outputs for Middlesbrough between 2006-2008, as well as the projections for 2009-11. In Middlesbrough the HMR programme is concentrated on West Lane, Whinney Banks, St Hilda's, the Gresham area of the Town Centre, North Ormesby and Grove Hill. The HMR funding awarded between 2006-2008 has been focussed predominately on funding acquisitions / relocation packages in Gresham, as well as funding acquisitions, demolitions and relocation packages in St Hilda's. Smaller amounts of funding have been allocated to fund acquisitions and relocation packages in North Ormesby and West Lane. For 2009-2011 the funding projections and outputs are concentrated on Gresham and St Hilda's.
56. As highlighted in the Tees Valley Living HMR Strategy the HMR initiatives across the Tees Valley are located in the priority areas where the conditions of neighbourhood vitality and viability are poorest and physical house types and tenure patterns are the most unpopular. The strategy emphasises that now that the interest in HMR has been declared the local authorities have a duty to stay in those areas until they have been regenerated and exhibit characteristics of a sustainable community.³ It is recognised within the strategy that the emphasis needs to be on regenerating 'place' as well as 'people' and that this may mean a 15 year commitment in each of the areas.
57. The Panel heard that the proactive approach of TVL and partners was evident in the submission of the Tees Valley Growth Point Programme and Community Infrastructure bid in 2008-09. The Tees Valley was initially awarded £6.2million of Growth Point funding and £3.4 million from the Community Infrastructure Funds for expenditure in 2009/11. The two year Growth Point funding programme focuses on de-risking key sites, to make them attractive to the private sector. The aim of the programme is to ensure that new housing development will occur rapidly when the market upturn comes.
58. The Panel heard that the key issue emerging at this time has been the Government's announcement to cut 25 per cent of the capital programme for the next financial year across all 75 Growth Points nationally. In Tees Valley's case a 25 per cent cut amounts to approximately £1.6m to be taken from year 2 and the sub-region is currently considering the implications for the programme and where investment will be prioritised.

³ A sustainable community is defined within the Tees Valley Living HMR Strategy (2006) as being active, inclusive and safe; a well designed natural and built environment; well connected with good transport linking people to jobs, schools, health and other services; thriving services especially well performing local educational establishments

IMPACT OF REGIONAL PLANNING POLICIES ON HOUSE BUILDING IN MIDDLESBROUGH

59. The Panel was interested to find out how the permitted house building rates in Middlesbrough are set at a regional level and whether Middlesbrough is on target to deliver the number of additional dwellings the town is allocated within the Regional Spatial Strategy.
60. The Panel heard that the North East of England Regional Spatial Strategy to 2021 (RSS), which provides the overarching planning policy framework for the North East was adopted in July 2008. In terms of the total number of dwellings required the RSS details the minimum number of net additional dwellings that each local authority in the North East should deliver in the period 2004-2021. The target figures for Middlesbrough are set out in Table 1.

Table 1: Number of net additional dwellings

	2004-11	2011-16	2016-21	2004-21
Total net additional dwellings	3,080	2,425	1,500	7,005
Average annual net additional dwellings	440	485	300	410

61. It was explained that the allocations for each local authority are arrived at by work undertaken by One North East and are based on population projections. In addition to the RSS the Panel heard that the Middlesbrough Local Development Framework (LDF) forms the statutory development plan for the town and sets out the overall spatial vision for Middlesbrough's future development. It was noted that the main aim of the LDF Core Strategy is to stabilise and then reverse the long-term decline of Middlesbrough's population by creating an environment attractive to retaining the existing population as well as attracting people back into the town
62. The Panel heard that within the LDF Core Strategy three broad strategic housing locations are identified, Greater Middlehaven, Greater Hemlington and Inner Middlesbrough/Grove Hill where the majority of new housing development should be focussed. In the period 2004-2021 it was advised that these sites are projected to deliver 4,630 dwellings (gross). In addition to the three strategic sites, a further 25 non strategic housing sites have been allocated and these are projected to deliver a total of 1,792 dwellings. Taking into account the projected demolitions of 1,988 dwellings (which included 1,453 at Gresham prior to revised proposals coming forward and 290 at Grove Hill), there is a projected supply of 7,308 net additional dwellings which would meet the housing target set out in the RSS.
63. It was explained that although the RSS establishes the number of net additional dwellings over the plan period the local authority is responsible for putting forward proposals on how Middlesbrough wants to achieve that target. With regard to the total net additional dwellings allocated the Panel was informed that although the figure of 7,005 for Middlesbrough over the period 2004-2021 was initially viewed as a ceiling target new guidance has since been published and this figure is now viewed as a floor target. The local authority can exceed this figure if required.
64. The Panel heard that although theoretically the supply of land in Middlesbrough is sufficient to meet the RSS housing requirement, this was based on market conditions prior to the economic downturn. The Panel was advised that it is probable that some housing sites may no longer be economically viable and on other sites build rates are expected to be slower than previous forecasts. The Panel

heard that it is therefore likely that an early review of the Regeneration Development Plan Document (DPD) will be required to identify additional housing sites to meet the RSS minimum target.

65. In terms of performance with regard to National Indicator 154 – number of net additional dwellings provided, the Panel heard that in the current year (2009/10) the build rates were in negative figures (the number of properties demolished was higher than the number constructed). The Panel requested information on the net additional dwellings for Middlesbrough in comparison with other local authorities in the Tees Valley in recent years and these figures are set out in table 2.

Table 2: Net Additional Dwellings

	2006/07	2007/08	2008/09	2009/10 (Q1 & Q2)	Total
Darlington	519	617	243	143	1522
Hartlepool	267	-323	476	233	653
Middlesbrough	362	218	-103	-92	385
Redcar & Cleveland	290	127	158	-57	518
Stockton	548	1156	496	244	2444
Tees Valley	1986	1795	1270	471	5522

66. The Panel was informed that a total of 631 net additional dwellings have been constructed in Middlesbrough in the period 2004-2009. The Panel noted that this figure is well below the 3,080 net additional dwellings Middlesbrough has been allocated within the RSS for the period 2004-2011.
67. It was explained that in terms of the negative net additional dwelling figures for 2008/09 and 2009/10 these were a reflection of what was happening in the wider economy. It was also stated that in Middlesbrough a significant amount of housing development is tied up in the inner areas of the town, which are less attractive to developers. In respect of dwellings started the following information was provided, as set out in table 3.

Table 3: Dwellings started

	2006/07	2007/08	2008/09	2009/10 (Q1 & Q2)
Darlington	248	289	143	56
Hartlepool	n/a	n/a	190	247
Middlesbrough	456	404	186	117
Redcar & Cleveland	n/a	n/a	229	51
Stockton	1122	1180	417	223
Tees Valley	n/a	n/a	1165	694

68. The Panel was advised that Middlesbrough was performing quite well in terms of the number of dwellings started in 2009/10 compared with Darlington and Redcar & Cleveland.
69. The Panel queried whether the Council was waiting on partners in order for development to take place at the three key strategic housing locations identified in the LDF and the following information was provided: -

- **Hemlington Grange**

The Panel heard that in order to develop the site the necessary infrastructure would need to go in and additional work would also need to be undertaken to bring the site forward quicker.

- **Greater Middlehaven**

The land had been cleared and building of the first residential developments was due to commence in March 2010. It was explained that one of the issues with Greater Middlehaven was that the housing market had changed in terms of what people wanted to buy. Apartments were no longer deemed attractive, as they were seen as high risk by lenders, and it would perhaps be necessary to look again at the sites where apartments are proposed.

- **Gresham**

It was confirmed that in respect of Gresham the Council is in the process of developing a package to bring forward some revised proposals.

70. In terms of the Council's relationship with developers and its ability to influence the type and size of the properties the Panel queried whether there were minimum space standards for habitable rooms. The Panel was advised that there was no legislative framework for minimum standards in private sector properties and that the only space standards are in respect of part M of the Building Regulations which set out minimum standards for doorways and corridors/hallways. The Panel was advised that insisting on minimum standards within Middlesbrough could be disadvantageous and drive developers elsewhere. It was noted that Tees Valley Living (TVL) was looking at the issue of housing quality and the product on offer, with a view to raising that standard. It was acknowledged that introducing minimum standards would be very difficult to achieve at a non-Tees Valley level.
71. Reference was made to the issue of population decline and whether the Council is intending to drive the housing market by drawing in the higher socio-economic groups. The Panel was advised that one of the Council's aspirations is to increase the town's higher value housing offer and the sites identified to try and deliver that strategic aim are Hemlington Grange, Ladgate Lane and the Swedish Mission Field. However, the Council is unable to focus all of its activities on the higher end of the market. The real challenge the Council faces is trying to balance out the town's housing offer amid the difficulties presented by the current economic climate.
72. In terms of housing market restructuring the Panel was informed that Policy 28 of the RSS requires that local strategies and plans develop an integrated package of measures to address low demand and abandonment of housing. The proposals for selective demolition and redevelopment at Gresham and Grove Hill are in accordance with Policy 28. The Panel heard that the back of pavement older terraced properties at Gresham are built at approximately 100 dwellings per hectare whilst their replacement at a lower density (30 to 50 dwellings per hectare) will provide an opportunity to develop dwellings that meet 21st Century aspirations and create a better mix of dwellings. The master planning process is also a great opportunity for the Council to have a degree of influence over the type of product delivered in Grove Hill and Gresham.
73. The question as to what mechanisms the Council can put in place to help bring identified sites forward more quickly was posed by the Panel. The Panel heard that

where the land is in private ownership the Council will work with private developers and help them to access government initiatives, for example, Kickstart funding, as well as provide support with service infrastructure.

74. The Panel was informed that Kickstart Housing Delivery (KHD) funding was deigned to address the difficulties facing stalled housing sites that were ready to develop. Nationally more than 650 schemes had submitted bids, of which 270 were successful. Of the five sites submitted in Middlesbrough, West Lane and Trinity Crescent were shortlisted for the first wave of KHD funding.⁴It was noted that the Council has also prepared development briefs for sites and renegotiated with developers on particular sites where the product previously proposed was not saleable in the current market.

Neighbouring authorities competing housing offer

75. The Panel noted that one of the main issues in terms of retaining the existing population is the provision of a housing offer that can compete with what is being provided by neighbouring authorities. The Panel recognised that over the last four years (2006/07 to 2009/10) the net additional dwellings provided in Middlesbrough totalled 385 compared with 2444 in Stockton, 1522 in Darlington, 653 in Hartlepool and 518 in Redcar & Cleveland. The Panel recognised that Middlesbrough faces a real challenge in diversifying its housing offer and although sufficient land has been identified to meet the RSS target of 7,005 new dwellings (between 2004-21) some of the land identified is not coming forward. The annual targets, as specified in the RSS, are not therefore being met.
76. The measure contained within the Local Area Agreement (LAA) in relation to the objective of ensuring that the type and mix of new housing within Middlesbrough provides choice is National Indicator NI154. It is highlighted in the 2010 refresh for the LAA that Government Office North East (GONE) has agreed for the target NI154 to be renegotiated on account of the down turn in the economy and its impact on house-building completion rates. The proposed target for NI154 for the three-year LAA period has therefore been reduced from 1200 net additional homes to 132 net additional homes (between 2008-2011), as set out below.

	Target 2008/09	Target 2009/10	Target 2010/11
Original Targets (June 2008)	400	800 (cumulative)	1200 (cumulative)
Refresh Proposal (March 2010)	400	800	132 (cumulative)

77. The rationale for this is as follows;
- (a) The economic downturn has had a significant detrimental impact on house building in Middlesbrough.
 - (b) Middlesbrough has a number of challenging urban regeneration housing sites. As the housing market recovers, housebuilders are likely to maintain a risk averse approach to development and may favour less challenging sites. This may result in

⁴ Following the Homes and Communities Agency (HCA) selection process West Lane Phase 2 received funding in the first bidding round, with the developers Yuill and Endeavor Housing Association receiving £2,286,500 in KHD funding. No schemes within Middlesbrough received any funding under Kickstart Round 2.

house building rates in urban core locations such as Middlesbrough taking longer to recover than elsewhere.

- (c) The ongoing programme of demolitions as part of comprehensive housing market renewal proposals means that net additional dwellings will remain low in the short term, even when gross completions improve.
- (d) The revised target set out in the table represents a challenging, yet realistic figure.

78. The Panel requested information on the number of net additional homes provided in Middlesbrough in the period 2001/02 to 2009/10 and the following information was provided:-

	2001/ 2002	2002/ 2003	2003/ 2004	2004/ 2005	2005/ 2006	2006/ 2007	2007/ 2008	2008/ 2009	2009/ 2010
Gross	117	92	119	213	343	537	527	158	340
Net	39	-251	-42	96	58	362	218	-103	56

The average net additional homes provided between 2001/02 and 2009/10 at 48 per annum remains extremely low. It is recognised that house building rates have picked up over the course of 2009/10, compared with the previous year. However, overall the number of net additional dwellings provided within the town over the last nine-year period still remains extremely low.

- 79. The Panel queried whether the Council would still be in a position to achieve its overall strategic aims if it was not able to increase significantly the number of net additional properties constructed within the town. It was explained that part of the issue was that although development approval had been given some years ago in respect of the identified sites developers are not prepared to invest in the expensive infrastructure required when there is no guarantee that they will be able to sell the properties within the next twelve months. Developers are currently building properties 2 or 3 at a time in order to test the market and are not building out the remainder of the site.
- 80. Another challenging aspect the Council faces is that Middlesbrough is quite a small authority geographically and spatially the town has a very small rural fringe environment that can be opened up for development. The town does not have the same proportion of green field areas that Stockton, Darlington and Redcar & Cleveland have on offer. The town is therefore much more restricted in terms of development opportunities and there is also a need to protect some of the land available.
- 81. Given the fact that the large costs associated with the provision of infrastructure was mentioned as a reason why development sites may not be being brought forward the Panel queried whether the Council or its partners had to date provided any service infrastructure up front to help to bring sites forward. The Panel was advised that although the Council had not previously paid the upfront costs of putting service infrastructure in place this was something that was currently being explored. It was emphasised that service infrastructure could only be put in on sites owned by the Council. Once the infrastructure was in place however there was an uplift in land value.
- 82. With regard to social housing reference was made to the Government's New Build Programme and the Panel queried whether Middlesbrough had been awarded a

share of the Government's £100m Social Housing Grant Fund to build homes for social rent. It was confirmed that Middlesbrough had secured £1.14m from the Fund, subject to Executive approval. It was intended that the money would be used to build 20 units of sheltered accommodation for older people at the Levick Trust Site. Legal Services were exploring how to ensure that the accommodation would be always available for social rent, so that it could not be subject to right to buy issues. The Council would retain a long-term leasehold on the site but would likely seek a partner to build and manage the properties.

83. The Panel queried whether the Council was satisfied that given the challenges posed in the current market all that could be done by the Council had been done to keep the housing market moving. It was advised that in terms of planning infrastructure the Council had gone about as far as it could and was working with One North East to bring planning issues forward. It was advised that in terms of planning policy there was good joint working across the Tees Valley and the RSS was a very good example of that work. The Tees Valley was working well via the Joint Strategy Unit (JSU) but the real challenge now in terms of accessing Housing Market Renewal (HMR) resources would be from Durham County Council, who had secured Total Place pilot status.
84. It was acknowledged that the loss of population within the town over the last thirty years had been in part due to the fact that the town did not have the type of housing on offer that matched people's aspirations. It was therefore important for the Council to simultaneously focus on regenerating the inner areas of the town and increase the provision of lower to middle market family homes, as well increase the housing on offer at the upper end of the market.
85. It was noted that in the LDF the location of the three key strategic housing sites are of differing character and each will primarily appeal to different sectors of the housing market:-
- Greater Middlehaven is aimed at the provision of high quality city style waterfront living.
 - Hemlington Grange is aimed at the middle and upper ends of the housing market in a rural fringe environment.
 - Inner Middlesbrough and Grove Hill are aimed at the provision of lower to middle market family homes in an urban/suburban environment.

The Panel accepted the need for high-end housing was key to the town as well as pressure for some locations for additional affordable housing.

86. The Panel recognised that the key challenge is to encourage development in Middlesbrough, which the Council is currently working very hard to do. Depending on the current economic climate and for how much longer this impacts negatively on the housing market the Panel heard that it may be necessary to take more stringent interventions. The Panel was advised that it would be a case of using whatever options became available, whether that may involve government initiatives, development briefs, partnership working or employing resources. It was noted that the Director of Resources was working with the Director of Regeneration to explore how sites could be brought forward and looking at innovative ways to maximise assets whilst at the same time getting developers on board. It was noted that there was a need to work co-operatively to bring sites forward whilst at the same time securing the amount of income that the Council wanted to achieve for certain sites.

ISSUES CONCERNING PRIVATE SECTOR LANDLORDS – THE COUNCIL’S POWERS, RESOURCES AND ACTIONS TAKEN IN THIS AREA

87. Middlesbrough Council currently has a range of legislative powers to deal with housing condition and management standards within the Private Rented Sector (PRS). The Panel was interested to gain an overview of the issues, powers and actions taken in dealing with the PRS, relating where possible, specifically to the older housing areas.
88. The Panel heard that the number of PRS properties in Middlesbrough has increased significantly since 2001. In the census that year the number of properties recorded within the sector was 3,910 representing 7.1 per cent of the overall housing stock. Middlesbrough’s Stock Condition Survey (SCS) in 2008 however, shows that this figure had risen to 7,400 or 12 per cent of all dwellings within the town, which is slightly higher than the national average.
89. The Panel acknowledged that the PRS plays a significant role in Middlesbrough’s housing offer, especially within the inner urban areas. The 2008 Strategic Housing Market Assessment (SHMA) highlights that the majority of PRS properties within Middlesbrough are terraced (69.1 per cent) and shows that the north, older housing and Grove Hill areas of the town have the highest concentrations of PRS properties at 21.8 per cent of all dwellings. The 2008 Stock Condition Survey also highlights that some of the worst property conditions exist within the older housing area.
90. The Panel heard that the PRS provides choice to those who cannot, or choose not to buy. It was noted that private rents have risen by 15 per cent in the period 1997-2007 in comparison to house prices, which have doubled leaving home ownership beyond the reach of a significant number of individuals. The Panel heard that intermediate tenure schemes such as Homebuy schemes, which are geared towards first time buyers, key workers and people re-entering the housing market that are unable to afford a home on the open market are providing a route to home ownership. However, many on low incomes are still unable to access this type of provision. An average of 97 new affordable homes have been provided in Middlesbrough in each of the last three years. The Panel accepted that with pressure on social rented waiting lists the importance of developing links with the PRS is further reinforced.
91. Given these issues it is clear that the PRS is playing a valuable role in catering for those in housing need who are unable to access social housing provision or purchase their own property either on the open market or via the intermediate tenure schemes that are currently available. There are, however, issues to be addressed in the PRS particularly in relation to the quality of housing on offer. The Panel heard that at present rather than being a tenure of choice in many cases the sector offers the last resort for those renting at the lower end of the market who are unable to access accommodation through social housing routes, including those with a history of anti social behaviour which precludes them from the social sector. For this reason the PRS can pose significant problems, especially in areas where there are high concentrations of private rented properties, such as the older housing area.

The Rugg Review

92. The Panel heard that an independent review was commissioned by the Government in 2008 to look at the problems faced by tenants and landlords in the PRS. Julie Rugg and David Rhodes from the University of York's Centre for Housing Policy conducted the review, which looked at a range of issues including the professionalism of landlords, the quality of properties and problems in private renting. The review highlighted that local authorities did not know enough about private sector landlords in their area and did not exercise as much influence over the sector as they could.
93. In the Government's response to the Rugg Review⁵ proposals were put forward that included greater local authority support for good landlords and encouraged the creation, by local authorities, of 'local letting agencies' to better facilitate tenancies in the PRS for those in housing need, including Housing Benefit recipients. The Government is keen to strengthen the PRS through improved standards of the quality of its properties and landlords' management of those properties and tenancies and views constructive engagement between local authorities and private sector landlords as one way to achieve this aim.

Existing Powers

94. The Panel heard that the Housing Act 2004 introduced a raft of new powers to enable local authorities to tackle property conditions and management standards with the PRS. These powers include the Housing Health and Safety Rating System (HHSRS), a number of licensing measures including the mandatory licensing of Houses in Multiple Occupation (HMO) and Selective Licensing, as well as the power to issue Management Orders.

Housing Health and Safety Rating System (HHSRS)

95. The Housing Health and Safety Rating System (HHSRS) became operational in April 2006 and replaced the Housing Fitness Standard as the method of guidance by which properties are inspected. The HHSRS enables Council Officers to identify hazards to health and safety in dwellings and to recommend works to remove or minimise those hazards. Properties are assessed against 29 potential hazards, including issues such as 'excess cold', 'falls on stairs', 'damp and mould growth' and 'noise'. Once an inspection is undertaken any hazards observed are categorised and the Council has a duty to take some form of enforcement action where Category 1 hazards are identified.
96. Enforcement action involves the Council serving legal notices on the owner and requiring them to carry out the necessary works in a specific time scale. The Panel heard that in 2009 449 HHSRS property inspections were undertaken and 141 legal notices served. Enforcement action was therefore required in approximately 30 per cent of all the properties inspected. It was noted that where there was imminent danger to the occupant(s) the Council could take Emergency Remedial Action (EMA) and carry out the works in default or make an Emergency Prohibition Order (EPO), which prohibited use of the property immediately.

Houses in Multiple Occupation

⁵ The private rented sector: professionalism and quality – The Government response to the Rugg Review Consultation.

97. The Housing Act 2004 introduced the mandatory licensing of certain types of higher risk Houses of Multiple Occupation (HMOs). Mandatory HMO licensing applies to all privately rented HMOs of three or more storeys and occupied by five or more people who form more than one household. A total of 105 licenses have been issued in Middlesbrough and joint inspections of HMOs have been undertaken with Cleveland Fire Brigade to improve fire safety.
98. With regard to multiple occupancy there are nationally set limits for the number of square feet of space required per person. The Council has responded to complaints about overcrowding and served notices stating the maximum number of occupants permitted to occupy premises. The Panel heard that Council officers also work closely with landlords in respect of this issue, as they are often unaware of overcrowding problems in their own properties.

Selective Licensing

99. Part 3 of the Housing Act 2004 provides that a Local Authority can make a licensing scheme for privately rented accommodation in its area, or any part of it, providing certain conditions are met. Within such an area it is compulsory for landlords to be licensed. The Panel heard that to introduce a selective licensing scheme consent is required from the Secretary of State and that there are currently only twelve local authorities areas within England and Wales that have secured consent to introduce selective licensing.
100. The Department of Communities and Local Government (CLG) confirmed Middlesbrough Council as a Designated Authority for Selective Licensing in March 2007 and Selective Licensing came into effect on 6 June 2007. The scheme will remain in force for a period of five years until June 2012.
101. The Panel heard that Gresham and parts of Middlehaven met the criteria of low demand housing and anti-social behaviour to introduce a selective licensing scheme. The areas were among the worst for empty properties, poorly maintained property, crime and anti-social behaviour. Comparing figures for Gresham and the adjacent ward of Linthorpe from January 2005 to June 2006 showed that Gresham had three times the number of anti-social behaviour problems.
102. It was noted that since the introduction of selective licensing landlords within the designated areas of Gresham and Middlehaven are accountable for their tenants and are required by law to apply for a landlord licence. Landlords can be fined up to £20,000 if they are found to be renting a property when not licensed. The Panel was advised that selective licensing ensures that appropriate health and safety standards are met in private rented properties and tenants are properly vetted through the conditions attached to the licence and the Shield Project.
103. The Panel was informed that selective licensing has so far proved an effective way to assist in tackling many of the problems that have affected the Gresham/Middlehaven area, raising the standard of management as well as the conditions of rented property and improving the future for the Gresham Community.
104. Up until November 2009, 390 licences have been issued and over 300 premises risk assessed under the HHSRS and DHS. It is estimated that a further 400 premises will be licensed and risk assessed before the scheme expires. The Panel was advised that since the introduction of selective licensing the data shows that

there has been a 26% reduction in reported incidents of anti-social behaviour within the designated area.

105. An economic appraisal of the Gresham Regeneration Project has been undertaken and proposals to reduce the level of demolition are being considered. The Panel was advised that a reduction in the number of properties to be demolished could increase the number of licensable premises within the designated area and any revised plans could have an impact on the delivery of Selective Licensing in Gresham.

Expansion of Selective Licensing Zone

106. The Panel heard that an Officer Working Group was established in August 2009 consisting of Officers from Regeneration, Erimus, the Police, Neighbourhood Management, Safer Middlesbrough Partnership and Community Protection to explore the options to extend Selective Licensing to other areas of Middlesbrough. Five proposals are being considered as follows:
- Part of North Ormesby Ward.
 - Part of University Ward.
 - Middlesbrough as a whole (with the exception of Gresham).
 - Housing Renewal Areas only.
 - No further extensions of Selective Licensing.
107. The Panel was informed that current data suggests that the need for the introduction of selective licensing in parts of North Ormesby and University Wards is not supported by sufficient evidence. It was advised that at present the preferred option is for blanket designation, which would enable the Council to target the worst landlords in all areas as a matter of priority. The Panel noted that a level of criticism has been received from landlords in respect of the way in which selective licensing is being introduced in Gresham on a 'block of streets' at a time basis and that this issue was due to be discussed at the Landlords Forum. It was acknowledged that although the Council was targeting geographical hot spots within Gresham and rogue landlords were being identified this was an area that required further work.
108. The Panel made reference to instances where tenants are living in poor housing conditions but refuse to report their concerns due to fears that they could be evicted or their rent increased if the issues are raised. It was acknowledged that this is a big issue for tenants and is particularly difficult to overcome. The Panel expressed the view that it would be of benefit to highlight for tenants living in the PRS what their rights are in terms of housing conditions. The various types of action that the Council can take to address these issues should also be highlighted.
109. Members questioned whether the Council has a register of all landlords within the town and the Panel was advised that efforts are being made to bring together different strands of information and the Council is looking to build up its database of landlords who operate within the town. It was explained that the Council is not all knowing in terms of the information, as ownership of properties is constantly changing. In terms of identifying for the purpose of selective licensing landlords within Gresham the Panel was advised that Officers proactively gathered this information, as once a selective licensing scheme is introduced information on property ownership must be gathered.

Empty and Eyesore Properties /Private Investor Registration Scheme

110. The Panel heard that there are approximately 2000 empty properties within Middlesbrough and 900 of those have been empty for more than 6 months. A full time appointment was made in June 2009 to ensure a higher profile and to date 16 premises have been improved and a further 12 are undergoing remedial works through enforcement and voluntary arrangement. A Priority Assessment System endorsed by the Environment Scrutiny Panel is in place to prioritise enforcement work.
111. In terms of the options available to the Council to tackle the issue of Empty and Eyesore Properties the Panel was advised that an opportunity existed for a Private Investor Registration Scheme to be established. This type of scheme would enable Private Sector Investors with an interest in bringing empty properties back into use to register their interest with the Council in order for their details to be passed onto the property owner. The Panel heard that to date 3 properties have been refurbished with tenants due to be moving in the near future and this type of scheme has no financial implications for the Council.

Empty Dwelling / Management Orders

112. The Housing Act 2004 introduced Empty Dwelling Management Orders (EDMOs) to enable local authorities to take over the management of long term privately owned empty homes. It was advised that an EDMO can be made where a property has been empty for at least six months, subject to compliance with a number of set criteria. The Council cannot impose an EDMO without first gaining approval from a Residential Property Tribunal and this can be time consuming and expensive and for this reason no EDMOs have been put in place in Middlesbrough. Nationally only 29 interim EDMOs have been authorised by the Residential Property Tribunal.⁶
113. The Panel heard that the Council is seeking to build a better working relationship with landlords to improve the sector in addition to using enforcement powers where necessary. It was advised that there are gaps in the Council's knowledge about the PRS and that the information available is limited. It was highlighted that as is the case in other parts of the UK there are a range of different landlords operating within Middlesbrough, which vary from those who own and manage only one or two properties to landlords with large portfolios, as well as some largely absent overseas investors.
114. The Panel noted that there is a poor perception of the PRS by owner occupiers within the older housing area due to the actions of a minority of landlords who, through bad management practices allow anti social behaviour to continue unchecked. There are also some landlords who, perhaps through lack of information in relation to their roles and responsibilities, do not perform as well as they could. The Panel was advised that a number of initiatives and projects are being delivered by the Council to help improve property conditions and management standards within the PRS, as well as to help tackle issues of anti social behaviour. These are detailed further below:

Landlord Consultation Group – Consultation events have been held with private sector landlords and letting agents to gain a broader perspective of issues and seek

⁶ House of commons written answer by Ian Austin, 8 April 2010.

their views on how policies and services can be developed in Middlesbrough. A number of landlords with large portfolios of properties within the older housing area form part of this consultation group.

Landlord Accreditation – The Council has joined with the National Landlords Association (NLA) to pilot a new accreditation scheme for local landlords. The scheme is voluntary and is based around three key areas; landlord training, independent dispute resolution and adherence to a code of practice

Shield Project - The Shield Project provides a range of services to private sector landlords to tackle anti social behaviour perpetrated by their tenants.

Sub Regional Choice Based Lettings Scheme - Private sector landlords in Middlesbrough can register their properties for rent through Compass, the sub regional Choice Based Lettings (CBL) scheme.

115. Opportunities to further develop the Council's relationship with private sector landlords were also discussed and reference was made to the following proposals:-

Private Investor Registration Scheme – The opportunity exists for a Private Investor Registration Scheme to be established. The initiative would match empty properties with private developers who are wishing to purchase empty properties and bring them back into use. Investors' details would be registered on a database and passed onto the property owners with the Council acting as a conduit in any negotiations. A similar scheme is in operation in Leeds and the Panel was advised that further investigation into this is currently underway.

Financial Assistance – Financial assistance for housing repairs and improvements in Middlesbrough is currently only available to owner-occupiers. The Panel heard that there is recognition however that there are significant issues with the PRS in terms of housing conditions, which was borne out by the 2008 Stock Condition Survey. Better training of landlords on the Decent Homes Standard is an issue, but the Panel heard there will also be instances where landlords do not have the resources to implement the improvements required to bring their properties up to standard.

116. It was noted that following consultation with private sector landlords and letting agents, a Landlord Focus Group has been developed to work closely with the Council on policies and initiatives relating to the PRS. A cross-service project team has also been developed to consider issues specific to Middlesbrough and enable Officers to build up a better picture of the sector within the town.
117. It is apparent that at present there are a number of proposals and initiatives to help the Council build better working relationships with private sector landlords. The Panel heard that a number of incentives would need to be offered to encourage landlords to join the voluntary accreditation scheme and it was suggested that these could include the following services;
- Free or reduced advertising for accredited landlords via the Choice Based Letting (CBL) scheme
 - Automatic registration with the Shield Project so that accredited landlords would have their tenants referenced to prevent anti social behaviour
 - Access to the Private Sector Investment Registration Scheme

- Access to financial assistance to bring homes up to the Decent Homes Standard if the local authority opted to adopt this product from the Regional Financial Assistance Policy
118. The Panel recognised that the inclusion of a number of incentives to encourage private sector landlords to join the voluntary accreditation scheme would be necessary and that the development of the scheme would play an important role in helping the Council to build a better relationship with the PRS.
119. The Panel acknowledged that the development of a Private Rented Housing Strategy would also play a key role in the development of the PRS within Middlesbrough.
120. Following the information received from Middlesbrough Council Officers in respect of the work undertaken to improve management standards and housing conditions in the PRS within Middlesbrough the Panel was keen to hear evidence from another local authority within the Tees Valley.

Work undertaken with Private Sector Landlords – Stockton Borough Council

121. The Panel wanted to find out what actions Stockton Borough Council has taken to better engage with Private Sector Landlords and address issues of concern in the PRS. Accordingly, the Private Sector Housing Manager and Urban Renewal Team Leader from Stockton Borough Council were invited to attend a meeting of the Panel to provide an overview of the work that has been undertaken in Stockton.
122. Reference was made by the Private Sector Housing Manager to the LACoRS Councillors' Handbook on private sector housing, which contains a checklist to help Councillors gauge their Council's effectiveness at dealing with private sector housing issues.

Knowledge of the Housing Stock

123. The first aspect covered in the checklist is knowledge of the housing stock and the Panel heard that in Stockton there are 67,000 properties and 9000 of those are in the PRS. As highlighted in the recent Stock Condition Survey a total of 10,700 private sector properties in Stockton failed to meet the Decent Homes Standard (DHS), of which 4,500 (42%) had a Category 1 hazard.
124. The Panel was informed that although significant levels of funding has in recent years been awarded to Registered Social Landlords (RSL's) to bring their properties up to the DHS very little funding is available to bring homes in the private sector up to that same standard. The Panel was informed that in Stockton it would require an investment of £16m to address all category 1 hazards and £160m to bring all homes up to the standard. On a Tees Valley basis £109m would be required to address Category 1 hazards and £937m to bring properties up to the DHS. The level of funding available, however, was approximately £1m per annum in Stockton and £5m for the whole of the Tees Valley.
125. It was noted that Communities and Local Government (CLG) had in 2002 introduced a statutory target to increase the numbers of vulnerable households living in private sector decent homes to 70 per cent by 2010. This statutory target

has since been deleted, although the objective to increase the number of vulnerable private sector households in decent homes remains.

126. The issue of low income was another important factor and in Stockton there are a lot of young people up to the age of 25 on low incomes, as well as older people who are in receipt of pensions. In total 33,320 households within Stockton (51%) have an annual income of less than £15,000, which is one of the defining characteristics of a vulnerable household.
127. Comparatively Middlesbrough's Private Sector Stock Condition Survey (PSSCS) undertaken in 2005 shows that while the amount of stock failing the DHS criteria (11,600 dwellings) was proportionately lower than the national average (25% compared with 33%) problems were concentrated in particular types of properties and locations. As in other parts of the country, the problems were most acute in the private rented sector, where 44% of dwellings failed the standard. In Middlesbrough's Older Housing Area, the survey found that over 40% of homes in North Ormesby, and in the Abingdon Road and Parliament Road areas, were non-decent.
128. The PSSCS estimated that the cost of achieving DHS in Middlesbrough under the HHSRS at £33.2, with £5.5 million of that sum required to address Category 1 hazards, as shown below:-

Category	Total Cost	Cost per dwelling
Category 1 hazard	£5.5 million	£1,400
Repair	£9.7 million	£2,100
Amenities	£6.8 million	£15,800
Thermal Comfort	£11.2 million	£1,900
Total	£33.2 million	£3,300

A Strategic Approach

129. In terms of the strategic approach adopted by Stockton to improve private sector housing conditions reference was made to the importance of the issue of energy efficiency and fuel poverty and the fact that there are high levels of fuel poverty across the Tees Valley. It was noted that efforts are being made in Stockton to work in closer partnership with the PCT to "get housing on the health agenda" to help tackle the issues of energy efficiency / fuel poverty.
130. The Panel heard that the costs to the PCT, for example, for excess cold is £3.6m per annum and yet the cost to the local authority to prevent excess cold in peoples' homes is £1m, the payback period for that level of investment is less than 4 months. Similarly the cost to the PCT for falls on stairs is £1.6m per annum (hip replacement £29k) but the cost to the local authority would be £217k, with a payback period of less than 1 month. Reference was made to a toolkit produced by the Chartered Institute of Environmental Health (CIEH)⁷ for private sector housing officers that demonstrates the value of private sector housing interventions to health, society and quality of life. It enables users to calculate the health costs of incidences and compare them to the cost of mitigating the health risks in the first place.

⁷ Good Housing Leads to Good Health – A toolkit for environmental health practitioners, September 2008

131. It was noted that this work has only recently commenced in Stockton. However, in other local authorities, for example, in Liverpool the Council has successfully secured £4.5m of PCT funding over a three year period (2008-2011) to improve housing conditions and reduce health inequalities in the private sector and predominately in the PRS.
132. The information provided below highlights the work undertaken as part of Liverpool's Healthy Homes Programme and demonstrates how the HHSRS is used by Liverpool Council in partnership with the PCT to work proactively with private sector landlords to improve housing conditions within the PRS and reduce health inequalities.

Liverpool Council – Healthy Homes Programme

The Council's Healthy Homes Programme involves prioritising areas with a high proportion of private rented stock and lowest life expectancy. Council assessors visit properties in the targeted communities, knocking on doors and completing a simple checklist to identify potential hazards. The Council then works with the landlords to ensure these hazards are removed, using HHSRS powers where necessary.

More than 4,500 properties have been visited under the scheme, with a total of 840 HHSRS inspections undertaken. This has resulted in landlords investing £1.2million of their own money in improving their properties. The PCT helped to pay for the team of assessors. When comparing the cost of employing the eight full time assessors with the amount of funding levered in it has proved a very cost-effective approach to securing improvements in this sector.

Using HHSRS to reduce fuel poverty stakeholder workshop, March 2010 – Impetus Consulting

133. Following the information received from Stockton Borough Council and the desktop research undertaken the Panel contacted the Programme Coordinator for the Healthy Homes Programme in Liverpool City Council to find out more details. In addition the Panel also invited the Director of Corporate Development (NHS Teeswide) to attend a meeting of the Panel to discuss the potential for a similar scheme to be launched in Middlesbrough.
134. The Director of Corporate Development (NHS Teeswide) attended a meeting of the Panel and advised that in order for PCT funding to be secured for such a scheme a strong business case would need to be submitted. The Project Team would need to look at excess cold and trips/falls and examine the impact that investment in preventative measures would have on reducing hospital admissions.
135. The Director of Corporate Development confirmed that the PCT would work with the Council to identify which funding streams currently existed and how the Council and the PCT could work together and maximise the use of Health Impact assessments and the Joint Strategic Needs Assessment to facilitate a bid for funding.
136. In terms of the Liverpool Programme the Panel heard that over the three year period 15,000 properties are being targeted and it is expected that 2,750 Health Housing and Safety Rating System (HHSRS) inspections will be undertaken. The

overall target of the project is to prevent 100 premature deaths over the three year period. With regard to housing conditions in Liverpool the Panel heard that Liverpool's 2006 stock condition survey highlighted that 18 per cent of private rented properties had category one hazards. It was noted that Middlesbrough's 2008 Stock Condition Survey highlighted the same percentage within its private rented housing stock.

137. The Programme Co-ordinator at Liverpool City Council has extended an invitation to the Panel and officers from the Council / PCT to undertake a visit to Liverpool in order to see the Healthy Homes Programme in action.

Regional Working

138. With regard to the work undertaken at a regional level the Panel was advised that a Regional Loans Scheme was due to commence in April 2010 and that the scheme would offer a 'loans first approach', as opposed to grants to improve housing standards and conditions in the private sector. The Panel heard that at present Middlesbrough Council is the only local authority within the region not signed up to the scheme. It was also advised that if Middlesbrough decided not to join then it would not receive the £300k funding Middlesbrough has been allocated by the Regional Housing Board (RHB) as part of the scheme.
139. Following receipt of this information the Panel made further enquiries to establish the reasons as to why the Council had not yet joined and whether Middlesbrough would miss out on the funding awarded by the RHB if the authority opted not to join the regional scheme. The Panel learnt that the Council would not risk losing the funding allocated and the reason for not having yet signed up was due to the financial risks associated with the way in which the fund was to be managed regionally. Discussions are ongoing with the RHB to help mitigate these risks and the Panel was assured that there was no risk that the Council would lose out on the level of funding it has been allocated.

Resources

140. Reference was made to areas of income generation and the Panel was advised that as part of a similar review undertaken in Stockton it had been agreed to increase the mandatory licence fee for landlords of HMO's from £125 per room to £250 per room. It was noted that this increase had brought the fee now charged by Stockton Borough Council in line with the fee charged by Darlington Borough Council. The Panel was informed that Stockton had set its previous rate of £125 per room many years ago and had never since increased the fee. When looking at introducing the increased fee Stockton had calculated that it equated to 1.75 per cent of the landlords' annual rental income. It was highlighted to the Panel that the current licence fee charged to landlords of HMO's by Middlesbrough Council is £68.00 per room and it was suggested that this is an area that may be worthy of review.

Keeping Members Informed

141. There are a number of ways in which Stockton keep Members informed of the work that is being undertaken with regard to private sector housing and these include the scheme of delegation, newsletters to highlight changes in legislation / policy and a quarterly update on empty homes and HMO's. Weekly email updates are also provided to Ward Members where specific queries have been raised.

Partnership Working

142. Stockton's Landlord Accreditation Scheme differs to the scheme offered by Middlesbrough in that it is not a National Landlord Association (NLA) pilot scheme. Stockton's scheme commenced in October 2009 and the Officers expressed the view that in years to come it is hoped that a sub regional Landlord Accreditation Scheme will be developed. In addition to the partnership work undertaken with landlords via the Landlord Accreditation Scheme, focus groups and newsletters, partnership work is also undertaken with Cleveland Fire Service and joint training exercises have been organised with colleagues from local authorities across the sub region.

Enforcement

143. It was explained to the Panel that private sector landlords tended to fall into three categories: professional landlords, well-intentioned landlords and unscrupulous landlords. The Panel was informed that the enforcement policy in place at Stockton complies with the Regulators Compliance Code and that efforts are continually made to have a proactive relationship with landlords. A non-compliance handbook is maintained and the approach adopted with landlords who are known to work with the authority differs from the approach adopted with those that are known not to comply. Stockton Borough Council will take a more informal approach with the well-intentioned landlords whereas formal procedures are immediately instigated against more unscrupulous landlords.
144. The Private Sector Housing Manager and Urban Renewal Team Manager were specifically asked to provide the Panel with an indication of the incentives that had been introduced in Stockton to encourage Private Sector Landlords to work in partnership with the local authority. The Panel heard that Stockton's recently introduced Landlord Accreditation Scheme offers landlords that join the scheme a number of benefits. These benefits include access to the Bond Guarantee Scheme, which guarantees any tenancy bond, discounted business services such as Energy Performance Certificates / insurance, as well as reduced labour costs for minor works carried out by the Home Improvement Agency. Accredited landlords are also able to advertise their properties free of charge via the Choice Based Lettings Scheme (Compass) and benefit from access to tenancy support services. If landlords require any further support they are able to discuss issues with the Landlord Accreditation Officer. The Panel was advised that to date 30 landlords within Stockton have been accredited as part of the scheme and together those landlords manage a total of 250 properties.
145. In terms of the more general support offered to private sector landlords Stockton Borough Council provides a dedicated private sector landlords' webpage, a landlords forum and regular newsletters and access to tenancy support services. Future incentives for private sector landlords will include financial assistance to help landlords improve energy efficiency and address issues of excess cold (safe and warm) via the Regional Loans Scheme. Empty homes loans and Private Sector Renewal loans will also be made available.
146. Reference was made to the specific work undertaken in Stockton to bring empty properties back into use. The Panel heard that initially a very informal approach is adopted, with written and verbal contact made with the owner offering advice and

support, information on estate agents, contractors, lettings and tenancies. A Corporate Empty Homes Group has also been established, which consists of staff from the planning department, enforcement team and various other departments. There are currently 2000 empty homes in Stockton, of which 1000 have been empty for longer than six months. A scheme is in place for prioritising the properties and the top ten are submitted to the Corporate Empty Homes Group, where the group will look collectively at the options available and the properties are actively targeted to bring them back into use.

147. In terms of acquiring information on empty properties the team is very proactive in publicising its activities as well as the powers that the Council has at its disposal to manage such issues. It was acknowledged that generally the department relies on information submitted by members of the public with regard to empty properties, which is generally triggered by instances of anti social behaviour.
148. Reference was made to the £1.5m that has been spent in Stockton on facelift works to help improve the frontage of homes in some of the older housing areas, which is similar to the work that has been undertaken on Marton Road in Middlesbrough. It was emphasised that the importance of facelift works could not be underestimated, as the works have such an impact and give a real sense of pride. The Panel acknowledged the important role facelift works play in improving the external appearance of properties but highlighted the difficulties in encouraging some owners to maintain those standards. The view was expressed that in some cases the money invested had been wasted, as the external appearance of a number of properties is once again quite poor.
149. With regard to prioritising investment in the forthcoming years Stockton's Private Housing Sector Manager advised that the priority would be to address Category 1 hazards in private sector properties and in particular excess cold. The Panel heard that over the last 4 years approximately £4m has been invested in Stockton to help bring 90 private sector homes up to the DHS, which included installing new kitchens and bathrooms. It was stated that by concentrating specifically on addressing Category 1 hazards a higher number of properties could be improved, with the aim of improving health outcomes for some of the most vulnerable people. The installation of new heating systems, rewiring and damp proof courses would hopefully also result in a reduction in the Primary Care Trust's (PCT) bill for cold related illnesses.

UNIVERSITY OF TEESSIDE

150. Having received evidence from a number of sources the Panel was interested to gain an insight into the work that the University of Teesside has undertaken with private sector landlords to improve housing conditions and management standards within student accommodation across the town.
151. The Director of Support Services at the University attended a meeting of the Panel and advised that the University currently has a register of managed houses offering 400 beds. Under provision within the 1988 Housing Act the University is able to enter into contract with the owner of the property, become the owner's tenant and then sublet the accommodation to students. Tenancy Agreements are not Shorthold Agreements and contracts are renewable annually.

152. The Panel heard that the University guarantees the rent to the owner and charges the owner a management fee. Before a property is included in the scheme it is inspected and an inventory of contents compiled. Inspections are carried out each term to ensure a high standard is maintained and that tenants are acting in accordance with their tenancy agreements. If the University consider that standards in the accommodation have fallen, then the contract with the landlord for that particular property is ended.
153. It was noted that the scheme is flexible and this allows the University to vary the amount of beds each year according to shifts in demand from students. It was highlighted that the association of the University's name and positive reputation with the properties did make a difference particularly with parents seeking accommodation for their children whilst at University.
154. The emphasis on the association of the University's name with the property and the reassurance this offers to potential tenants is clearly seen as a benefit by both tenants and by private sector landlords. With reference to how the University acquired new properties the Panel was advised that the University would usually contact landlords who were already established or advertise in the local press. It was noted the majority of houses under the managed scheme were located in the Gresham area.

SITE VISIT TO OLDER HOUSING AREAS

155. The Panel decided that having received substantial information in respect of the older housing areas it would be beneficial to undertake a site visit. The aim of the visit was to enable the Panel to see on the ground the progress that has been made in terms of demolitions and new builds in the older housing areas. A visit to the following areas was undertaken and the Panel noted the following key points.

North Ormesby / Trinity Crescent



- The Trinity Crescent development won the Outstanding Achievement in Housing in England Award at the 2009 UK Housing Awards
- Demolition of 275 Council owned flats and maisonettes
- 124 new homes proposed (including 40 at affordable rents)
- 40 to 50 units completed to date – 3 bedroom property £110,000
- New medical village / community centre
- 42 apartment extra care housing scheme
- Proposed improvements to the market square with new public realm

Gresham



- Focus to date has been on the acquisition of properties
- Council and RSL partners control 453 properties in the clearance area
- Council and HCA are reviewing Gresham regeneration project
- Neighbourhood management introduced
- Selective Licensing introduced – 26% reduction in crime and anti social behaviour
- Facelift programme developed to improve external appearance of retained properties
- Investment in over 875 properties on key thoroughfares and gateways
- Local business grants awarded to improve front elevations
- Business Assistance Packages provided

Grove Hill



- Area Regeneration Framework (ARF) developed
- Draft final option proposes the clearance of 334 units to be replaced with 700 new homes
- Proposals also include a linear park (along Marton West Beck), upgrades to the local shopping centre and a new integrated community and retail facility
- Grove Hill community anxious for something to happen for a long time
- Work ongoing with HCA to help fund the project
- Delivery and implementation programme to be progressed once ARF adopted by the Council and Erimus Housing as formal planning guidance

Central Whinney Banks



- West Middlesbrough Neighbourhood Trust (WMNT) manages the £52m New Deals for Communities programme in West Middlesbrough
- Council has assisted WMNT in site assembly and redevelopment
- Bellway homes appointed to develop 450 new units – 100 for social rent or shared equity
- New community/ health building and other facilities planned

West Lane



- Yuill Homes appointed in association with Endeavor Housing Association to deliver development of 1,2 and 3 bedroom homes for sale, shared ownership and rent
- 124 properties demolished at a cost of £620,000 leaving a cleared site for Yuill to commence development
- Phase 1 complete – Yuill homes has constructed 73 properties – 27 of those for immediate rent / sale with Endeavor
- Phase 2 is set to commence and will comprise of 70 new houses
- Yuill and Endeavor Housing Association awarded £2,286,500 in KHD funding to deliver Phase 2 of the project

Middlehaven / St Hilda's



- The redevelopment of Greater Middlehaven is a partnership between Middlesbrough Council, Tees Valley Regeneration, the HCA and One North East
- 2003 – Alsop Architects commissioned to prepare a vision for Greater Middlehaven
- BioRegional Quintain appointed to deliver Phase 1 of the redevelopment will involve the construction of 760 residential dwellings, a hotel, offices and leisure facilities
- The £68m Middlesbrough College project caters for 20,000 students and 6000 staff
- Significant property and land acquisition has taken place within St Hilda's and the Central Industrial area
- Very few houses in St Hilda's remain occupied
- The clearance of nearly 300 homes has led to a number of developments; new police headquarters, Wellington Street Hostel, Boho's Institute of Digital Technology

CONCLUSIONS

156. Based on evidence given throughout the investigation the Panel concluded:

Gresham

- a) The impact of the recession, slow down in the housing market, falls in land values and cuts in public spending post 2011 has meant that the delivery of the original proposals for the Older Housing Areas is no longer possible. The number of homes to be demolished in Gresham will be reduced significantly from 1500 homes to potentially half that figure, with the consultants emerging option proposing the demolition of 773 homes.
- b) A definitive revised way forward for the Gresham project has yet to be agreed and consultation is currently ongoing in respect of the revised proposals. A decision by the Executive is expected in the Summer of 2010 but following that decision swift action is needed to ensure that the properties earmarked for demolition are acquired and demolished within the shortest timeframe possible to pave the way for the site to be redeveloped. An attractive new housing offer must be provided to help regenerate Gresham and deliver a sustainable community in that area.
- c) Increasing the proportion of owner occupied properties within Gresham remains a priority and consideration needs to be given to what legal and other measures can be put in place to ensure that individual families purchase the new houses in Gresham rather than private sector landlords.
- d) On the issue of refurbishment to properties and particularly the facelift works undertaken on Marton Road the Panel expressed the view that the condition upon the owner of the property to maintain the standard of work for a period of only three years is insufficient. The facelift works have been undertaken to a high standard and the requirement to maintain that visual impact for a longer period needs to be built in as part of the grant conditions.
- e) Some excellent Housing Market Renewal projects have been undertaken, with new housing provided in North Ormesby, Central Whinney Banks and West Lane. There is, however, still a substantial amount of work to be undertaken in Gresham, Grove Hill and St Hilda's/Middlehaven. The regeneration of the town's urban core represents a significant challenge for the Council. The Panel acknowledges that delivery of new housing in the older housing areas amid current market conditions will continue to prove challenging for some time to come.
- f) The Council is in a difficult position in that it is required to attract the optimum capital receipt for the land the Council owns but it also needs to encourage housing development to help stabilise the town's population and attract more people to live within Middlesbrough. One way to achieve this aim is for the Council to sell the land it has at its disposal to developers for the construction of new homes. The Council cannot afford however to sell its assets at below market value. Overage arrangements, which means that the Council secures a percentage of uplift in sales values and section 106 or planning obligations can help to bring about additional benefits and these mechanisms will help the Council to move forward in respect of this agenda.

Tees Valley

- g) Substantial levels of funding have been allocated to Tees Valley Living, as part of the Government's HMR programme, and that funding has been distributed throughout the Tees Valley with Middlesbrough receiving the highest proportion

of funding, as the town has the highest level of need. The task of delivering sustainable communities through the physical transformation of areas affected by low demand and housing market failure is a real challenge and the present economic climate has only served to heighten that challenge.

- h) The amount of HMR funding that will be available post 2011 is unknown and the Tees Valley will need to compete nationally to attract as much funding as it can to deliver the ambitions of the region. Durham has been awarded 'Total Place' Pilot status and is therefore in a position to speak as 'one voice' in submitting its bid to central government. The Tees Valley needs to ensure it can compete when submitting funding bids in respect of this agenda for the benefit of the region.

Regional policy / Net additional homes

- i) Achievement of NI154 targets – net additional homes provided in the future will also very much depend on the rate at which the housing market recovers. Given the time it takes to build new homes and the likely length and depth of the recession achieving the overall target number of additional homes will continue to be challenging. The housing market renewal schemes that include demolitions prior to redevelopment will also have an impact on future net performance figures, as demolitions undertaken are deducted from the gross supply figures for each year.
- j) The issue of population decline is affecting the sustainability of the town and action is needed to help stabilise and grow the population. The delivery of an improved and more balanced housing stock is an important aspect in helping to achieve this aim and both the type and tenure of the town's stock needs improvement to increase and stabilise population numbers. At present Middlesbrough's housing offer is failing to compete with that offered by neighbouring authorities, particularly when compared with Stockton, and urgent action is needed to ensure that the average net additional homes provided within the town does increase significantly over the next ten year period.
- k) The geography of the town does have an impact on the amount of green field sites the Council has at its disposal to open up for housing development in a suburban environment especially when compared with neighbouring authorities.
- l) Direct action needs to be taken by the Council to help deliver sites that are attractive to developers particularly those outlined in the LDF Core Strategy as strategic housing locations; Greater Middlehaven, Hemlington Grange and Inner Middlesbrough/Grove Hill. The use of a Local Asset Backed Delivery Vehicle, financial support from the Homes and Communities Agency, investing in the up front costs of putting in place the necessary service infrastructure, preparing development briefs and other initiatives must be further developed in order to deliver new housing on these approved sites.

Private Rented Sector

- m) There is a need to better engage with private sector landlords within Middlesbrough and it is acknowledged that at present the Council does not engage with landlords as well as other local authorities within the Tees Valley. The Rugg Review highlighted the need for local authorities to improve their

knowledge of the PRS and the Panel accepted that the development of a Private Rented Housing Strategy would play a key role of the development of the PRS within Middlesbrough.

- n) Reference was also made within the Rugg Review to the creation of 'local letting agencies' to facilitate tenancies in the PRS for those in housing need, including Housing Benefit recipients. The Council will need to explore this area and generate some proposals with regard to the possibilities for developing such an agency with the potential to fast track and match Housing Benefit recipients with private rented sector properties.
- o) Selective licensing is proving an effective tool in helping to address issues within the PRS and there would be benefits to extending the areas covered by the scheme. At present the Panel expressed concerns that there are instances where problem tenants are being displaced into other areas of the town as a result of selective licensing and there is a need to develop a town wide solution to this issue. The current designation is due to end in June 2012 and an exit strategy from this point needs to be considered.
- p) Property conditions within the PRS are poorer than in any other sector and Middlesbrough's 2005 Private Sector Stock Condition Survey highlighted that 44 per cent of dwellings within the sector failed to meet the decent homes standard criteria. Poor housing impacts on health, society and people's quality of life and the Panel expressed the view that the Healthy Homes Initiative launched by Liverpool Council and PCT, which makes use of the Housing Health and Safety Rating System (HHSRS) to assess properties within targeted areas of the town, where health outcomes and housing conditions are poor is an effective way to improve housing conditions in the PRS and to help reduce health inequalities. Further work is needed in Middlesbrough to examine the possibility of launching a similar healthy homes initiative in partnership with the PCT, as well as making use of the toolkit produced by the Chartered Institute of Environmental Health (CIEH) to demonstrate the financial value of private sector housing interventions in improving health outcomes across the town.
- q) The significance of the Private Rented Sector (PRS) is increasing owing to the number of people now living in the PRS and there is a need for the Council to improve relationships with private sector landlords. The Landlord Accreditation Scheme is in place but increased incentives to encourage landlords to join the scheme coupled with enforcement action against those landlords who fail to meet their responsibilities is required. Consideration for the private investor registration scheme, access to discounted energy efficiency / gas certificates, free/reduced advertising via the Choice Based Letting scheme, the ability to apply for financial assistance in the form of a loan to bring properties up to standard, access to the bond guarantee scheme and a landlord hotline for advice on dealing with tenancy issues would help to make joining the scheme an attractive option for private sector landlords.

RECOMMENDATIONS

157. That the Economic Regeneration and Transport Scrutiny Panel recommends to the Executive:

- a) That all the mechanisms the Council has available at its disposal be used to deliver housing on the strategic housing sites, as outlined in the Core Strategy of the LDF, including for example the provision of service infrastructure, the use of a Local Asset Backed Delivery Vehicle and the preparation of development briefs, as well as increased partnership working with the HCA, the private sector and Registered Social Landlords (RSL's) in order to deliver new housing within town.
- b) That an early review of the Core Strategy and Regeneration Development Plan Document be undertaken, as although theoretically the supply of land in Middlesbrough is sufficient to meet the RSS housing requirement, this was based on market conditions prior to the economic downturn. In the current conditions build rates have been slower than previous forecasts and sites identified for housing development are not coming forward. Middlesbrough is failing to meet the annual targets and even the revised targets will prove challenging. Urgent action is therefore needed to identify new sites that will enable additional housing to be provided within the town in the next five years.
- c) That efforts continue in partnership with the other Tees Valley authorities to promote the need for government investment in Housing Market Renewal (HMR) activities within the Tees Valley and to ensure that the Tees Valley secures the level of funding that is needed to deliver transformational change within some of the most deprived areas of the country.
- d) That a clearer vision for the older housing areas be communicated to enable people within the town to understand the current position and the work that is being undertaken on the various sites to provide a new housing offer and regenerate communities. Within this communication clarity needs to be provided in respect of a realistic timescale or aim date for completion of the Housing Market Renewal (HMR) programme and creation of new sustainable communities in Gresham, Grove Hill and Middlehaven / St Hilda's.
- e) That a focus is maintained on increasing the town's housing offer at the middle and upper end of the market in order to increase the number of Council Tax Band C, D, E and F properties within the town, with a view to rebalancing the housing market and increasing the town's population.
- f) It is clear that the selective licensing is working but consideration needs to be given to an exit strategy, as the current designation is due to end in June 2012. The potential increase in the number of properties to be licensed, as a direct result of the proposed revisions to the Gresham Regeneration Project also requires further consideration.
- g) That joint Officer / Member group consisting of Housing Officers and a number of interested Members be established to develop a discussion document that would explore the potential for measures to be put in place to ensure that the new build properties constructed in Gresham are purchased by owner occupiers and not private sector landlords.
- h) That the Mayor provides bi-annual updates to the Panel in order to advise on the progress being made in respect of the Gresham project.

- i) That a Private Rented Housing Strategy be developed and work be undertaken to increase the Council's knowledge of the PRS in an effort to improve relations with private sector landlords and that as part of that process the Private Rented Housing Strategy be referred to the Panel for consideration.
- j) That the option to provide financial assistance through the Regional Loans Scheme to private sector landlords to improve conditions in the PRS be adopted.
- k) That as part of the Landlord Accreditation Scheme the following elements be included to encourage responsible landlords to join; access to the private registration scheme, access to financial assistance through the regional loans scheme, access to a landlord hotline number for tenancy advice, discounted services and reduced advertising fees where possible.
- l) That a review of the current licence fee charged to landlords of HMO's be undertaken.
- m) That the possibility of developing a 'local letting agency' with the potential to fast track and match Housing Benefit recipients with private rented sector properties be explored and some concrete proposals put forward.
- n) That where facelift works are undertaken and grants awarded that a grant condition be built in to ensure that standards are maintained for a minimum period of five years.
- o) That a joint piece of work be undertaken with the PCT to examine the benefits of the work undertaken in Liverpool in respect of using the Health Housing Safety Rating System (HHSRS) to improve housing conditions in the PRS as well as reduce health inequalities. The purpose of the work is to explore how a similar 'Healthy Homes' initiative could be launched in Middlesbrough and to develop further the joint work undertaken with the PCT in respect of the housing/health agenda. Use is to be made of the Chartered Institute of Environmental Health (CIEH) toolkit as part of this work, with a view to the information gained being used as part of the business case in the submission of a bid to the PCT to secure the necessary funding.
- p) That information be made available to private sector tenants to advise them of them of their rights in respect of housing conditions. Information on the type of action that the Council can take to address any issues raised also needs to be highlighted.

ACKNOWLEDGEMENTS

158. The Panel is grateful to all those who have presented evidence during the course of our investigation. We would like to place on record our appreciation, in particular of the willingness and co-operation we have received from the below named:-

- Ray Mallon, Elected Mayor
- Janine Turner, Strategic Housing Services Manager
- Andrew Carr, Housing Regeneration Team Leader
- Jan Lewis, Team Leader, Urban Policy and Implementation

- Stuart Wears, Principal Environmental Health Officer
- Sarah Wilson, Principal Housing Assistance Officer
- Alan Hunter, Housing Strategy Team Leader
- Paul Clarke, Interim Urban Policy and Implementation Manager
- Melanie Howard, Private Sector Housing Manager, Stockton Borough Council
- Gary Knight, Urban Renewal Team Manager, Stockton Borough Council
- Jim Johnstone, Director Tees Valley Living
- Celia Weldon, Director of Corporate Development, NHS Teeswide
- Garry Toulouse, Director of Student Services, Teesside University
- Ian Watson, Programme Co-ordinator Healthy Homes Programme, Liverpool Council

COUNCILLOR JOHN COLE

CHAIR OF THE ECONOMIC REGENERATION AND TRANSPORT SCRUTINY PANEL

May 2010

Contact: Caroline Breheny
 Scrutiny Support Officer, Legal and Democratic Services
 Telephone: 01642 729 711(direct line)

BACKGROUND PAPERS

The following background papers were consulted or referred to in the preparation of this report:

- Building Sustainable Communities in inner Middlesbrough – The Way Forward – Report to Executive, 20th July 2005
- Middlesbrough Housing Strategy, 2008-11 – Quality homes and neighbourhoods
- Middlesbrough Local Area Agreement 2008-11 – 2010 Refresh – Report to Overview and Scrutiny Board, 1st March 2010
- LACoRS Councillors' Handbook – Private sector housing, 2nd Edition, June 2009
- HMR Performance Review 2009 – Tees Valley Living, March 2010
- The private rented sector: professionalism and quality – The Government response to the Rugg Review Consultation
- Good Housing Leads to Good Health – A toolkit for environmental health practitioners, September 2008
- Minutes, papers of the Economic Regeneration and Transport Scrutiny Panel – 28th September 2009 – 13th April 2010