

CABINET MEETING – 8 APRIL 2009
EXECUTIVE SUMMARY SHEET- PART 1

Title of Report:

Neighbourhood Renewal Block Improvements in Castletown

Author(s):

Director of Health, Housing and Adult Services

Purpose of Report:

The purpose of the report is to inform Cabinet of funding arrangements and to seek authorisation for the proposed procurement of project management and delivery capacity to undertake block improvements to terraced houses in line with the Castletown Masterplan. Also to approve a minor amendment to the Council's Housing Renewal Financial Assistance Policy to enable the Council to provide assistance in the proposed manner.

Description of Decision:

- (i) Agree that policy FAP13 in the Council's Housing Renewal Financial Assistance Policy be amended in the manner set out in Appendix 3 to the report.
- (ii) Authorise the Director of Health, Housing and Adult Services:
 - a) To proceed with the development of a block improvement scheme to properties in Sheppard Terrace, Alder, Elizabeth and Stanley Streets, Nos. 77 to 85 Castle View (odd nos. inclusive) and 2 and 3 Oswald Terrace, Castletown with a view to improving the appearance and image of the neighbourhood, increasing confidence in the community and local housing market.
 - b) To commence the process of appointing a project manager and commissioning works through an appointed contractor to enable the Council to deliver external improvements to properties in the identified locality.
 - c) To provide area based assistance at a level of 90% of the cost of eligible works and to set a level of contribution required from the owner at a level of 10% of eligible costs on a scheme basis and to include the condition that 100% of the Council's financial contribution will be repayable if a property is sold within two years of the completion of the works.
 - d) To provide assistance to participating homeowners in accordance with a signed agreement with the Council with a condition that the scheduled works will be undertaken by the Council's appointed contractor.

Is the decision consistent with the Budget/Policy framework? Yes	
If not, Council approval is required to change the Budget/Policy Framework	
Suggested Reason(s) for Decision:	
<p>The neighbourhood was identified in the Castletown Masterplan as requiring strategic intervention by the Council to assist in prevention of further housing market decline in the older terraced houses directly north of the Ethel Terrace shops. The masterplan designated these streets for external improvements to the homes with a view to restoring confidence in the neighbourhood, assuring residents and sustaining the viability of the housing. It is also seen as a key initiative to complement the new mixed tenure residential development specified in the masterplan for the cleared sites.</p>	
Alternative options to be considered and recommended to be rejected:	
<p>The alternative option would be to allow the local housing market to determine its own level. This would involve the risk of the spread of housing decline into the locality and exacerbating problems experienced by local residents as a result of previous local housing market failure in the now cleared terraces to the south of Ethel Terrace.</p>	
Is this a “Key Decision” as Defined in the Constitution? Yes	Relevant Review Committee:
Is it included in the forward plan? Yes	Regeneration and Community

**NEIGHBOURHOOD RENEWAL BLOCK IMPROVEMENTS IN
CASTLETOWN**

**REPORT OF THE DIRECTOR OF HEALTH, HOUSING AND ADULT
SERVICES**

1 PURPOSE OF THE REPORT

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2 DESCRIPTION OF DECISION

- (i) Agree that policy FAP13 in the Council's Housing Renewal Financial Assistance Policy be amended in the manner set out in Appendix 3 to the report.
- (ii) Authorise the Director of Health, Housing and Adult Services:
- (a) To proceed with the development of a block improvement scheme to properties in Sheppard Terrace, Alder, Elizabeth and Stanley Streets, Nos. 77 to 85 Castle View (odd nos. inclusive) and 2 and 3 Oswald Terrace, Castletown, improving the appearance and image of the neighbourhood, increasing confidence in the community and local housing market.
 - (b) To commence the process of appointing a project manager and commissioning works through an appointed contractor to enable the Council to deliver external improvements to properties in the identified locality.
 - (c) To provide area based assistance at a level of 90% of the cost of eligible works and to set a level of contribution required from the owner at a level of 10% of eligible costs on a scheme basis and to include the condition that 100% of the Council's financial contribution will be repayable if a property is sold within two years of the completion of the works.
 - (d) To provide assistance to participating homeowners in accordance with a signed agreement with the Council with a condition that the scheduled works will be undertaken by the Council's appointed contractor.

3 BACKGROUND

- 3.1 In view of the findings of the Private Sector Housing Stock Condition Survey 2002, a Neighbourhood Renewal Assessment of the “Colliery” area at the southeast corner of Castletown was commissioned in 2003. The assessment concluded that, in addition to the clearance of obsolescent housing in the ‘colliery streets’, a wider study was required with a view to sustainable regeneration of Castletown. Consequently, consultants were appointed in June 2004 to develop a regeneration masterplan for the Castletown area.
- 3.2 The masterplan was developed over a period of time and involved widespread consultation with the local community and other stakeholders. The final plan was approved by Cabinet in December 2008 and included proposals for improvements to older terraced housing in the area with a view to preventing more housing falling into decline.
- 3.3 A map of the master plan area is attached as Appendix 4

4 CURRENT POSITION

- 4.1 Concerns were expressed in the consultation progress that, in the absence of Council intervention, some terraced housing, in the streets to the north of Ethel Terrace, might fall into decline. In addition, there have been further concerns raised that the proportion of privately rented homes will increase if the area becomes less attractive to owner/occupiers.
- 4.2 Under the Regulatory Reform (Housing Assistance) Order 2002 (“RRO”), the Council has power to provide assistance to any person for the purpose of improving living conditions in their area. This includes assistance for the purpose of repairing or improving living accommodation.
- 4.3 The Council’s powers under the RRO can only be exercised if the Council has adopted a policy for the provision of the assistance concerned and members will be aware that the Council has in place a Housing Financial Assistance Policy which sets out the type of assistance that is available. Policy FAP13 in relation to Area Renewal, allows the Council to provide financial assistance to owner/occupiers and accredited landlords in connection with block improvement schemes to achieve renovation of groups of properties identified via comprehensive area assessments. The assistance provided is subject to a contribution from the owners and landlords concerned. The policy does not, at present, specifically provide for any form of assistance other than purely financial assistance in connection with block improvement.

- 4.4 It is proposed that the Council offer area based assistance under policy FAP13 by way of payment of a 90% contribution to qualifying owner-occupiers and landlords in the area described to enable external repairs and improvements to be undertaken. The Council assistance would provide 90% of the total cost of the works involved, with a 10% contribution payable by the assisted party.
- 4.5 To ensure consistency of appearance and achieve a planned outcome, it is proposed that the Council appoint a project manager for the scheme and directly engage a contractor to undertake the necessary works, rather than provide financial assistance to owners to implement their own individual arrangements. To enable this to be done, the current policy FAP13 will require amendment by the addition of the wording shown underlined in Appendix 3 to this report.
- 4.6 It should be noted that the provision of financial assistance is for the purpose of enabling participating owners to enter into an agreement with the Council permitting external improvements to the properties that they own and participation in the scheme is not and cannot be compulsory. This means that there may be a “pepper potting” of improvement work if not all owners take up the opportunity to obtain the assistance available. Owners who do not wish to participate in the scheme would be provided with advice and assistance including a specification of works if requested.

5 REASONS FOR DECISION

- 5.1 The neighbourhood was identified in the Castletown Masterplan as requiring strategic intervention by the Council to assist in prevention of further housing market decline in the older terraced houses directly north of the Ethel Terrace shops. The masterplan designated these streets for external improvements to the homes with a view to restoring confidence in the neighbourhood, assuring residents and sustaining the viability of the housing. It is also seen as a key initiative to complement the new mixed tenure residential development specified in the masterplan for the cleared sites.

6 ALTERNATIVE OPTIONS CONSIDERED

- 6.1 The alternative option would be to allow the local housing market to determine its own level. This would involve the risk of the spread of housing decline into the locality and exacerbating problems experienced by local residents as a result of previous local housing market failure in the now cleared terraces to the south of Ethel Terrace.

7 RELEVANT CONSIDERATIONS / CONSULTATION

- 7.1 **Financial Implications** – The total cost of the Project Manager is estimated to be £102,030. The expenditure will be incurred over 2 financial years, 2009/2010 £80,910 and 2010/2011 £21,120. These costs will be funded from the Councils SHIP3, Objective 1 (Housing Renewal / Regeneration) funding allocation.

The project will be delivered over a two-year period covering financial years 2009/2010 and 2010/2011. The estimated cost of works per property is £7,750 in 2009/2010 and £8,000 in 2010/11, and it is

anticipated that there will be maximum scheme participation of 90% or 109 units over the two year period.

The total estimated net capital cost of works is £732,867 in 2009/2010 and £193,600 in 2010/2011 (including contingencies, preliminary work and contributions from owners). A detailed cost estimate is shown in Appendix 1 to this report. The actual cost of works to the properties associated with this proposal will be fully funded from the Council's SHIP3, Objective 1 (Housing Renewal / Regeneration) funding allocation. The total SHIP3 Objective 1 (Housing Renewal / Regeneration) funding allocation is £1,001,000 in 2009/2010, and an indicative allocation of £1,064,000 in 2010/2011. Part of this allocation will be utilised to fund this scheme.

The City Treasurer has confirmed the financial implications included within this report.

7.2 Owner Contributions – Participating owner/occupiers and landlords will be required to contribute 10% of the estimated total cost of works toward the cost of improvements which equates to £775 in 2009/2010 and £800 in 2010/11. However the contribution will be waived for vulnerable households in receipt of a qualifying benefit. The level of contribution has been proposed to promote a vested interest in the scheme without deterring participation, but has been set at a lower level in the light of the current economic climate. A benefits analysis of the households in the area has revealed 16% are already on the benefits listed in Appendix 2 which define vulnerable households in terms of means tested benefits or disability indicators.

7.3 Conditions of participation in the scheme – It is proposed that 100% of the Council's contribution to the cost of the works will be repayable by the homeowner if the property is disposed of within two years following completion of works, unless the disposal is due to unforeseen circumstances such as special care needs, repossession or enforced sale or bereavement. In such cases the repayment requirement may be waived at the discretion of the City Treasurer.

Landlords will be required to submit an application to join the Sunderland Private Landlords Accreditation Scheme, provide a valid tenancy agreement and demonstrate that the property meets housing standards requirements to qualify for assistance.

Assistance would only be given to an applicant for those works specified in the project architects proposals.

If owners wished to undertake alternative or additional works this would be done by private arrangement with the home owner's selected contractor and any costs incurred would have to be met in full by the owner.

7.4 **Legal Implications** – The City Solicitor has been consulted and his comments are incorporated in this report. Corporate procurement procedures will govern the selection process for project management and contractual works as guided by the City Solicitor and the Head of Corporate Procurement.

7.5 **Risk Analysis** – SHIP funding ring-fences expenditure for use on home improvements including works to boundary walls and other external features. The absence of specific funding for street works and other complementary environmental improvements in the locality may lessen the impact and value of the scheme.

Physical works to properties will need to be followed by effective neighbourhood management and monitoring of landlords and tenants. The accreditation requirement should assist in this regard.

The current prevailing economic downturn and the “credit crunch” may have a significant effect on homeowners' borrowing capabilities and their inclination to participate in the scheme.

Although owners will be encouraged to participate in the Council's scheme, this will not be compulsory. Owners will also be informed of options available and the extent of liability that the Council will accept.

7.6 **Community Consultation** – the masterplan development process involved a high degree of consultation with the community and other stakeholders over a period of four years during which over 500 residents and other stakeholders were engaged in activities ranging from drop-in surgeries, design workshops and outreach events.

The architects brief in the block improvement project will include the production of a menu of works on which homeowners will be consulted prior to selection of preferred options for the physical improvements. This will include local community information events held in the vicinity with a view to gauging residents' preferences. The proposed works may include scope to repair or renew boundary walls including decorative railings and gates, enhancement of property frontages including cladding or other coatings and new front doors with canopy features.

8 **APPENDICES**

Appendix 1 - Budget profiles

Appendix 2 - Qualifying benefits

Appendix 3 - FAP 13 summary from the Private Sector Housing Renewal Financial Assistance Policy

Appendix 4 - Masterplan map of area

9 BACKGROUND PAPERS

Private Sector Housing Renewal Financial Assistance Policy 2008.

Neighbourhood Renewal Assessment Castletown Ward, October 2003.

Castletown Masterplan.

Copies of the above documents are held by the Housing Renewal Team and can be viewed by arrangement. Contact Housing Renewal Team on 0191 561 1488.

Cost analysis**Appendix 1****Budget 2009 - 2010 (Year 1 Castletown Block Scheme)**

An estimated 97 units in total are available for works in 2009/2010

Available funding (as assigned from SHIP Objective 1 allocation)	757,202
Owner contributions 10% (73 units @ £775)	<u>56,575</u>
Total funding available	<u>813,777</u>
Unit Cost	7,750
Unit cost x 87 (based on 90% uptake)	674,250
Project management fees @ 12% of total unit cost	80,910
Prelim costs @ 7.5% of total unit cost	50,569
Contingency fund (2 years)	<u>8,048</u>
Total costs	<u>813,777</u>
Costs less management fees	732,867

Budget 2010 - 2011 (Year 2 Castletown Block Repair Scheme)

An estimated 24 units in total are available for works in 2010/2011

Available funding (SHIP) as above	200,320
Owner's contribution 10% (18 units @ £800)	14,400
Total funding available	214,720
Unit Cost	8,000
Unit cost x 22 (based on 90% uptake)	176,000
Project management fees @ 12% of unit cost	21,120
Prelim costs 10% of unit cost	<u>17,600</u>
Total costs	<u>214,720</u>
Costs less management fees	193,600
Total project cost less management fees	926,467
Total management cost	102,030

Qualifying Benefits

The qualifying benefits have been identified in accordance with the vulnerable household criteria as defined in the decent homes standard criteria. These are as follows:

Child tax credit;

Employment support allowance;

Pension credit;

Working tax credit;

Housing benefit or local housing allowance;

Council tax benefit;

Attendance allowance;

Disability living allowance;

Industrial injuries disablement benefit;

War disablement pension

Ref No	Type of assistance available	Product Information	Eligibility	Other Information	Cost	Outcome
<p>AREA RENEWAL As the needs of each area are identified, a range of renewal assistance will be offered which may include the following:</p>						
<p>FAP 13</p>	<p>Financial <u>and practical</u> assistance in connection with Block Improvement Schemes</p>	<p>To achieve renovation of defined areas in line with Housing Strategy priorities. <u>The assistance provided may be financial and/or the Council may itself (or through an appointed contractor or contractors), with the agreement of owners, undertake works to properties.</u></p>	<p><u>The</u> various forms of assistance will become available for specific blocks or groups of properties identified via comprehensive area assessments.</p>	<p>Assistance will be available to owner occupiers (and may also be available to accredited or licensed landlords) subject to a contribution</p>	<p>Contributions may be required and will be determined on a scheme by scheme basis agreed by Cabinet.</p>	<p>Contribute to meeting the Decent Homes Standard for vulnerable people and promoting confidence in areas</p>