

**Report to:** Cabinet

**Date:** 18th March 2010

**Subject:** Update on the Housing Response to the Economic Recession

**Report of:** Interim Executive Director of Environmental Services

**Contact officer:** Peter Layland 3983

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**Purpose / summary:** To provide an update on the housing effects of the economic situation in the borough and the measures being implemented to relieve those worst affected.

**Alternative options considered and reason for selecting the one recommended:** The main alternative would be to continue with existing policies.

**Recommendation / decision:** To accept the report and note the progress made in helping minimise the housing effects of the economic situation in the borough.

**Key Decision** This report does not involve a key decision. The decision made as a result of this report will be published within **48 hours** and cannot be actioned until **seven working days** have elapsed, i.e. before 30 March 2010.

**Risks / Implications:**

**Financial:** All actions are being implemented with existing budgets.

**Staffing:** None at this stage

**Policy:** None at this stage

**Equal Opportunities - Has a** No (contained in Housing strategy)

**Diversity Impact Assessment been conducted?**

**Wards affected:** All

**Property Implications – Does the proposal involve a reduction, addition or change to the Council’s asset base or its occupation?**

No

**If yes, have the property implications been agreed with the Corporate Property Officer?**

**Does this proposal have significant implications for the Council and the local population?**

A diversity impact assessment is not necessary at this stage, however, equality and diversity implications have been considered when producing this report.

**Does this proposal involve a new policy or procedure or significant changes to an existing policy or procedure?**

Not at present

Has the Service Director - Borough Solicitor confirmed that the recommendations within this report are lawful and comply with the Council's Constitution? **yes**

Has the Service Director - Corporate Services confirmed that any expenditure referred to within this report is consistent with the Council's budget? **yes**

Are any of the recommendations within this report contrary to the Policy Framework of the Council? **No \***

\* delete which applicable

**For Cabinet reports only :**

Categorisation of the report:	<b>X</b>
Discussion leading to a decision	
Monitoring	
Sharing for corporate understanding	

	<b>X</b>
Discussion	
Decision	
Information	<b>X</b>

**Tracking/Process:**

	Consultation	Ward Members	Partners
Committee	Overview & Scrutiny	Cabinet	Council
		18 <sup>th</sup> March 2010	

There are no Background Papers to this Report within the meaning of Section 100D of the Local Government Act 1972.

Proper Officer Gillian Bishop

Date 8<sup>th</sup> March 2010

**1.0 Background:**

1.1 A number of reports have already been presented, detailing the significant effect the economic slowdown has had on the housing situation in the borough.

They have also set out a range of priorities and actions that look to make an appreciable difference to the situation over the next 12 to 18 months. This report aims to provide a further update of how the current economic climate is affecting the local housing situation and sets out progress against these priorities.

## **2.0 Current situation**

### **2.1 Since the September report the following trends can be reported**

- The number of the working age population in Wigan claiming Job Seekers Allowance is now 5.4% of the working age population. Significantly the rate of working age population claiming JSA was at just 2.3% in December 2007 and 3.8% in December 2008.
- The last two quarterly updates on possession activity for owners in the local county court have showed significant falls in cases which have been in well in excess of regional or national trends. This has resulted in Wigan's' figures (4.1 per 000 households) now being almost at the regional average rather than well in excess of this.
- According to Hometrack house prices in Wigan peaked in the summer of 2008 and then fell back until March 2009. Prices have been relatively static since then, although national indications are that a slight reduction is now occurring.
- Property sales fell even more dramatically over this period with at one point turnover reduced to less than 20% of normal levels. This has modestly increased in recent months, but it is still historically very low and the market remains extremely depressed.
- Much development continues to be mothballed or activity reduced. New sites with planning permission are not being started and developers are continuing to approach the Council in regards to purchasing sites and properties they are unable to sell. There continues to be a significant number of recently built properties which remain vacant, although numbers have now fallen significantly. Developers are still reporting that there is interest in property, but activity is constrained by the lack of finance available to buyers and developers. However there has been interest in renewing or modifying existing planning consent away from apartments and towards houses which is an hopeful sign for the future.
- Whilst interest rates have remained low, mortgage availability is still hard to come by for those wishing to enter the housing market, with lenders asking for high deposits (typically 40 – 20%) and premium rates to purchase properties.
- Homelessness presentations and acceptances continue to slowly reduce. There has also been a greater fall in the use of temporary accommodation. However, these trends are due to better service deployment/signposting with the numbers approaching advice services continuing to increase with severe pressure on services and in particular the bond scheme etc. Homelessness prevention statistics are at record levels. Demand for social housing remains well in excess of supply

- Recent trends within the expanded private rented sector are a concern, with significant reductions in the level of rents and reports of difficulty in attracting tenants. This seems to be a particular problem in the eastern part of the borough.
- 2.2 These trends show the continued housing market difficulties. However the position does seem to have stabilised, even if this is at a low level. It also shows that the main effects of the slowdown remain focused on new households, on those needing to move and those faced by loss of a job / income.
- 2.3 Previous reports set out a number of key principles that needed to guide our reaction to the housing consequences of the recession and set out the following themes upon which we should concentrate
- Need for more affordable housing
  - Tackling private sector empty homes
  - Minimising repossessions / provide better advice
  - Fuel poverty issues

### **3. Key Issues / Action Update**

3.1 In terms of progress on the priorities identified within the report, Appendix 1 provides a comprehensive summary and the following comments are made

#### 3.2 More Affordable Housing

Attempts to increase the levels of affordable housing have dominated the last few months, with the development and approval of Wigan Housing Solutions and its concept of leasing property from the private sector. This has been in addition to three successful WALH/Council bids to the Homes and Communities Agency for the development of an additional 101 homes. This success has been built on a Council commitment of land (£1.5m) and capital support (£2m) which has secured works worth over £12m. This forms part of a wider programme, with the total HCA investment in affordable housing reaching nearly £15m since 2008 with over 300 units in the pipeline. (including the recent Kickstart programme approval) In addition to this, regeneration investment (£19m) at Bickershaw South aimed at bringing into use a large strategic housing and commercial site has also been committed. Whilst primarily aimed at creating more affordable housing, this programme is providing a substantial stimulus to the economy and is helping private development continue in this difficult time.

#### 3.3 Reducing Empty Homes

Part of the HCA investment in affordable housing has been deliberately targeted at reducing empty homes. (including property for rent and Homebuy) However a number of smaller initiatives aimed at reducing empty homes are also being progressed. This includes relaunching partnerships with landlords, strengthening our enforcement capabilities and in changes to the renovation grants system to encourage owners to improve homes to get them back into use. All these measures alongside further new procedures have been incorporated within the new Empty Homes Strategy. Whilst it will take time for these initiatives to become effective, the overall numbers of long term empties has stabilised and reduced slightly.

### 3.4 Reducing Repossessions / Better Advice

Here effective measures to help reduce repossessions and provide better advice have been put in place. These have built on the national initiatives (Homeowner Mortgage Support) and include the Court referral scheme by which all facing repossession action are contacted explaining the housing advice available. Additional housing debt advice, the expansion of WALH Housing Options Service and the Repossession Prevention Fund have also been developed. The National Mortgage Rescue scheme commenced last year, with Wigan as a fast track authority. This involves a partnership between the Council, WALH, CAB and Plumlife (RSL). Significant interest has been shown and whilst take up has been very low it has proved extremely useful in encouraging residents in mortgage difficulties to approach the Council and advice agencies. As a result of all this local and national activity, there have been reductions in repossession activity within the Wigan Borough in excess of national trends, although the overall figure is still slightly higher than the regional average.

### 4.0 Future Issues / Initiatives

4.1 Besides continuing with the above initiatives and evaluating their effectiveness, the following issues are expected to guide future action.

- The housing situation will continue to be monitored along with the general economic position and policies adapted accordingly.
- We will be monitoring the implementation of the national and local initiatives being undertaken and all will be subject of ongoing review to ensure help is maximised. Increasingly work at a Greater Manchester level will complement local schemes.
- Thirdly in liaison with colleagues across the Council external meetings are being held with a range of bodies including key financial institutions, local developers and landlords to maximise information and take advantage of any joint initiatives.
- Finally it is important that work on longer term regeneration strategies continues, with increasing integration between housing, employment worklessness and transport areas to produce sustainable proposals aimed at making a fundamental change at borough and neighbourhood level. Examples of this include ongoing work on the regeneration prospectus and the proposed regeneration vehicle.

### 5.0 Conclusion

5.1 This report provides further information on the effect of the credit crunch / recession on the housing situation. It also outlines efforts to alleviate its effects by concentration on priority areas. However it would be wrong to say that this is sufficient and is addressing all concerns at the moment. For this reason it is an evolving approach which is increasingly looking to contribute to a wider Partnership approach.

**Alternative options considered and reason for the recommended option:**

## Appendix 1

### A RESPONSE TO THE CURRENT HOUSING MARKET ISSUES – PROGRESS REPORT

Issue	Initiative	Outcome / Impact	Resources	Timescale	General Points
<b>More Affordable Homes</b>	Wigan's Housing Solutions (CAB) (setting up a social letting agency).	Builds on success of the existing bond scheme. Eventual aim of up to 150 tenancies to be managed professionally or leases long term whilst meeting housing need. It would also link with enforcement activity against problem landlords.	Start up costs of approx £50k plus ongoing Supporting People contribution all spread over a couple of years. Budget provision secured.	Report to Cabinet 22/1/09. approved the scheme,  Staff recruitment, training and legal issues have occurred and it is now operational.	This will ultimately increase the supply of affordable housing at a low cost. Whilst accommodation would be time limited it is hoped that this initiative will also help improve standards in the privately rented sector. Help from WHS is being targeted within some our more challenging areas
	WALH/Council bids to the Homes and Community Agency (HCA) for new homes for rent	Increase affordable housing supply across the borough using council land. Initial bid is for 52 new homes	Bids to HCA for funding. Will require capital funding from the council and prudential borrowing  (£1.5m in land and a capital contribution of £2m from the council committed)	Report to Cabinet 5/2/09. Approved the bid submitted and accepted by HCA. Aim to start on site late Autumn.	Further WALH/Council bids approved by HCA which will result in 101 additional homes for rent. Currently working up further small scale proposals for 2010/11 submission.
	Consider purchase of existing vacant new private sector housing stock.	Targeting of ex RTB and long term vacants on predominately private estates would produce additional affordable housing and bring property back into use.	It would involve considerable support from HCA with additional council support.	Consideration given at the last HCA bidding round opportunity in future bidding round	Such a programme is possible but costs and risks are higher than new build. However consideration will be given in future bidding round.
	Consider purchase of vacant new private sector housing	The Council has established links with developers and	It would involve considerable support from HCA with	Bids have been submitted	Awareness of market currently good. We have

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	stock.	RSLs and totalling well over 100 dwellings of bids have been made to the HCA for funding. If successful it would result in more homes for rent. Bids target unsold new housing developments and would reduce the number of empty homes	private funding from RSLs	figure may rise over the next couple of months.	secured approvals for 40 additional units for rent.(Homebuy Direct is in addition to this)
	Homebuy Direct	Allocation of up to 80 units of shared ownership housing agreed by HCA for the borough. Purchasers would meet 70% of cost with HCA / developer meeting 30% of cost.	Funded from HCA	Ongoing / Proceeding	Scheme targets properties on new development sites and thus would reduce the number of empty homes. Active marketing of properties now underway, but issues surrounding availability of mortgage finance and future direction of housing market may affect take-up.  A further investment via the Kickstart Programme has been agreed now bringing Homebuy Direct totals to 111 units
<b>Reducing Empty Homes in the Private Sector</b>	Develop initiatives with Private Rented Sector to promote good practice.	Would link and complement work on leasing and greater enforcement.	Additional staffing resources deployed.	New landlord accreditation scheme – launched in June.	New accreditation scheme being actioned and new empty homes strategy agreed and being implemented.
	Consider expanding Housing Regeneration private sector enforcement	Would link and complement work on accreditation scheme and leasing. Would	Resources for 2008/09 identified and temporary staff recruited.	New temporary staff appointed to private sector enforcement team.	Good linkage with other measures designed to bring back into use vacants,

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	action.	be targeted at empty homes in our most vulnerable private areas.		Part of the new empty homes strategy.	encourage private landlords to properly manage properties and to concentrate in priority areas. New prioritizing approach being implemented has seen increases in numbers being returned.
	Establish initiatives within the grant system to encourage works aimed at bringing empty homes back into use.	Key measure would be to offer interest free loans to owners of empty properties to bring back into use (secured on property).	Resources could be found from a redirection of grant policy.	New policy approved by Cabinet	Currently being implemented first inquiries now being considered
<b>Reducing Repossessions / Better Advice</b>	Mortgage Rescue Scheme	Assist those with mortgage difficulties to remain in their homes.	Government resources of £200m over two years to assist up to 6000 households nationally. Local partnership between Wigan Council, WALH, CAB and Plumlife (RSL) established.	Commenced January 2009	This scheme has attracted significant interest from residents in mortgage difficulties and has encouraged contact with the Council / advice agencies. Some 57 residents have been helped and there are currently 12 live cases. Due to the stringent conditions only 2 cases have so far qualified. However seen as a success locally as individuals with arrears have approached services at a relatively early stage and in most cases other prevention measures have been successful.
	Court referral scheme	Assist those with mortgage / rent / debt problems to		In operation	This has been highly successful Court referral

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		access appropriate advice by providing referral mechanism in court to CAB			scheme providing an easier way to access CAB, rather than clients waiting until it is too late.
	Housing debt advice	Additional housing related debt advice through the CAB for households to effectively tackle their debt problems to prevent homelessness	Resources redirected from existing budgets and additional funding from DCLG	In operation	Scheme assisting households struggling with housing debt. .
	Homelessness / Housing Options Service	Additional resources to tackle the increased potential of homelessness due to the recession. Main aim is to increase preventative services. Creation of homelessness prevention fund	Resources from existing budgets /additional resources DCLG	Ongoing	In operation and both levels of homelessness and numbers in temporary accommodation have reduced  Prevention work has dramatically increased and such programmes as Repossessions Prevention Funds are now in operation
<b>Fuel Poverty</b>	Multi Agency Project Fuel Poverty / Wigan and Leigh Housing Initiatives	Looking to reduce excess winter deaths and reduce fuel poverty levels. Would involve the funding of a co-ordinator training for front line health and care staff and participation in AWARM	Resources from PCT &Adult Services	Being implemented	Based on highly successful pilots elsewhere and it has now dealt with 270 referrals  Proposals to increase activity via a fuel poverty officer and a marketing campaign are in place  WALH have undertaken insulation works to high-rise properties at Scholes and is undertaking a significant boiler replacement

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					programme