

REPORT TO: Cabinet Member Regeneration

DATE: 17th March 2010

SUBJECT: Local Resilience Action Plan Monitoring

**WARDS
AFFECTED:** Borough-wide

REPORT OF: Director of Neighbourhoods & Investment Programmes

**CONTACT
OFFICER:** Neil Davies, HMR Strategy Manager, 934 4837
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**EXEMPT/
CONFIDENTIAL:** N/A

PURPOSE/SUMMARY:

To provide monitoring information on Housing issues, as contained in the Local Resilience Action Plan, Responding to the Recession.

REASON WHY DECISION REQUIRED:

The 'Local Resilience Action Plan, Responding to the Recession', adopted by the Sefton Borough Partnership in September 2009, includes a 'Housing' topic section, which requires a Monitoring Report to be submitted to Cabinet Member Regeneration on a bi-annual basis

RECOMMENDATION(S):

Cabinet Member notes the report

KEY DECISION: No

FORWARD PLAN: No

IMPLEMENTATION DATE: The report is for information only

ALTERNATIVE OPTIONS: n/a

IMPLICATIONS:

Budget/Policy Framework: none

Financial: none arising from this report

<u>CAPITAL EXPENDITURE</u>	2009 2010 £	2010/ 2011 £	2011/ 2012 £	2012/ 2013 £
Gross Increase in Capital Expenditure				
Funded by:				
Sefton Capital Resources				
Specific Capital Resources				
<u>REVENUE IMPLICATIONS</u>				
Gross Increase in Revenue Expenditure				
Funded by:				
Sefton funded Resources				
Funded from External Resources				
Does the External Funding have an expiry date? Y/N	When?			
How will the service be funded post expiry?				

Legal: n/a

Risk Assessment: n/a

Asset Management: n/a

CONSULTATION UNDERTAKEN/VIEWS

The Local Resilience Action Plan was adopted by the Sefton Borough Partnership Executive, following consultations with a number of partnerships groups

CORPORATE OBJECTIVE MONITORING:

<u>Corporate Objective</u>		<u>Positive Impact</u>	<u>Neutral Impact</u>	<u>Negative Impact</u>
1	Creating a Learning Community	X		
2	Creating Safe Communities		X	
3	Jobs and Prosperity	X		
4	Improving Health and Well-Being	X		
5	Environmental Sustainability		X	
6	Creating Inclusive Communities	X		
7	Improving the Quality of Council Services and Strengthening local Democracy		X	
8	Children and Young People		X	

LIST OF BACKGROUND PAPERS RELIED UPON IN THE PREPARATION OF THIS REPORT

'Local Resilience Action Plan, Responding to the Recession', Sefton Borough Partnership, September 2009

BACKGROUND

1.1 At its meeting of the 21st of September 2009, the Sefton Borough Partnership Executive adopted a 'Local Resilience Action Plan', as a response to the recession. This was launched to all partners at an event held in October.

1.2 The Action Plan takes a 'balanced scorecard' approach, and covers a range of topics where the recession has an impact. One of the topics is 'Housing', with a requirement to monitor a number of activities and report these to Cabinet Member Regeneration, on a bi-annual basis. This is the first monitoring report produced as a result of the Local Resilience Action Plan.

2.0 HOUSING ACTIVITIES TO BE MONITORED

1. *Monitor CAB Advice*: Monitor debt caseload seen by CAB Advisors, in order to identify numbers, reasons for advice, levels of debt and trends
2. *Advice & Guidance to HMRI households*: Joint work between [Sefton@Work](#) and partner R.S.L.s, to identify householders who would benefit from advice and assistance regarding barriers to employment/advice services and signposts.
3. *Construction Apprentices*: Maximise potential for apprenticeships/training opportunities as a result of continued HMR construction related activity
4. *Credit Crunch Monitor Report*: Work with NewHeartlands to produce a Credit Crunch Monitoring report, including local and national information on mortgage availability, auction activity, repossessions, sales prices, volume of sales and estate agents reports.
5. *Monitor referrals to Homelessness / Housing Advice Service*. To assess impact of the recession on ability to pay mortgage / rental
6. *Promote mortgage Rescue Scheme* Promote Government Mortgage Rescue scheme in order to increase 'take up'.

Information on each of these topics is provided below.

3.0 CAB ADVICE

The HMR programme provides funding support for the (Bootle) CAB, which pays 50% of the costs of employing a Debt Advice worker. Below are extracts of their monitoring reports for Quarter 2 (July to September '09) and Quarter 3 (October to December '09)

(i) Caseload Numbers

- During Quarter 2, the CAB Debt Advisor saw 92 clients, 57 from the HMR area. During Quarter 3, there were 89 clients, 32 from the HMR area.
- During Quarter 2, 13 cases were owner-occupiers where the households were successfully prevented from losing their home, while in one case a possession order was made.
- During Quarter 3, there were 15 owner-occupiers, 11 had possession of their home prevented.
- For comparison, during Quarter 2 in 2008, there were 8 possession orders made. The CAB have reported that the number of possession orders against owner-occupiers has been declining, as lenders are being more flexible, and the

introduction of different Government initiatives is beginning to have a positive effect.

(ii) Levels of Debt:

	Total Debts	Priority	Non-Priority	Mortgage Arrears
Quarter 2	749,765	143,642	550,825	26,511
Quarter 3	769,674	182,721	498,076	73,574

The above table provides a summary of debt levels. For comparison, the total level of debt in Quarter 2 2008, was £450,740. Hence there has been a significant increase in debt levels over the past year. The CAB also report that they are seeing an increasing number of clients from areas of the borough that they haven't traditionally seen before.

4.0 HOUSING ADVICE SERVICES TO HMR RESIDENTS

Over the past 2 years the 5 Lead HMR R.S.L.s have been working more closely with [Sefton@work](#), undertaking joint work to assist unemployed residents.

- (i) Over the first half of 2009, the number of clients seen by [Sefton@work](#) is set out below

Results, by postcode, within HMRI area

L20 250 new client registrations, 28 jobs
L21 200 new client registrations, 30 jobs
L22 50 new client registrations, 4 jobs
L23 84 new client registrations, 8 jobs
L30 158 new client registrations, 28 jobs

Total 742 new client registrations, 98 jobs obtained

- (ii) Neighbourhood engagement activity focussing on door to door canvassing has targeted over 700 households in the WNF priority neighbourhoods. Along with the regular Wednesday canvassing timetable [Sefton@Work's](#) Neighbourhood Co-ordinator has held numerous meetings with and conducted awareness raising sessions with staff from Riverside Housing Association and One Vision Housing to raise the profile of Sefton@Work within the local community. A number of other canvassing activities and events between RSL's and Sefton@Work were carried out over the summer '09.

A range of outreach sessions were delivered, to support the engagement of individuals within the priority neighbourhoods. These have taken place over quarter 2 in the following locations:

- Wednesday 1st July OVH Tennant Conference-Aintree Race Course
- Saturday 4th July Seaforth Residents Association Community Champions Day Bowersdale Park, Seaforth 11-3pm

- Saturday 11th July Feelgood Factory Open Day
- Wed 26th Aug - May Logan, Bootle 10th anniversary Fun day 10am-4pm
- Thurs 27th Aug - St. Leonards, Bootle - One Vision Housing 'credit crunch/fun day' 11am-3pm
- Thurs 27th Aug - Netherton Park Community Centre fun day 1-4pm
- Friday 18th Sept - Open day at Sefton@Work Netherton Feelgood Factory
- Tues 22nd Sept Riverside Open Day at Cumberland Gate
- Wed 30th Sept - NAC, Netherton, Jobs and Training Fair (NEET) 10am-5pm

Targeted canvassing has also taken place with Riverside Housing Association on a small scale during this quarter. Working alongside the Tenant Liaison Officer, targeted visits in the Linacre and Derby wards are being used to introduce tenants to the service. Starting in September 09 this work has continued on a regular basis.

Canvassing currently with the Evolve Community Engagement officer in the Bedford Road area on a monthly basis. [S@W](#) also attended 2 “Community Events” set up by Riverside in Cumberland Gate and Linacre One.

Currently [Sefton@work](#) are working with One Vision, Crosby /Maritime, Evolve, Linacre One, Breathe+ and Riverside.

5.0 APPRENTICESHIPS

Both HMR Lead Developers have signed up to Sefton’s Employment and Training Charter. A revised, strengthened version of this is currently under discussion. Both developers are working towards the commencement of their next phases of new build housing construction, in the Spring this year.

Keepmoat have submitted a funding bid to the HCA, under their Kickstart programme, for the Queens-Bedford development. Keepmoat’s bid application includes a commitment to local employment, which will include working with Build Sefton to procure sub-contractors, goods and services locally where possible. They have also indicated that they will recruit 3 new apprentices. Likewise, Bellway Homes have committed themselves to recruiting a small number of new apprentices when their development of the former Tannery site starts.

6.0 CREDIT CRUNCH MONITOR REPORT; KEY FINDINGS, NOV 2009

The NewHeartlands *Credit Crunch Monitoring Report* is produced by the NewHeartlands core team on a quarterly basis. It is designed to assess how the credit crunch and recession is affecting the housing market across the pathfinder and therefore allow for strategy responses to be developed. Each report (which are available on the NewHeartlands website) includes data from a sample of lenders looking at mortgage rates for first time buyers; Loan To Value (LTV) ratios for mortgages; lenders’ policies on new build and income multipliers; information on house prices and number of sales; auction and repossession activity; insights from local estate agents; developer offers and incentives as well as anecdotal information

collected from organisations such as the Council of Mortgage Lenders. More recent Monitoring reports have been divided into two sections: local and national. The national section adds context to the report while the local focuses closely on activity in the pathfinder and Liverpool, Sefton and Wirral authorities as a whole.

The latest *Credit Crunch Monitoring Report* was produced in November 2009. Its main findings are:

- The number of mortgage products available to first time buyers has increased since November 2008;
- A deposit of at least 15% is required by lenders (from a sample) for new build properties, with some refusing to lend or imposing tight restrictions on new build flats;
- Between April 2007 and October 2009, there were 2179 lots at auction from the NewHeartlands pathfinder, with large concentrations from the Wavertree, Stanley Park and City Centre South areas in Liverpool;
- The median house price in quarter 3 2009 for NewHeartlands was £94,250 representing a 10.9% increase on the previous quarter although this was a 5.04% drop on quarter 3 2008;
- The volume of sales fell by 43% between quarter 2 2008 and quarter 2 2009; and
- Overall there are positive signs to suggest that the housing market is picking up but data over the longer term will be needed to confirm this as any changes may be temporary or seasonal.

Looking forward, the report will be produced on a quarterly basis, with the next update due at the end of March and information on home ownership products will also be integrated into the report.

NewHeartlands team are working to enhance the design and distribution of this Intelligence Bulletin report to partner agencies and institutions including the NewMIS Group and the local authority HMR delivery teams; estate agents; developers; RSLs; private sector landlords; financial institutions; government bodies; local authority executive management and lenders. Recipients of the Bulletin, particularly developers and estate agents, will be encouraged to contribute and feed back market information into future Bulletins.

Another piece of research is the *North West Housing Market Review (Q2 2009 update)*, which has recently been produced by Nevin Leather Associates for 4NW to inform strategy and policy development at the North West regional level. It is produced every quarter and although it's analysis is at the regional level, analysis is undertaken at a more local level, including Pathfinder, and as such it is useful in helping identify issues which can impact on the NewHeartlands housing market area. The key findings of this piece of work are:

- Problems within the housing market such as a shortage of mortgage finance are being exacerbated further by increasing unemployment and economic uncertainty;
- The North West has been worse hit by the recession than the southern regions;
- House prices in the North West have ceased to fall, with the sharpest declines behind us, it is thought that prices will now remain static or increase very slowly, especially given the negative underlying economic indicators (changes in output

and unemployment). The peak to trough house price fall in the North West was 17%;

- HMR areas and City Centres have experienced even greater price falls than the region overall, this is due to the domination of sales of flats and new dwellings in city centres which have both suffered the most of all dwelling types in terms of falling prices. In Liverpool City Centre prices are around £24,000 below their peak, and are continuing to fall, suggesting that there are no signs of green shoots in this area. A peak to trough decline of 23.6% in house prices was observed across NewHeartlands between 2007 and 2009. The average house price in NewHeartlands HMR area mid 2009 was £98,868;
- Since the peak in mid 2007, flats have experienced the largest fall in house prices (18%), followed by terraced properties (14%);
- Recent price increases have been attributed to a shortage of properties on the market as opposed to an improvement overall, with credit remaining tight thus preventing would be buyers translating enquiries into approvals;
- The fall in volume of transactions is more significant than the fall in house prices: in the North West the peak to trough fall in sales from August 2007 to January 2009 was 80%. Although sales have now recovered to a greater extent than prices, the collapse in sales turnover was the key factor in housing market change in the last two years. The pathfinder areas have experienced a higher peak to trough fall in sales turnover than at a national and regional level, the figure for NewHeartlands being 89.1%;
- The proportion of sales that were new build fell to their lowest on record in 2008, with the figure for flats exceeding that of any other dwelling type falling by 21%;
- Within the pathfinder areas, there is a higher than average proportion of cash sales (38.1% in the first half of 2009 within NewHeartlands) which hints at an active investment market. Conversely, there is also a high rate of new mortgage loans to stock – excluding buy-to-let mortgages;
- The average deposit required from first time buyers increased to 24% by the end of Q2 2009 in the North West. It is therefore not surprising that the region suffered the largest absolute fall in the number of first time buyers outside of London and the South East. First time buyers are taking out loans which are high in relation to their income, with 13% borrowing more than 4 times their income in 2008. This is a reflection of low interest rates and a high proportion of loans which are fixed rate, but could cause problems if rates rise. However, within pathfinder areas the exposure to mortgage risk among first time buyers through high loan to value ratios or high advance to income is very low;
- There was a large increase in the number of repossessions in Q1 2009, across the UK as a whole, it was expected that the total figure for 2009 would reach its highest level since 1995, which highlights the seriousness of the current crisis. The number of mortgage repossession claims was higher in the North West than in any other region in 2008, demonstrating that the North West has the highest mortgage risk and greatest mortgage problems than any other region.
- Although affordability has improved due to falling house prices, this improvement has been offset by tighter lender restrictions, particularly for first time buyers.

7.0 REFERRALS TO HOMELESSNESS / HOUSING ADVICE SERVICE.

Possession proceedings

On 11th February 2010 the latest possession proceedings statistics for England and Wales (for the fourth quarter of 2009) were published. Sefton figures for mortgage possession claims and for landlord possession claims (rent arrears) are as follows:

Mortgage Possession Claims leading to Orders made

80 (a decrease of 58% on a year earlier). In 2009 as a whole there were 390 orders made, which was a decrease of 47% over the 2008 figures. In Sefton this represents 3.31 per 1,000 households, which is higher than the average for England of 3.13 but lower than the average for the North West, which is 4.02.

The fall in orders made is considered to be as a result of packages of government support being effective. These measures include an agreement with lenders that they should only pursue repossession as a last resort, the Homeowners Mortgage Support Scheme, Support for Mortgage Interest, and an expansion of free and independent debt advice.

Landlord Possession Claims issued leading to Orders made

90 (a decrease of 40% on a year earlier). Total claims/orders made in 2009 as a whole for Sefton were 490, a 6% decrease on 2008 figures. However, this compares with a decrease nationally (England) of 8% and a decrease of 10% in the North West.

All in all the position in Sefton for all types of possession action is broadly in line with national trends, albeit the Sefton figures are marginally worse than the national trend.

Homeless presentations and acceptances

The table below shows the Sefton figures for total decisions made on homeless presentations and the numbers accepted as being homeless and in priority need from 2004 up to the end of 2009

Year	Total Decisions made	Accepted as being homeless and in Priority Need
2004	753	445
2005	529	284
2006	289	126
2007	175	82
2008	230	83
2009	214	78

As can be seen from the table the most recent peak in presentations/acceptances was in 2004. The Sefton statistics mirror the national trends. Since 2004 the emphasis in

dealing with homelessness has increasingly been one of prevention, such as providing intensive housing options advice for clients, and the focus of the work of the staff has switched to this as opposed to, for example, simply reacting to homeless presentations by undertaking formal homelessness assessments. Again, this situation is mirrored nationally.

It is clear that, thus far, the effects of the credit crunch are not showing in the figures. However, this could be due (in part at least) to the operation of the relatively depressed housing market. For example, some landlords may be waiting for an increase in property values before selling up. It is difficult to predict future trends. However national pundits do warn of the possibility of worse to come, particularly if there is a significant increase in unemployment. There has been an increase in notifications from lenders that they are progressing to the County Court for possession proceedings since the New Year and this will increase the workload (homelessness prevention and assessment, and Mortgage Rescue) in the coming months.

8.0 MORTGAGE RESCUE

Sefton is actively participating in administering the Mortgage Rescue Scheme. This £200m scheme is part of a wider package of measures introduced by the Department of Communities and Local Government to help homeowners through the current economic difficulties.

The Scheme is specifically targeted to prevent homelessness in applicants to whom the Council would otherwise have a duty to rehouse, and as such the Scheme has an extensive eligibility criteria. Depending on individual circumstances, there are two options available to those who qualify for mortgage rescue:

1) Shared equity option - this means people with at least 25% equity in their home can, through a Home buy agent - who buys the equity share in the property - pay rent to a social landlord as part of an equity loan repayment, at an agreed affordable rate. Homeowners do have the option to buy back the equity and become full owners of the property again.

2) Mortgage to rent - The homeowner becomes a tenant of a registered social landlord, who buys the property and pays off the lender. This means the tenants will pay a lower than market rate rent to the landlord - there will still be the option to buy back the property.

There are eligibility criteria which includes not having an annual household income below £60,000. The scheme originally excluded to homeowners who are in negative equity (i.e. the property is worth less than the outstanding mortgage) however pressure from LA's based on financial status of applicants resulted in the government widening the scheme to those in negative equity but only up to 120% LTV (Loan to Value).

Since the scheme began in January 2009, there have been 72 approaches to Sefton under the scheme. Of these, 46 did not meet the criteria of the scheme. Of the remaining 26, 8 applications are currently in the process of assessment, and 18 applications have met the criteria. For these 18 a formal mortgage rescue application

has been accepted and progressed with The RSL group. To date there have been 3 successful 'rescues' completed, all 3 being 'mortgage to rent' options.