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# Scrutiny Report to the City Council

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## PRIVATE SECTOR HOUSING - POLICY AND IMPLEMENTATION

**Further copies of this report can be obtained from:**

**Megan Montgomery  
Scrutiny Support Officer  
303 1728  
Email: [megan.mongomery@birmingham.gov.uk](mailto:megan.mongomery@birmingham.gov.uk)**

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## **Appendices**

Appendix A      Those organisations and individuals who gave evidence or contributed to the review

## 1. Preface

By Councillor Andrew Nicholls  
Chair of the Housing and Urban Renewal  
Overview and Scrutiny Committee



This Scrutiny Review was undertaken at the request of the Modern and Successful City Overview and Scrutiny Committee (April 2002), and followed as a result of discussions at the Committee of the Housing Investment Programme and Housing Strategy Statement for 2002/03.

It was during this discussion that myself, along with other committee members, expressed an interest into the appropriateness of current private sector housing policy and practice and recognised the need to consider the balance between tenures in the Housing Strategy Statement.

This report has far reaching implications for Birmingham's approach towards private sector housing across the city and marks a new way forward towards developing a strategy befitting of current day demands – one which acknowledges the needs of everyone as we aspire towards a private property market from which there is a wide choice and which guarantees accommodation of the highest standard.

I thank everyone who has contributed towards this report , which I regard as a genuine asset to the future development of private property in our city.

A handwritten signature in black ink, appearing to read 'Andrew Nicholls'. The signature is written in a cursive, flowing style.

## **2. Executive Summary**

2.1 The review considered in detail a number of broad areas.

- The state of private sector housing in the city.
- A review of historical intervention strategies.
- Current private sector housing policies from 1974 to 1997 and from 1997 to date; 1997 being the year in which the former Urban Renewal Committee reviewed its strategic approach.

2.2 In the context of that background the committee considered in discussion with the former Cabinet Member for Housing, outside agencies and officers of the council appropriate ways forward. This discussion was informed by the Government's intention to liberalise the legal framework around intervention into private sector housing - with the repeal of the renovation grant process and its replacement with a general power covering a wide range of options, including the giving of grants, loans, loan indemnities and "home swap" support. The discussion was also informed by the inappropriateness of single tenure intervention, current thinking about housing strategies - in particular the operation of housing markets - and the need for "joining up" approaches linking housing to the corporate policy framework.

2.3 The review concluded that the area-based application of renovation grant alone is not the way forward. This historical approach is unsustainable, treating only symptoms rather than underlying conditions for both areas and/or individuals.

2.4 The review concluded that there was a need for private sector housing renewal to be part of a holistic process in which economic and social issues are tackled. The historical programmes based around absolute housing standards are less important than achieving an area sustainable in the long term.

2.5 The outcomes of the review were to define the particular characteristics that should define a new strategy for private sector renewal and to bring forward specific proposals to bring about change.

## **3. Introduction**

3.1 For many in the city, owner occupation is the tenure of choice and provides decent housing that satisfies their needs and aspirations. From the recent house condition survey we know that some 243,000 homes are not unfit or in major disrepair.

The private rented sector is very diverse. Whilst we have seen a growth in high quality city living apartments, we also have considerable numbers of dangerous and unfit lodgings within many wards.

- 3.2 Unlike many local authorities, in Birmingham deprivation is not solely associated with council and housing association lettings, but with parts of the owner-occupied sector as well. This deprivation is also linked to poor housing conditions and poor health outcomes.
- 3.3 Preliminary information from the Private Sector House Condition Survey shows a citywide unfitness rate of 7.5% - some 25,000 homes. Unfitness exceeds 10% in a number of inner city wards. Similarly, unfitness exceeds 10% for the whole of the private rented sector and for housing built before 1919.

In addition, 15.8% - 50,000 homes - are in poor repair (needing repairs costing more than £3,000). These are typically inter-war and early post-war owner-occupied terraced/semi-detached houses.

Minimum costs to repair and make fit this unsatisfactory private sector housing are estimated at £447 million.

- 3.4 Another characteristic of some of Birmingham's housing market areas is of decreasing demand and house prices not keeping pace with the city generally. Work done with Manchester and Liverpool characterised these areas as being ones with a preponderance of similar housing, high levels of empty property, 'churning' of occupation and in the social sector difficult to let.
- 3.5 None of the issues set out above are particularly new or unique to this city. Birmingham, with its strong diversity of communities, including many black and ethnic minority communities whose families have grown in the inner city, has not yet experienced the abandonment of whole areas witnessed in other towns and cities. However, the number of poor quality houses, the increasing aspirations of younger people and the increase in fragility of some of our housing markets remain matters of serious concern.
- 3.6 From 1974 the principal intervention in poor private sector housing conditions has been the Urban Renewal programme. The national policy objective at the start of the programme was to bring about physical improvements such that properties were fit for habitation, had a life of 30 years and were in an improved environment.
- 3.7 In the context of its original brief, the programme has largely achieved its objectives in those areas where it was applied. Major property and environmental improvements have been achieved across large parts of the inner city, particularly within General Improvement Areas, Housing Action Areas and more recently in the four Renewal Areas. Over 11,000 houses have been enveloped and over 50,000 properties improved with grant aid.
- 3.8 It is our view that this area-based application of grant alone is not the way forward. There are a number of factors that underline this:

- The focus of the work is narrow, local and unconnected to the wider strategies of the city - planning, economic development, etc.
- It deals only with one tenure in a narrow context ignoring major issues such as the housing dynamics of the region leading to socially polarising outmigration.
- Communities have developed a dependency on grant aid, investment is not reflected in house prices, properties fall back into disrepair and owners' housing aspirations are not met.
- Whilst housing standards are improved, areas remain deprived.
- Replacement of our older housing is at a very low level. For more than 25 years levels of clearance have been very low. This cannot be sustained in the long term.

3.9 In short, the historical approach is unsustainable, treating only symptoms rather than underlying conditions for both areas and/or individuals.

3.10 Regional planning policy has for many years overseen significant levels of outmigration of population and economic activity from the major urban areas, particularly Birmingham, to the region's rural areas. In the urban areas decline and dereliction have become evident as they have become home to increasing proportions of the less well off, whilst in the rural parts of the region rapidly increasing house prices as a result of a market-led housing supply system, catering for the needs of more affluent migrants, has meant that long-term locals cannot compete for housing and are often displaced.

3.11 Revised draft Regional Planning Guidance (RPG) has recently been published which proposes a fundamental change of strategy, which seeks to address these issues. The aim of the draft strategy is to achieve a renaissance in both the urban and rural areas. The key to achieving this renaissance is to ensure that the major urban areas such as Birmingham meet more of their own economic and social needs. In particular, this will mean meeting more of the housing needs (both in terms of quantity and quality) within the urban area in which they were generated to a far greater extent than in the past.

3.12 In order to meet more of the locally generated housing need in the major urban areas such as Birmingham the draft strategy seeks to:

- make the major urban areas attractive places where more people will choose to live, work and invest;
- improve the existing housing stock; provide new housing and create attractive mixed urban communities and living environments;
- take significant action and investment, including where appropriate large-scale redevelopment, targeted where the housing market is particularly weak;

- renew neighbourhoods where there is a risk of problems of decline spreading to adjoining housing areas.
- 3.13 At the same time as encouraging people to live in the major urban areas through the measures set out above, residents of Birmingham and the other urban areas will be deterred from migrating as the strategy aims to reduce the amount of new house building in the surrounding Shires. The strategy proposes a step change, which, over the RPG period will redirect housing development pressures from the rural areas to the parts of the major urban areas where the need arises. This will mean that as the RPG period progresses, the housing being provided in the rural areas will be increasingly to meet locally generated need. The implementation of the strategy at both regional and sub-regional level will, therefore, be very important if it is to succeed. In Birmingham it will be important for the success of the strategy that a more proactive approach is taken to housing issues generally.
- 3.14 The review was undertaken by the Committee, which comprised:

Councillor Andrew Nicholls (Chair)  
 Councillor Sue Anderson  
 Councillor John Cotton  
 Councillor Leonard Gregory  
 Councillor David Jepson  
 Councillor David Luscombe  
 Councillor Ian McArdle  
 Councillor Gurdev Manku  
 Councillor Paul Pyke  
 Councillor Jagdip Rai  
 Councillor Carl Rice  
 Councillor Alan Rudge  
 Councillor Geoffrey Sutton

#### **4. Terms of Reference**

- 4.1 The review primarily considered private sector area-based renewal, particularly in the context of Capital Expenditure Programmes. There are a range of other activities impacting on private sector housing, including enforcement, grants for people with disabilities, slum clearance, the Affordable Warmth Strategy and a “safety net” of renovation grants for people in the worst housing conditions. These have not been specifically covered within the review.

#### **5. Method of Investigation**

- 5.1 The committee received and discussed papers from officers detailing the background to the subject and on policy and implementation. Presentations and evidence were received from a range of agencies, which was subject to questioning and discussion by the committee. Written evidence was received from the Government Office for the West Midlands and oral evidence and

responses from officers of the Council. Those individuals and organisations presenting to the committee are shown at Appendix 1.

## 6. Findings

6.1 All of the evidence presented to us underlined the need for private sector renewal to be part of a holistic process in which economic and social issues are tackled. The achievement of absolute housing standards are less important in measuring success than indicators of sustainability - for example house prices increasing in line with those in the rest of the city.

6.2 Any new approach should have particular characteristics:

- **Be based on comprehensive intelligence.**

Through:

- the public and private house condition surveys
- the West Midlands Housing Market Study
- the Birmingham Housing Study
- the North West Birmingham Sustainability Study
- the forthcoming City Living and Housing Capacity Studies

we now have unparalleled information on the nature and dynamics of housing in the city. This needs to be used to generate strategies that drive our decisions about what to do. Historically our investment strategies lacked rigour and have failed because of that.

We need to take the level of analysis seen in the North West Birmingham study to the city as a whole across tenures and communities, ensuring that the indicators of housing conditions, demand and supply, are correlated with broader economic, social and quality of life indicators. Most importantly we need to do this over time to track the impact of market changes and of policy interventions. The hypothesised relationship between the existence of positive local conditions - such as improved and improving schools, easy access to employment opportunities and a high quality, safe environment - and the demand for housing in such areas must be evidenced by facts and performance data if we are to understand what weightings need to be applied to different corporate policy interventions.

To inform the Housing Strategy Statement we need to establish a systematic tracking of data and analysis of all aspects of housing in the form of an Annual Housing Review.

- **Be rooted in a cross-tenure housing strategy for the city and the region.**

Historic approaches based on one tenure alone are inappropriate. *Right to Buy* has introduced significant levels of owner-occupation into what were council estates, a significant part of the council's housing was purchased in areas of owner-occupation and housing associations have bought widely in older, previously private, housing areas.

Whilst it is the case that legal powers, duties, responsibilities and finance vary with tenure, this is not the point. Our responsibility is to meet the housing needs and aspirations of a diverse population - no one should have to leave the city in order to gain access to the sort of housing they want and need.

Particular housing markets and their characteristics cross the boundaries of local authorities. Action by all of the affected authorities will need to be integrated to maximise synergy and avoid negative effects following from the actions of one authority. We are currently involved in work to establish a sub-regional housing strategy for Birmingham and the Black Country. This will then need to be integrated into a Regional Housing Strategy.

Estate-based redevelopment within the council's stock presents a further opportunity for holistic and integrated cross-tenure regeneration. Many council housing developments are adjacent to or continuous with private developments. They also contain substantial levels of owner occupation as a result of *Right to Buy*. Previous experience of estate redevelopment shows that after providing for those needing social housing, sites are available to provide private dwellings and thus achieve tenure diversity. These linked opportunities provide the opportunity to create 'new places' which are mixed and balanced communities and sustainable in the long term.

We need to actively explore the opportunities for doing cross-tenure regeneration where housing intervention is taking place.

- **A broader regeneration approach to support mixed and balanced communities.**

There are a number of models that will allow us to take forward a new approach. The first approach is that being developed for North West Birmingham and Sandwell - the Housing Market Renewal Area. This is not solely housing focused. Driven by a sustainability study, the approach is corporate, cross-tenure and cross-authority. The area is within an AWM regeneration zone and has SRB6 funding. The projected programme for this area is designed to provide stable housing markets in the long term by addressing, for example, over-provision and making available housing that meets the aspirations of a wide range of people. The proposal to establish a parallel fund to set alongside private sector resources and mainstream council capital inputs has attracted the attention of Government. On 10th April the Minister identified North West Birmingham and East Sandwell as a 'pathfinder' area. The fundamental advantage of such an approach is that it seeks to deal with underlying issues rather than with symptoms. We think that this approach to understanding housing markets should be replicated to form the basis of a series of action programmes related to those markets.

- **Have as a goal the achievement of decent housing in a set period as the government requires for social housing.**

The government has set a target to 'ensure that all social housing meets set standards of decency by 2010'. Our approach is not based on tenure but on meeting needs and aspirations. In that context, a target for only one tenure is inappropriate and should apply to all. As a particular example, the council's work on the housing market in North West Birmingham has shown that failing markets can be mixed tenure areas. Intervention in one tenure alone will not lead to sustainability.

- **Contributing to the council's vision for flourishing neighbourhoods.**

Many areas of poor quality private housing are in neighbourhoods where the capacities of local communities are limited in terms of their own development and resources. We therefore recommended that two courses of action to develop 'Flourishing Neighbourhoods' including sustainable housing investment and improvement in such areas, in line with the City Council's Neighbourhood Renewal Strategy. First, the encouragement of support for community development and capacity building in such areas as a baseline for area regeneration being provided through partnerships with other neighbourhood groups in the city where regeneration is underway. Communities in Kings Norton New Deal for Communities, Castle Vale and Balsall Heath have much to offer in terms of good practice and innovation in community development.

Second, many areas of poorer quality housing where deprivation levels are also high are located close to residential areas of contrasting fortunes, where investment by the private sector and individuals has been sustained over many years. We therefore need to develop a spatial planning approach, which considers the potential for extending private investment from prosperous areas into adjoining areas through, for example, environment and infrastructure into and within such areas. This may involve some clearance to create new opportunities for private investment in such areas as part of a development 'package' including sites in adjoining areas.

- **Be sustainable.**

Housing investment should only be targeted at property types and neighbourhoods that have, or can be given, a long-term future. Historic intervention has been, in some cases, expenditure on the repeated repair and improvement of privately owned property, with no sustainable end-point being reached.

This kind of thinking may lead to some difficult decision-making on investment/disinvestment.

- **Be linked to other strategies and layers of policies and in particular linked to the family of services delivered by the Development Chief Officers.**

Private sector intervention has been on the basis of a narrow approach to highly local issues. Major issues such as outmigration, Regional Planning Guidance, Regional Economic Strategy and the Council's Policy Framework have not been addressed in policy or action. There is a clear need for interaction with the Community Strategy and Local Strategic Partnerships on neighbourhood renewal issues.

Working in collaboration with other departments will open up the opportunity of catalysing the regeneration of an area through building on the success of adjacent areas - whether currently undergoing regeneration (e.g. Optima), long-term stable (Sutton Coldfield), newly successful (The Jewellery Quarter), or projected for redevelopment and regeneration (Eastside).

- **Clearance of poor properties with the requisite increase in resources.**

This committee wishes to underline strongly the point that it does not wish to embark on clearance in a way that undermines communities. However, it is clear that for the last 30 years there has been practically no replacement of our oldest housing. Whilst our older housing presents an opportunity for aspiring owner-occupiers to join the housing ladder, and in some areas is highly popular and expensive, this is not the case everywhere.

In some parts of the city such housing has no real market and lies empty or is bought by private landlords. At the same time, those who wish to stay in the area but have some choice about improving their housing conditions cannot do so.

We are particularly concerned about the proliferation of private rented property in such areas, recognising that in northern towns and cities this has been a step towards, and a driver of, area abandonment. In such areas of declining demand we believe that there is a need for 'market restructuring', which may include significant clearance.

It is not necessarily the case that the Council should be the delivery vehicle for a new approach. A partnership board, Urban Regeneration Company or Housing Regeneration Company may be more appropriate. A number of respondents made the point to us that, given the scale of investment needed for comprehensive and holistic regeneration, investment was beyond that available to the council and other public agencies. The key, in their view, was private and personal finance.

## **7. Conclusion**

- 7.1 Having considered the state of private sector housing in the city and historical intervention strategies, the review agreed that the historical approach using grants in an area-based framework was unsustainable. Such an approach treated only symptoms rather than underlying conditions for both areas and/or individuals.
- 7.2 It was concluded that a new approach was required based on an integrated and holistic process. The findings of the review defined the characteristics of such an approach.

## **8. Recommendations**

- (a) That the Executive adopt the characteristics of a new approach to private sector renewal as identified at 6.2 in the report. In particular:
- (b) That the Executive establish an Annual Housing Review. This review is to draw together existing sources of information on housing in the widest context in order to track and analyse changes over time.
- (c) That the Executive actively explore the opportunities for undertaking cross-tenure regeneration where housing intervention is taking place.
- (d) That the Executive endorse the Housing Market Renewal approach adopted in North West Birmingham and East Sandwell and the concept of housing market areas generally.
- (e) That the Executive adopt the Decency Standard for private sector housing with a target of ten years for achieving that standard.
- (f) That the Executive should in line with the City Council's Flourishing Neighbourhoods encourage more proactive approaches to community development and capacity building in areas of poor housing, building on successful neighbourhood management elsewhere and working with local communities and the private sector seek to extend investment in neighbouring 'improving' and prosperous areas into areas of need.
- (g) That the Executive should target housing investment at property types or areas that have or can be given a long-term sustainable future life.
- (h) That the Executive instructs officers to bring forward proposals for catalysing the regeneration of an area through building on the success of adjacent areas.
- (i) That the Executive instructs officers to establish and implement a comprehensive Empty Homes Strategy for private sector housing in the current financial year. This strategy is to focus particularly on long-term empty homes that are undermining their neighbourhood.

## APPENDIX 1

The review was undertaken by the Modern and Successful City Overview and Scrutiny Committee. We have taken written and oral evidence from:

Councillor Dennis Minnis	former Cabinet Member for Housing
Richard Clark	Birmingham Social Housing Partnership
Steve Gregory	Executive Director, Urban Form, Sandwell MBC
Nick Reed	Director of Investment and Regeneration for Central England, The Housing Corporation
Simon Kimberley	Chief Executive, Optima Community Association

We have received written evidence from the Government Office of the West Midlands and oral evidence and responses from officers of the council. We are grateful to all of these people for their contributions to the review.