

2Welsh Streets Home Group
C/o Toxteth Town Hall
Community Resource Centre
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The Housing Corporation
Maple House
149 Tottenham Court Rd
London
W1T 7BN

Dear John Rouse,

I understand that part of your remit is to oversee that Housing Associations fulfil the obligations of their regulatory code. Your background as an economist and as the secretary to The Urban Task Force implies you will have expertise and insight, which I hope you will bring to bear on this situation.

I am writing to express deep and longstanding concerns regarding the actions of Registered Social Landlords in my neighbourhood; Toxteth, Liverpool.

You should be aware that these concerns are shared by a large number of local residents, both RSL and private tenants, private landlords and owner-occupiers. Citywide there is increasing criticism of RSL's whose influence has become dominant to an unacceptable degree. This is due to longstanding failures to maintain and let property, and compounded by their dubious role in HMRI delivery. It may prove that these factors are not unrelated.

It is reasonable to require that RSLs abide by their own code, remain accountable to the public who fund them. Responsibly managed public housing is essential in Liverpool; a city with low average incomes. It is hoped that you will support an investigation into the conduct of local RSL's, and ask that the results be publicly available. A long-term objective is to ensure that current abuses cease, and that a way forward is found which delivers social, economic and material benefit consistent with the baseline purpose of the housing associations.

Selected breaches of the regulatory code

- **Property has not been maintained in a lettable condition.**
- **The reputation of the sector has not been maintained.**
- **The sustainability of the local community has been compromised.**
- **The environmental ambitions of the RSL's have been ignored.**
- **Residents who live amongst RSL property are being coerced.**
- **Small businesses & the environment are being blighted.**

- **Public assets have been damaged.**
- **Those seeking homes are waiting longer than is necessary.**
- **Tenants report not being informed of ‘right to buy’ and ‘right to acquire’**
- **Tenants report they are refused the purchase of the homes they rent.**
- **Tenure mix remains unbalanced, private owner-occupiers refused the right to buy existing empty RSL property.**
- **The housing market for both lettings and sales has been damaged by the empty homes owned by CDS housing and LHT.**
- **Board Members may not be sufficiently well supported or diverse to manage the dramatically increased volume of trade, assets and scope of RSL activity**
- **The needs of large BME families are ignored in plans to destroy large homes.**
- **Risk management appears inadequate**

Background

Current RSL waiting lists in the city are around 18 thousand, or 18 months to two years in waiting time. Some waiting lists are now closed and yet LHT, who last year made a profit of 16 million pounds on it's 35 million pound turnover have not only emptied some solidly built houses, but have damaged these public assets by wilful neglect. This caused neighbourhood blight.

In Liverpool 34% of empty homes are owned by public housing authorities, more than double the figure in comparable metropolitan areas such as Manchester, which has 16% of empty homes in public ownership. Liverpool has around 2,530 empty RSL homes whilst Manchester merely 991 – a difference of over 250% (ODPM / Halifax/ Empty Homes Audit 2005). These empty homes are concentrated in the inner core, as are the RSL property holdings.

1. *It would be useful to investigate just how many of these empty homes are still owned by RSLs, how they came to be vacant, and how long they have been vacant.*

Asset management

2. *It is important to investigate what financial evidence the RSLs have produced with regard to potential cost benefits resulting from refurbishment. It would be reasonable for them to have detailed engineers and surveyors reports detailing the condition of any property potentially in a clearance zone, along with estimates for remedial work and predicted value of resulting renovated homes.*
3. *Further if these properties have been transferred to the local authority or sold on to others within the last 5 years, it would be useful to investigate how they were valued, if the current market value was achieved, if they were placed in public view on the open market, or as has been alleged the RSLs have been slipping public housing assets under the counter to favoured trading partners. This has implications not only in terms of effective business management, but also in relation to HMR and the perpetuation of the mistaken view that there is low demand and low value in Toxteth.*

Local and national estate agents refute low value and low demand claims, pointing that Toxteth as an up and coming area, possibly held back by well intentioned regeneration schemes, and the low availability of houses for sale, which is due in turn to the reluctance of the RSLs to release much if any of their 70% property holdings to the market.

Ref: <http://propertyinvesting.net/content/ripple-effect-lpool.htm>
Interview James Kersh estate agency ITV Tonight with Trevor McDonald 25.5.05

Stakeholder experience

As an owner occupier in a three-storey town house, adjoining a property owned by Liverpool Housing Trust (LHT) I have suffered avoidable damage to the rear of my property due to LHT neglect. Number 42 Kelvin Grove has been emptied of its tenants and abandoned, despite at least a dozen people seeking to buy and renovate the substantial solidly built terrace. I can provide contact numbers for these potential buyers should you want confirmation of this market interest.

I have effectively been care-taking this property since 1999 when it was cleared. It remains in a disgraceful condition, is affecting the value and structure of my home next door. My recent calls to LHT regarding the state of their property remain unanswered.

Ref: attached documentation –letters to LHT

Residents in Madryn Street, where one half of the street is owned by LHT, report similar problems.

Dubious trading practice

The chief executive of LHT, David Bebb, has stated that his organisation ‘did a deal’ with the local authority, the detail of which is not known, but the result has been the emptying of property, and its abandonment. (Ref: BBC How to Rescue a House October 2005 - transcript attached). There is a strong likelihood that this, and other local RSLs have effectively operated a closed trading system with the local authority to produce apparent low buyers and lettings demand in the area. This has resulted in the imposition of NRA status and the threat of an inappropriate HMR scheme, in which many residents, the environment, the housing economy and heritage assets are the losers.

- 4. It would be useful to investigate the nature of this ‘deal’ how many RSLs were party to agreements to abandon dwellings, how many properties have been affected by it, and what plans currently exist for properties deliberately emptied as a result of it. This needs to take account of damage to the value and structure of privately owned properties and small businesses blighted by the practice of abandonment.*

Large numbers of properties largely owned by Riverside, Liver, CDS Housing and LHT in Toxteth have been allowed to fall into decay. Meanwhile as well as funding the RSL’s the public are funding hostel and bed and breakfast accommodation for those in housing need. In addition to the 2-year waiting list there are over 7 thousand, mostly families, who are enduring acutely overcrowded accommodation. BME families are

disproportionately represented in this group. Hardly upholding the reputation of the sector.

5. *It would be useful to know if the RSLs have performed an audit regarding their larger properties, including those currently divided as flats, and if attempts have been made to make these homes available to ease the overcrowding problems in the city.*
6. *There is predictably high interest in the private purchase of Victorian houses with more than three bedrooms in the inner core. It should be established what, if any, market testing has taken place for larger dwellings.*

There are clear partnership arrangements between 8 local RSL's, and the City Council with regard to HMR, and yet when the local authority was asked about buyers' interest in empty RSL property, Liverpool City Council asserted that they were not aware of any market interest. Are we to believe these influential organisations did not share information and evidence regarding buyers' interest, or is this the result of deliberate misinformation by interested parties.

7. *To what extent have the RSL's tested market interest in their smaller two and three bedroom Victorian houses*

Ref: Newheartlands 'Fulfilling The Potential'

Manipulation of housing market

Local residents have conducted two simple market research exercises. Property has been advertised in a local publication, and a 'promotional' afternoon took place at carnival in Princes Park, Toxteth. Evidence was collected which shows a keen interest in properties to buy or rent in the Welsh Streets area. These two exercises alone producing a register of over 80 buyers, over 20 of who have re-registered their interest despite declaration of the intent to demolish the houses as part of HMR. Many of these are local families, or recent arrivals to the city, who all agree Toxteth is a great place to live.

Potential buyers may be current tenants with entitlement to right to buy discount or members of the general public.

8. *It is essential to investigate how buyers' interest from potential owner-occupiers who offer to buy and renovate empty homes have been recorded and disseminated to partnership organisations such as Liverpool City Council and Newheartlands.*
9. *It is important to know if tenants were made aware of potential 'right to buy' discounts which they may have been entitled to, when they were consulted about their views regarding the demolition of their homes, and if they were provided with cost comparators as to potentially more affordable routes to homeownership than the shared equity and loan products offered on proposed new build replacement homes.*

There appears a relationship between the deliberate emptying of RSL properties and the HMRI Pathfinder Scheme with regard to emptying property for grant funded clearance. HMR is the subject of widespread criticism due to its poor delivery, reliance on widespread clearances and volume house builders, as well as the inability of the scheme to accommodate market improvements.

RSLs and HMR

At the outset of HMR delivery CDS owned around 68% of property in the Welsh Streets. CDS housing have formed an organisation with the local authority called 'INclude'. Through this organisation delivery of the Pathfinder HMR scheme is being delivered. The process and practice employed by INclude / CDS/ Liverpool City Council is attracting continued criticism from residents affected by the HMR proposals as well as from further a field. These objectors might usefully be regarded as stakeholders. Their views have been ignored.

It should be noted that the original research that led to creation of the HMR scheme (CURS report on Housing Demand in Liverpool, 1999) was initiated in part by Councillor Richard Kemp.

Councillor Richard Kemp then became the chair of INclude (up until 2004), INclude is the CDS / Local authority regeneration collaboration, the agency responsible for delivering the scheme in the Welsh Streets neighbourhood. It can be argued that the local delivery of HMR – which depends heavily on transfer CDS housing, is not impartially led.

CDS have staffed the HMR initiative, and failed to make options other than demolition available. Disturbingly a pro-demolition residents group are housed in a CDS drop in advice centre, further compromising the ability of the CDS or INclude, to be viewed as impartial facilitators of regeneration. This has contributed to the view amongst RSL tenants that their homes have been poorly maintained in order to 'encourage' them to want to leave, again manipulating an appearance of low demand.

CDS implicit support of this WDC residents group, who operate from a building owned by CDS, has contributed to the complete division of a once friendly community.

10. *There is a need to investigate the exact arrangements between the WDC residents group who have unsurprisingly followed the CDS / INclude lead and promoted the demolition of 469 houses in the area, at the exclusion of over 200 resident who have objected to the current clearance plans. In particular what support, if any, has CDS provided in cash or in kind to this group. Are CDS providing data regarding residents and housing stock to the group. Are CDS overseeing the accuracy of WDC communications to residents via their newsletters and verbally. Are CDS aware that WDCs' treatment of residents and visitors to the office are causing distress and serious concern?*

On more than two occasions, activities emanating from the CDS owned WDC office go to the limits of what is acceptable or possibly even legal. Again the reputation of the sector is compromised.

Mounting criticism of the HMR scheme to take account of property prices, concurrent and predictable increased demand in regenerating areas, and the poor cost, environmental, and heritage benefits of new-build over refurbishment. It appears the scheme is using data, which is no longer relevant or generated by manipulative practices in which the RSLs have participated.

Risk assessment

Failure of CDS, INclude and their HMR partners to accept criticism as useful development input has led to serious fracture of the local community. Potential long delays are likely to ensue as objectors are pushed into seeking either judicial review or public enquiry in defence of their homes. This is likely to cause hardship for all involved whether or not they support demolition.

It appears the CDS / INclude team may have given residents unrealistic expectations at an early stage, which are now proving problematic.

It is understood that the extent of risk assessment at CDS extended merely to plans to communicate more vigorously in defence of demolitions, neglecting the clear potential that wholesale demolition may become un-tenable. There appears to be no fallback position.

The RSL's as property managers, traders and suppliers had every opportunity to anticipate the potential impact of the City of Culture bid, on both housing demand and value. The Liverpool bid was in development from 2000. Liverpool was Short-listed in October 2002, and awarded Culture capital status in June 2003. Evidence of the likely effect of this status on property markets was available from Glasgow and Dublin. The additional award of Unesco World Heritage Site compounded the regenerative capacity of culture on economies, predictably bringing outside investment to the city.

11. It would be logical therefore to investigate the risk assessment the RSL undertook and how it was overseen. It appears there has been no planning for the instance which prevails, the instance in which land values have risen steeply, the cost of refurbishment no longer exceeds the value of properties. Thus new and imaginative solutions to housing issues become not only possible, but preferable whilst demolition is not only unaffordable but counterproductive.

12. In continually denying market recovery, despite advice from Estate Agents and market activity, the RSLs are undermining the market, talking down the value of their own and private owners assets and reducing the impact of real trade lead regeneration, in favour of a subsidised facsimile of regeneration.

Experience on the ground implies that the RSL staff, and those of the CDS offspring INclude have no preparation for the radically altered environment in which they are attempting to deliver the pre-defined scheme. There is no doubt the scheme was developed with the best of intentions, but it can clearly be argued that it no longer represents best value, best practice or best outcomes.

In particular the emptying of properties within the HMR scheme before the formal announcement of the Princes Park NRA may have compromised the scheme, and housing improvements in general.

13. It is important to investigate how many RSL properties in the Princes Park NRA were emptied prior to the NRA declaration and on what dates RSL properties were emptied.

Growing problems and ignoring solutions

There is a risk that failure to recognise and work within the new parameters threatens the loss of millions of pounds worth of irreplaceable publicly owned property assets, along with a real opportunity to bring a desirable tenure, social and economic mix to existing Victorian districts. These districts currently show many desirable qualities cited by the Urban Task Force; mixed use, low need for private transport, strong communities and micro-economies.

It is vital to note how a 'failed market' is deemed to have recovered. In answer to the parliamentary question asked on this issue by MP Louise Ellman in March 05 the reduction of the number of void properties by around 1/3 is viewed as the performance indicator in HMR – rather than any increase in the valuation of properties. Local properties have increased from 8 fold, to 11 fold in a five-year period – but this according to current definitions does not constitute a recovering market. Contrary to the statements of the local pathfinder this is not based on absent landlords or investors, but on values achieved in owner occupied properties.

The RSLs clearly have it in their power to manipulate and control levels of vacancies in the period leading up to HMR, thus guaranteeing the 1/3 reduction in void properties in the Pathfinder areas.

14. We need to know if the extent to which RSLs have participated in the deliberate creation of voids for the purpose of fulfilling the HMR funding and assessment criteria. If the deal referred to by David Bebb of LHT involved all 8 RSLs linked in the Newheartlands partnership, there is serious cause for concern, and a need for immediate action. The appropriate authorities may need to be informed regardless of how many RSLs are found to have been party to void creation, and market manipulation.

Ref: Parliamentary Question doc attached

Further - the only 'independent' advice offered to owner occupiers in clearance zones is provided by Maritime Housing Association, who again may not be able to provide impartial advice, given the apparent intent of the RSLs to stick with the original HMR plans and the implication of cartel like activities amongst HMR partners.

Decanted residents from clearance zones are able to effectively 'jump' the housing association waiting lists, which is reducing the supply to others in need of social housing, although they have limited choice in where they are re-housed due to scarcity of supply.

15. It would seem appropriate to investigate the effect of re-housing decanted residents on RSL waiting lists.

The quality of life in the Welsh Streets has been rapidly diminished due to the decanting of residents, the majority of which were RSL tenants. We have photographic evidence of what these streets were like shortly after this process began, in a period where void properties at around 3% were below the national average, although turnover was high.

The underlying reasons for high turnover may relate to long term maintenance problems as has been reported by some residents, or to social problems which were the primary cause for local concern as demonstrated in the INclude commissioned Mott Macdonald Survey of 2002. This survey also shows 72% of respondents satisfied or very satisfied with their accommodation.

It would be regrettable if the houses were assumed to be obsolete if other factors are causing residents to leave.

16. It would be helpful to investigate why people have left their homes and if poor repair, abandonment of property neighbouring property or the compensation payments were significant factors.

Stakeholders at risk

There is a growing feeling of abandonment and hopelessness in my neighbourhood, which began at least 5 years ago, when LHT emptied the neighbouring property. There are a large number of empty homes, and this is largely a result of RSLs participation in the Pathfinder. This places the RSLs in breach of more than half a dozen of it's own regulations, and is cause for pressing concern, warranting immediate action.

This document has been informed by research undertaken by the Welsh Streets Home Group, a local residents group who have experienced all of this for themselves. We are informed that similar situations exist in other areas of Toxteth.

Group members have become increasingly concerned that their continued efforts to seek a reasonable compromise involving less demolition and more refurbishment are making them targets of aggression.

Further, the contents of this document may eventually form the basis of evidence in future legal proceedings, or inquiries. Therefore it is absolutely vital that you exercise caution and discretion in circulating it. I suggest that is not, at this point, circulated to the parties directly involved or named within this text. This should not prevent the suggested areas of investigation being pursued. The areas of investigation and key breaches of regulatory code are summarised attached. It seems that there is no need for the organisations involved to know who has reported these concerns. There may be a risk to the investigative process and to residents if the identity of those seeking scrutiny becomes know.

I trust you will forgive the length of this letter, but felt it important for you to be as fully informed as is possible.

Yours Sincerely

Welsh Streets Home Group

Chair	T. Maylam
Deputy Chair	M. Maylam
Secretary	N. Edge
Treasurer	B. Smith

Enc: Summary
Parliamentary Questions – L. Ellman
BBC Transcript
Letters from stakeholder to LHT