



DEPARTMENT OF THE ENVIRONMENT

2 MARSHAM STREET

LONDON SW1P 3EB

01-212 7601

*Prime Minister*

*Housing 4*

MINISTER FOR HOUSING AND CONSTRUCTION

17 September 1981

*cf Mr Lykes,*

*R 1899*

*18*

*ms*

Dear Colleague

I am enclosing 6 copies of the Department's latest Housing Booklet "Wanting to Move?" which is being made available today.

I believe that those who are not home-owners already, and who are wanting to move to other parts of the country, would be greatly helped by a booklet explaining how they can get information about the housing opportunities in the area to which they want to move. This booklet seeks to do this. It also provides information about the National Mobility Scheme and about how tenants in the public sector may be able to arrange exchanges with tenants in other authorities.

If you would like additional copies please could you ring (01) 212 4499. This booklet will be available from local authority housing departments, new town development corporations, Rent Officers and Manpower Service Commission Job Centres throughout England and Wales. Citizens advice bureaux will also have copies.

*Yours sincerely  
John Stanley*

JOHN STANLEY

Caroline

FEB 13 / APR 1

Tonange,

M

MAJ



10 DOWNING STREET

PRIME MINISTER

You asked to see the new  
DOE film about housing.

There is a cassette  
available, and we can borrow  
this for you. But John Stanley  
is very keen to come over to show  
it to you personally. Would you  
like him to do so, perhaps in the  
early evening some time in the  
next couple of weeks?

Yes  
ms

MAJ

4 February 1981

*Housing*

BF 12/2/87

MR INGHAM

John Stanley, the Minister for Housing is coming to No.10 on Friday, 13 February at 1700 hrs to show the Prime Minister the DOE film on housing. We will need to show this on your video. Can somebody in your office please be available to work it.

CAROLINE STEPHENS

6 February, 1981*Jan Hukle*

oio

SUMMARY OF HOUSING MEASURES SINCE MAY 1979

(Updated to January 1981)

BF 12/2 for  
meeting with  
Stanley.

This brief is designed to provide a summary of the key provisions of the Housing Act 1980 together with the main measures the Government has taken in the Housing field since May 1979.

THE GOVERNMENT'S LOW-COST HOME OWNERSHIP PROGRAMME

The 7 elements in this programme are:-

1. The sale of council houses and flats

Council tenants, new town tenants and the tenants of non-charitable housing associations have been given the right to buy their houses or flats, and the right to a local authority or Housing Corporation mortgage. If tenants are not able to buy outright, they will, on payment of £100, have the right to a two year option to buy at the original price.

If they are still unable to buy at the end of the two-year option period, local authorities, new towns and non-charitable housing associations will be able to sell them their house or flat on a shared-ownership (part-owning and part-renting) basis - again at the original price.

Local authorities have also been given a new general consent widening their powers to sell their houses and flats at their own discretion and with discounts.

Since the Government was elected 96,000 tenants in Great Britain had brought their homes up to 30 September 1980. In the 12 months up to that date the number of tenants who had bought their homes was the highest ever recorded in any one year period.

## 2. The sale of land for starter homes

Local authorities are being encouraged to release land for starter homes schemes, and thereby, via receipts from land sales, increase their 1981/82 Housing Investment Programme (HIP) allocations. In the Government's first year, 661 acres of housing land was sold to private housebuilders in England and Wales by the New Towns, and a further 43 acres by the Housing Corporation.

## 3. Building for sale

Partnership schemes between local authorities and private housebuilders are being encouraged to stimulate building for sale on local authorities' own land. 93 authorities in England have such schemes in hand.

## 4. Improvement for Sale

Under the 1980 Housing Act a Government grant is available to local authorities and housing associations who improve run-down dwellings for sale. The grant is paid on any difference of up to £5,000 per dwelling between the cost of providing the improved dwelling and its sale value after improvement.

## 5. Sale of unimproved homes (Homesteading)

The Secretary of State can now give an authority consent to waive the interest payments on the mortgages it grants for homesteading for up to 5 years.

## 6. Shared-ownership (part-owning and part-renting)

Local authorities, new towns and housing associations have been empowered to offer shared-ownership in addition to outright

ownership in all the circumstances where they may be selling a dwelling. A Shared Ownership Model Scheme has been issued.

#### 7. Guarantees for Building Society mortgages

To help make Building Society mortgages widely available for low-cost dwellings, the 1980 Housing Act empowered local authorities and the Housing Corporation to guarantee Building Society mortgages. A model scheme will be introduced shortly.

#### OTHER MEASURES TO ASSIST HOME-OWNERSHIP

8. The threshold for stamp duty has been raised from £15,000 to £20,000, and the ceiling for local authority mortgage advances has been raised to £25,000.

9. Payments under the Homeloan scheme are now being made. Prospective purchasers, who have saved under the scheme for at least two years and who buy a house within the regional price limits set by the Government, qualify for a loan of £600, free of repayments of interest and capital for up to five years, and a tax free cash bonus of up to £110.

10. The Housing Act has made it easier for housebuyers to switch between option mortgages and tax relief mortgages.

#### THE TENANTS' CHARTER

11. The Housing Act introduced the first statutory Charter of rights for tenants of local authorities, New Towns and housing associations covering the right to buy; security of tenure; the right of a widow, widower, or a resident member of the family to succeed to the tenancy; the right to take in lodgers and sublet;

the right to improve; the right to information about tenants' rights and obligations; and the right to be consulted about matters affecting the tenancy.

#### SHORTHOLD

12. Shorthold gives landlords the right to let for between 1-5 years with a guaranteed right of repossession, subject to certain safeguards for tenants, including fair rents during the period of the tenancy.

#### OTHER RENT ACT CHANGES

13. In the Housing Act the Government has:-

- a. ended the system of controlled tenancies under which rents were pegged at 1956 levels;
- b. cut the period between reviews of fair rents to 2 years;
- c. accelerated rent registration procedures;
- d. extended the rights of temporarily absent owner occupiers, servicemen and the owners of retirement homes to regain possession of their homes;
- e. created "assured tenancies" under which landlords approved by the Secretary of State can build for rent at freely negotiated (ie market) rents;
- f. made it easier for owner occupiers who sublet part of their homes to regain possession.

#### SERVICE CHARGES

14. In the Housing Act the Government has given tenants and long leaseholders of flats who pay service charges improved rights including rights to obtain summaries of costs; to inspect the landlord's accounts; and to be consulted on major works, with a financial sanction against a landlord who fails to consult.

### LEASEHOLD REFORM

15. The Government has amended the Leasehold Reform Act 1967 to help long leaseholders of houses by creating local leasehold valuation tribunals to settle valuation disputes quickly and inexpensively; and by reducing the residence requirement from 5 years to 3.

### IMPROVEMENT AND REPAIR

16. The main changes in the home improvement grant system are as follows:-

- repair grants are now available for pre-1919 properties generally;
- a grant no longer has to be repaid if an owner-occupier moves within 5 years, provided the sale is to another owner-occupier; and
- to help the less well-off, people can now improve in stages if they wish;
- grants of up to 75% are now available in Housing Action Areas and for substandard houses elsewhere;
- grants in General Improvement Areas are now up to 65%;
- grant rates can be increased by 15% when the applicant is in hardship;

### HOME INSULATION

17. A new 90% rate of grant under the Homes Insulation Scheme applies to elderly people on low incomes up to a maximum grant of £90. For other claimants, the maximum grant was increased to £65.



## RENT REBATES AND RENT ALLOWANCES

18. The Housing Act has extended rent rebates and allowances to many groups previously ineligible including tenants of co-operative housing associations and hostel dwellers.

19. The Government has raised substantially the ceiling for the weekly rent rebate or rent allowance payment from £10 (£13 in Greater London) to the present £23 (£25 in Greater London).

## HOUSING ASSOCIATIONS

20. The allocation of public funds to the Housing Corporation for distribution to housing associations for 1981/82 is £491 m; which maintains the level of the present year's allocation in real terms.

21. Housing associations are now able to make a major contribution to low-cost home-ownership by carrying out improvement for sale schemes or building for shared ownership.

## HOSTELS

22. The Housing Act 1980 contains the first extensive reform of hostels legislation for many years, and includes provision for a special grant of up to £6,750 (£9,000 in Greater London) for fire escapes for hostels; a grant of up to £2,500 (£3,500 in Greater London) for associated repairs; and strengthens the ability of local authorities to deal with overcrowding.

In addition, a special allocation of £12 m has been made to the Housing Corporation for providing hostels in 1981/82.

## THE ELDERLY

23. The elderly will benefit especially from the more flexible system of home improvement grants, and will be helped by the increase in maximum rent rebates and allowances, and the new grant rate of 90% for the cost of loft insulation for elderly people on low incomes. In addition the option mortgage subsidy has been extended to provide additional income to elderly non-taxpaying owner occupiers who take out a loan on the security of their home to buy a life annuity.

## THE DISABLED

24. The provisions to help the elderly will also benefit the disabled, but in addition local authorities now have a power to waive rateable value limits for improvement grants given to make a dwelling suitable for the disabled.

## MOBILITY

25. The Housing Act will aid mobility by giving public sector tenants the right to buy their homes and helping first-time buyers; by the introduction of shorthold tenancies, and other steps to increase the amount of privately rented accommodation. In addition, special encouragement has been given to local authorities to let properties for up to one year to people moving into their area to take a job while they look for permanent accommodation; and they have been empowered to sell empty dwellings at discounts to job movers. Finally the local authority associations in concert with the Government have developed the first ever national mobility scheme, open to council tenants (and those high on waiting lists), and to tenants of new towns and housing

associations, who need to move for work or family reasons. It will come into operation on 1 April 1981. The Government will meet the costs of a new National Mobility Office through a grant for at least the first year.

#### REFORM OF LOCAL AUTHORITY HOUSING FINANCE AND HOUSING PROJECT CONTROL

26. The Government is introducing from 1 April 1981 major changes in local authority housing finance and in the Government's control of housing projects. Each authority will have a single ceiling for all its capital investment, and can use whatever proportion of its total allocation for housing purposes that it wishes. It will be able to use its capital receipts, whether housing or non-housing receipts, to add to its capital expenditure on housing. Mandatory minimum standards and cost ceilings for new housebuilding will be abolished. The new housing subsidy system will enable subsidy to be distributed more selectively in relation to housing need.

#### 1980 HOUSING ACT BOOKLETS

27. A comprehensive set of booklets explaining the 1980 Housing Act is available from the Department of the Environment, local council offices, rent officers and housing aid centres.

#### HOME OWNERSHIP FILM

28. The Department has just released a film entitled "A First Home" showing a wide range of low-cost home-ownership schemes that have already been carried out. It is being made available to local authorities, the housebuilding industry and other interested organisations throughout the country. Copies of the detailed booklet accompanying the film, are available from the Department.

Leader of the House of Commons and Paymaster General  
Press Office

68 Whitehall LONDON SW1

Honourable  
Minister

File

289  
Honourable  
Minister

28 January 1981

Thank you for your letter of  
27 January about the film "A First  
Home".

Unfortunately the Prime Minister  
would not be free to attend the show-  
ing of the film on 4 February.  
Perhaps you could let us have the  
cassette at some moment when it is  
convenient to leave it with us for a  
few days.

**M. A. PATTISON**

Robin Young, Esq.,  
Department of the Environment.

18



DEPARTMENT OF THE ENVIRONMENT

2 MARSHAM STREET  
LONDON SW1P 3EB  
01-212 7601

MINISTER FOR HOUSING AND CONSTRUCTION

Prime Minister

27 January 1981

You are seeing the  
Channel at 18.00 on Feb 4,  
so we will get the video  
version for you.

Dear Mike,

MP 27/1

Thank you for your letter of 21 January.

Mr Stanley was of course very pleased to hear that the Prime Minister would like to see "A First Home". We have in fact got a video cassette of it, which we could let you have.

Alternatively if the Prime Minister would like to see the film in full size we would be delighted to arrange a special showing for her either here at the Department's cinema, or at Number 10, at any time to suit her convenience. Another possibility is that Mr Stanley is showing the film to the Conservative Backbench Environment Committee on 4 February at 6.00 pm which the Prime Minister could perhaps attend if that were convenient for her. The film's running time is 18 minutes.

As far as TV showings of the film are concerned, we have offered it to the BBC and ITV both nationally and regionally, in whole or in part. But television channels are very reluctant to use other people's films. So we feel that the best prospect of publicising low-cost home ownership, is to stimulate the maximum possible interest of the local media and to encourage them to publicise local examples of successful low-cost home ownership initiatives. Mr Stanley has therefore written personally to all the regional TV stations and to the editors of the main provincial newspapers inviting them to regional showings of the film which are being set up by our Regional Offices. He has also asked the Department's Regional Controllers to provide all their local media - TV, Radio and Press - with details of all the low-cost home ownership schemes under way in each local authority's area.

Yours sincerely,

Robin.

ROBIN YOUNG  
Private Secretary

Mike Pattison Esq

SECRET

SECRET

SECRET

27 JAN 1951

SECRET



SECRET

File

Howing

285

~~BF~~

4/2/81

21 January 1981

Thank you for your letter of 12 January about the Department's new film "A First Home".

The Prime Minister was interested to learn of this. She would like to see the film if there were a suitable opportunity. This could most conveniently be done if it were available in video cassette form, but I understand that this is not the case. We would not wish you to have one specially prepared.

Perhaps you could let me have a note of some forthcoming showings, so that we can see whether the Prime Minister would be free to attend one.

The Prime Minister has also enquired whether there is any prospect of BBC or ITV using part or all of the film.

M. A. PATTISON

KRB

Robin Young, Esq.,  
Department of the Environment.

270

Weekend



DEPARTMENT OF THE ENVIRONMENT

2 MARSHAM STREET

LONDON SW1P 3EB

01-212 7601

MINISTER FOR HOUSING AND CONSTRUCTION

12 January 1981

Mike Pattison Esq  
Private Secretary  
No 10 Downing Street  
London SW1

Prime Minister

You may be interested to learn of this campaign. Do you want us to arrange a viewing sometime?

Yes please.

Dear Mike,

Mr Stanley thought that the Prime Minister would wish to know that the Department's new film 'A First Home' is being launched today.

MPD 131

It portrays the 6 ways in which councils can now meet the demand for low-cost home-ownership and is accompanied by the attached booklet describing the schemes shown in the film.

The Department will be showing the film to councils throughout the country in the next few months, and the Minister is arranging a showing for MPs. We should of course be very glad to arrange a showing for the Prime Minister if she wished.

I am copying this to Robin Birch in the Leader of the House's Office.

Yours sincerely,

Robin Young

R U YOUNG  
Private Secretary

Any hope of  
700 - 1 TV showing  
it?  
ml.





# A FIRST HOME

Prepared by the Department of the Environment  
to accompany their film 'A First Home'.  
Printed by the Michael Stephen Press.

**Key**

1	4	6	8
2			9
3	5	7	10

1 North Larkfield, Kent.  
Tonbridge and Malling District Council.

2 Stepney, London.  
Greater London Council.

3 Aston, Birmingham.  
Birmingham City Council.

4 Ribble Valley, Clitheroe, Lancashire.  
Ribble Valley Borough Council.

5 Ribble Valley, Clitheroe, Lancashire.  
Ribble Valley Borough Council.

6 Trinity Court, Hull.  
Hull City Council.

7 Aston, Birmingham.  
Birmingham City Council.

8 Telford, Shropshire.  
District of the Wrekin Council.

9 Telford, Shropshire.  
District of the Wrekin Council.

10 North Larkfield, Kent.  
Tonbridge and Malling District Council.

In recent years an increasing number of local authorities and new towns have been providing low-cost homes to buy as well as to rent.

There have always been good social reasons for doing so. It can help to meet the needs of first-time buyers while simultaneously reducing the pressure on rented accommodation. But there are now good financial reasons as well. The changes that have been made in the way expenditure on home-ownership schemes scores for HIP purposes mean that authorities will be able to promote home-ownership with only a small, or in some cases a nil, call on their HIP allocations. These schemes invariably produce excellent housing value for limited HIP expenditure.

The film 'A First Home' and this folder accompanying it are designed first and foremost to be of direct practical use to those in Local Government who have the responsibility for deciding how capital allocations are actually spent. I hope that you will find it of interest and of

value. If you have any suggestions as to how the low-cost home ownership schemes described here could be improved or made more effective, I should be glad to hear from you.



JOHN STANLEY

January 1981

The film 'A First Home' describes 6 ways in which a local authority can promote low-cost home ownership in its area. They are:

1. selling local authority owned land to private builders for starter homes – or selling building plots to individuals or self build groups.
2. building starter homes in partnership with private

builders on local authority land which is retained by the authority until the houses are sold.

3. improving homes for sale.
4. selling unimproved properties for improvement by the purchaser.
5. offering shared ownership (part owning/part renting) to bring home ownership within reach of those on low incomes.
6. using the new local authority mortgage guarantee powers to facilitate down-market lending by building societies.

Each of these is described in more detail in this booklet with the particulars of schemes that have already been carried out.

The new capital receipt rules that apply from 1 April 1981 are of central importance in making these schemes financially attractive to authorities. These rules are set out in the Administrative Memorandum entitled 'Local Authority' Capital Expenditure Control' circulated by the Department on 12 December 1980.

# 1 Selling local authority owned land to private builders for starter homes

One effective way in which an authority can help increase the supply of low-cost housing for sale in its area is for it to sell land which it owns, to a private developer on condition that it is developed for starter homes.

Alternatively it can sell land on a plot by plot basis to individuals for self-build schemes. This can be done at no cost to the local authority's HIP; indeed receipts from the sale can be applied to increase the HIP allocation. If it wishes the authority can also arrange for a developer to give priority to particular categories of purchasers, for example, local authority tenants, or those on the waiting list. Several authorities have already successfully sold land in this way, for example:

(i) As part of its programme of regeneration in the inner city, in early 1979 the **City of Kingston-Upon-Hull** sold a small (1.2 acre) site in the inner city to **Barratt Developments (Hull) Ltd** to be developed for small houses and flats. The site which had been acquired previously by the authority under its powers of compulsory purchase, and which contained buildings which had fallen into disuse and disrepair, was sold on a 99 year leasehold basis. A courtyard development of one and two bedroom houses and flats is now being built and will be completed in mid-1981. The properties are selling well (currently at £15,000 for a one-bedroom flat, £19,500 for a two bedroom property). Building society mortgages are arranged by the developer.

#### CONTACTS:

(a) Donald Chester  
Public Relations Officer  
Hull City Council  
0482 222608

(b) Mike Burt  
Managing Director  
Barratts Developments (Hull) Ltd  
0482 28645

(ii) Similarly in 1979 the **City of Birmingham** sold **Wimpey Homes Ltd** a 99 year lease on a 10.6 acre site at St John's Park, Ladywood – again in the inner city – to be developed with family houses. This site, adjacent to a school and attractive reservoir, had been cleared by the council at an earlier date and had been held for another function before being released for private housing. Construction of a mixed development of 137 units ranging from two-bedroomed semi-detached houses and bungalows up to three and four-bedroom detached houses started in July 1979. Again the properties are selling well (currently £19,495 for a two bedroom semi-detached bungalow and £20,495 for a two-bedroom semi-detached house) and building society mortgages are generally arranged by the developer.

#### CONTACTS:

(a) Eric Davies  
Housing Department  
City of Birmingham  
021-235 3905

(b) Peter Stonehouse  
Manager  
Wimpey Homes Holdings Ltd  
021-747 4800

(iii) Also in 1979, **Essex County Council** sold a 3.5 acre

site in South Woodham Ferrers which had been acquired under Circular 102/72 to **Reason Homes** on condition that the area adjacent to public open space be developed with high density housing aimed at first time buyers. The site was sold freehold but with covenants to ensure that development be completed in accordance with the approved plans by a specific date. The local authority were closely involved in the design of the scheme – the sale of the land was not finalised until the scheme had been approved – and arranged that first refusal should go to any purchaser nominated by the council. A courtyard development of 24 small three-bedroom terraced houses with small gardens has now been built and the properties have sold well at a price of £21,950. Building society mortgages have been arranged through the developer.

#### CONTACTS:

(a) Clifford Neale  
Assistant Valuer  
Essex County Council  
Chelmsford (0245) 320168

(b) Terry Green  
Head of Planning Department  
Reason Homes Ltd  
Sudbury (0787) 76241

(iv) When **Bassetlaw District Council** sold a 12 acre site in Worksop to **Tarmac Homes (South Yorkshire) Ltd** in May 1980 they imposed detailed conditions on the development. The Council required that the development should include small starter homes and single person units, and also imposed conditions about the type of materials to be used. Two phases of this development

---

are now under construction, with about 30 units completed so far. Prices range from £12,950 for a one-bedroom cottage with garage, and £15,450 for a two bedroom version.

**CONTACTS:**

(a) Glyn Roberts  
Director of Development  
Bassetlaw District Council  
Worksop (0909) 475531

(b) Kenneth Milburn  
Sales Administrator  
Tarmac Homes (South Yorkshire) Ltd  
Rotherham (0709) 559227

---

# 2 Building starter homes for sale on local authority land in partnership with private builders

Rather than selling land to a developer, a local authority can arrange for a private developer to build starter homes on local authority owned land. The freehold of the land can be transferred later to the purchasers of the individual dwellings. This arrangement allows the authority considerable discretion as to whom the properties are sold and their price, and provided the local authority covers its costs, it can offer a discount of up to 30% from market value if the purchaser is in one of the priority groups listed in the general consent. If mortgages are provided by building societies, there will be no net charge to the HIP (unless the authority buys in any of the dwellings) and the authority's capital receipts will be credited 100% to the HIP. A very large number of authorities have already built for sale in this way.

(i) **The District of the Wrekin Council** came to such an arrangement with **Watkin, Starbuck and Jones Ltd** in the development of starter homes in three sites at Telford. Recognising a demand for low-cost housing for owner-occupation the council decided to balance its programme of housing for rent with a programme of small homes for sale. For each site the builder was selected on the basis of a two-stage tender process, and was given a one year fixed price contract. Priority was given to council house tenants and people on the waiting list who were informed of the schemes in their regular newsletters. The builder financed the construction, but the local authority guaranteed that each property would be paid for on the day of its completion. Properties have sold very well, many being sold before construction began. The Council carried out all of its own marketing and sales within existing resources and thus reduced costs. Two-bedroom semi-detached houses on the most recent scheme are selling for £11,950. The local authority arranged building society mortgages through the

support lending scheme.

## CONTACTS:

(a) David Morgan  
Assistant Director, Housing and Estates  
District of the Wrekin Council  
Telford (0952) 505051 Ext 350

(b) Peter Starbuck  
Watkin, Starbuck and Jones Ltd  
Oswestry (0691) 5201/5

(ii) **Central Lancashire Development Corporation** similarly came to an agreement with **Barratts (Preston) Ltd** to build starter homes on land which they owned at Clayton Brook, Preston. To date 8 one-bedroom units in blocks of four have been completed and 8 are under construction in the large 6.8 acre mixed development. The land is licensed to the builder during the development period and the freehold is transferred directly to the individual purchasers on completion. The developer is responsible for marketing the properties and arranging building society mortgages. The developer is also offering a mortgage subsidy to purchasers for the first year. The houses completed have sold well, mainly to young single people for an average price of £13,000. The developer markets these homes as 'the £22 a week house'.

## CONTACTS:

(a) William McNab  
Commercial Director  
Central Lancashire Development Corporation  
Preston (0772) 38211

(b) Alan Muir  
Sales Director  
Barratts (Preston) Ltd  
Preston (0772) 58085/6

(iii) **The Royal Borough of Kensington and Chelsea** arranged for **Roger Malcolm Ltd** to build starter homes under licence on a 12 acre site which they owned in Northolt, Middlesex. 247 homes (ranging from one and two bedroom flats through to four bedroom family houses) are now being built on the site which had been acquired in the 1930's. Priority is being given to council tenants and people on the waiting list. The properties are selling well, with over two-thirds sold at a discount to priority purchasers. An estate agent is responsible for their marketing and building society mortgages are being arranged by the developer.

## CONTACTS:

(a) Ian Doolan  
Valuer to the Council  
Royal Borough of Kensington and Chelsea  
01-937 5464 Ext 560

(b) John Dubber  
Development Director  
Roger Malcolm Ltd  
01-902 1101/8

(iv) **Trafford Metropolitan Borough** have entered into a joint venture with **John Maunders Construction Ltd** to develop a vacant 15 acre site at Firsway, Sale which they had owned for some time but which had never been

---

developed. A mixture of 204 two and three bedroom dwellings are now being built. The developer is responsible for financing construction, undertaking sales administration and arranging building society mortgages. The council nominate the purchasers however, and reimburse the developer when they sell individual houses. The properties are selling very well to priority buyers at prices (with discounts) from £15,035 (in April 1980), the building element in the prices being linked to a building cost index.

**CONTACTS:**

(a) Alan Bancroft  
Town Clerk  
Trafford Metropolitan Borough  
061-872 2101 Ext 228

(b) John Maunders  
John Maunders Construction Ltd  
061-748 3266

---

(v) **The City of Liverpool** has been involved in many such partnerships, including the present arrangement with **G Wimpey and Co Ltd** to build low-cost housing on local authority owned land at Walton Triangle. 468 one, two and three bedroom homes are now being built on the 42 acre site. The council has granted the developer a license to build on the land, and transfers ownership of each plot to individual purchasers on a 999 year leasehold. The developer is responsible for all the marketing arrangements (including arranging building society mortgages) but the authority has laid down strict priorities as to the people to whom the homes must be offered, and checks the eligibility of each applicant. 148 dwellings have already been sold, the majority to priority

categories, at prices starting at £17,975 for a two bedroom semi-detached house.

**CONTACTS:**

(a) Mrs Carol Thorpe  
Housing Programme Division  
Liverpool City Council  
051-227 3911 Ext 593

(b) Don Willis  
Regional Sales Manager  
G Wimpey and Co Ltd  
051-525 6341

---

(vi) A different approach was adopted by **Oxford City Council** when they agreed to make a 6 acre site available to **F Rendell and Sons Ltd** in 1977, and an adjacent 4 acre site in 1978. The land was to be sold freehold but with conditions attached relating to the type of development and the people to whom priority was to be given (eg council tenants and people who had been on the waiting list for at least one year). The land sale price was agreed with the developer and incorporated into the contract which gave him licence to build on the site but land sale completion was deferred to be effected by individual plot sale transactions of completed units to house purchasers. Two phases of this development have now been completed, with 165 two and three bedroom semi-detached and terraced houses. The properties have sold very well mainly to council tenants at prices, including land, held firm by the developer throughout the building periods - £10,000/£12,500 for the 1977 scheme and £12,500/£16,000 for the 1978 scheme. Building society mortgages are arranged by the developer.

**CONTACTS:**

(a) Reginald Luck  
Deputy Director of Housing and Estates  
Oxford City Council  
Oxford (0865) 49811 Ext 308

(b) Edward Wakeham  
Director, F Rendell and Sons Ltd  
Devizes (0380) 2151

# 3 Improving homes for sale

---

Another equally important way of providing low-cost homes for sale is by improving existing houses which may have fallen into disrepair, are unfit or lack basic amenities. When improved they can provide ideal homes for first-time buyers.

DOE Circular 20/80 (Welsh Office 41/80) sets up a scheme made under powers in the new Housing Act which permits an Exchequer contribution of up to £3,250 per dwelling towards any loss incurred when a local authority improves such houses for sale.

Where the purchaser gets a mortgage from a private sector lender, the only eventual charge against an authority's HIP allocation is the amount of loss they incur, since 100% of the sale receipts will be allowed to count towards the allocation. Similar arrangements to encourage improvement for sale have been made for Housing Associations and New Town Corporations.

A small number of authorities have been operating improvement for sale schemes in the past, without of course the benefit of an Exchequer contribution, while others have carried out pilot schemes in anticipation of the new Act. For example:

(i) The **City of Birmingham** is one of the authorities which has been operating a scheme of improvement for sale for some years. Properties throughout the city are improved in the same way whether they are to be sold or rented. Those properties which are to be sold are advertised in a local paper at current market value. The local authority provides considerable assistance and encouragement to potential purchasers, most of whom are either council tenants or on the waiting list, helping with legal matters and arranging mortgages.

**CONTACT:**

(a) Nick Morton  
Housing Department  
Birmingham City Council  
021-235 3904

---

(ii) The **Borough of Calderdale** has also begun a small programme of improving properties for sale, in this case concentrating on back-to-back properties. Eight back-to-back properties which the authority had acquired in Dean Street, West Vale are currently being improved and converted into four through-properties, the work being carried out by outside contractors who were chosen by tender. These first properties should be completed later this year, and will be sold on the open market. Further schemes are planned.

**CONTACT:**

(a) Robert Fairclough  
Director of Housing  
Calderdale Metropolitan Borough  
Halifax (0422) 58521

---

# 4 Selling unimproved homes for improvement by the purchaser

---

As an alternative to improving properties for sale, an authority can sell properties unimproved on condition that they are improved by the purchaser within a certain period. Local authorities can make available discounts of up to 30% on current market value for those priority groups set out in the prevailing Departmental general consent for the sale of council houses. This includes first-time purchasers and people moving to the area to take up a firm offer of regular employment. For the individual who is prepared to put the time and effort into improving a property, this is often the lowest cost route to home-ownership. Local authorities can support such efforts by making home improvement grants available, offering improvement loans and granting mortgages, if necessary. Particularly relevant in this context is the provision in Section 110 of the Housing Act enabling a local authority, with the Secretary of State's consent, to waive interest payments for up to five years. A copy of the Greater London Council's scheme, as approved by the Secretary of State, is attached as Annex C to DOE Circular 20/80.

---

(i) The **Greater London Council's** homesteading scheme is a well known example of such an approach. Under this Scheme the Council sells houses in need of repair and improvement to first time buyers who have lived or worked in London for 12 of the previous 18 months. In return for a 100% loan for the purchase of the property on which interest is waived and capital repayments are deferred for up to three years, the homesteader is required to undertake all the work of repair and improvement to the property. The length of the period allowed for carrying out the work and for deferment of mortgage repayments depends on the amount of work required. S.43 loans are available for repairs and improvements, repayments start as soon as

the money is advanced. Homesteaders apply to the London Borough in whose area the property is located for House Improvement Grants. The Scheme was introduced as a means of renovating vacant dilapidated or unmodernised property owned by the Council but proved so popular it was extended to include the acquisition of suitable property – often for resale to a specific applicant. Sitting tenants of the Council may apply to buy the property they occupy through the Scheme and qualify for discounts in addition to homesteading terms. Applications are also considered from sitting tenants of private landlords. One block of Council owned flats has been sold through the Scheme and a few large houses suitable for conversion have also been included. Nearly 1000 properties have been sold under this Scheme to date.

#### CONTACT:

(a) Mrs Brenda M Stewart  
Directorate for Home Ownership  
Greater London Council  
01-633 3262

---

(ii) The **City of Portsmouth** offers for sale properties which it has acquired over the years but which are now in too poor condition to be offered for rent. Most of the properties are pre-1910 terraced houses requiring several thousand pounds work. The properties are advertised in the local press and then sold on a first-come first-served basis to people on the waiting list, council tenants and first-time buyers. The local authority provide home improvement grants, and mortgages if required. No special concessions are given over the repayment of the mortgage while the improvements are being carried out.

The purchasers, who are mainly young couples, have to pay a deposit of £50, and undertake to complete the bulk of the work within 12 months (although in practice the authority are reasonably flexible about this so long as progress is being made). Inevitably prices of the unimproved properties vary considerably but with a discount, tend to be about £6,000-£8,000. The Scheme has been very successful to date with about 100 run-down properties being sold in the last year.

#### CONTACT:

Doug Pettett  
Group Valuer  
Portsmouth City Council  
Portsmouth (0705) 834263

---

(iii) **Skelmersdale Development Corporation** recently offered for sale houses which had been severely vandalised and become difficult to let. The houses were advertised in the regional press and on radio and sold on a first-come first-served basis at a one day sale in February 1980, at prices ranging from £2,250 to £4,450. 100% mortgages were offered. The 72 houses were sold immediately and another 400 people registered interest or asked to be informed of future sales. A subsequent sale, advertised and organised on the same basis was held in September 1980 when again all 50 houses on offer were sold in a single day. These sales and the attendant publicity have stimulated the market in other vacant houses and in the case of the first sale, has resulted in a marked environmental improvement in the area in which the sale was held.



---

**CONTACT:**

Alan Jolley  
Commercial Department Estates Officer  
Skelmersdale Development Corporation  
0695 24242 Ext 225

---

(iv) The **City of Newcastle-Upon-Tyne** sell selected vacant properties in Housing Action Areas for improvement by the purchaser. In the Harrison Place HAA near the city centre for example, 12 houses have recently been sold in this way, for an average price of £1,000-£2,000. Priority is given to purchasers who are in housing need, but who are also able to afford to improve the properties. In addition to the home improvement grants which are available, most purchasers spend about £4,000-£5,000 modernising the properties if they use outside contractors, considerably less if they do at least some of the work themselves. Most tend to be bought by young first-time buyers. The local authority promises to provide mortgages and home improvement grants, and makes it a condition of sale that the agreed work is completed within 2 years. Progress is checked regularly, and technical advice provided if required.

**CONTACT:**

John Cornhill  
Assistant Director of Housing  
Newcastle-upon-Tyne City Council  
Newcastle (0632) 28520

---

(v) The **City of Peterborough** has recently begun a scheme of selling properties which it owns but which are

in too poor condition to let, to people on the waiting list willing to improve them. A publicity campaign has been launched and a public meeting held to describe the scheme to potential purchasers and already 14 properties in GIAs and HAAs have been sold to young couples. The Council guarantees to provide home improvement grants, give a loan for the cost of improvements and provide 100% mortgages, repayment of which may be delayed for 2 years.

**CONTACT:**

Ian Wilson  
Estates Manager and Valuer  
City of Peterborough Council  
Peterborough (0733) 63141 Ext 344

---

# 5 Offering shared ownership as an alternative to outright sale

For some people the cost of even relatively inexpensive homes, whether newly-built or improved, may still be more than they can afford. In this situation shared ownership, where people part-own and part-rent a property with the option to buy into full home-ownership later on when their income has increased, can be invaluable. Shared ownership is already firmly established and some 2,000 homes have been bought under various local authority and housing association schemes throughout the country. However there is scope for shared ownership to be offered as an alternative to outright ownership – on both new and older properties – on a far greater scale than hitherto.

Authorities can offer shared ownership in any circumstances where they might otherwise be prepared to sell outright; specifically in the types of sale set out below:

- (i) dwellings built for sale;
- (ii) dwellings improved for sale;
- (iii) sale of existing vacant dwellings;

Authorities were issued with detailed guidance on operating shared ownership schemes in the Shared Ownership Model Scheme circular letter dated 15 October 1980 to which was attached a proposed new variant of shared ownership called 'shared ownership at minimum cost'. To assist the availability of Building Society mortgages for shared ownership schemes, with consequent HIP benefit to local authorities, the Department is issuing specimen model lease clauses which have been agreed with the Building Societies Association.

Some examples of local authority schemes are:

(i) **Ribble Valley Borough Council**, aware that because of high prices many young people who wanted to buy a house had to move out of the area, arranged for 84 two and three bedroom homes to be built on an attractive site by the river in Clitheroe which they then offered for sale on a shared ownership basis giving priority to council tenants and people on the waiting list. The houses were sold, undecorated internally, in 1979 on a 999 year lease. Outright purchase prices ranged from £9,850 to £15,670, but the majority of purchasers took advantage of the shared ownership option, buying between 50% and 80% of the equity.

#### CONTACT:

Peter Nock  
Deputy Planning Officer  
Ribble Valley Borough Council  
Clitheroe (0200) 25111

(ii) Similarly in 1978 **Tonbridge and Malling District Council** came to an arrangement with a builder to take over one phase of a large new development at North Larkfield, and subsequently sold the family houses on it to council tenants and people on the waiting list on a shared ownership basis. The price of houses completed in the first phase in mid-1979 was £15,700-£17,000. Most purchasers took advantage of the shared ownership scheme, buying 50% or 75% of the equity.

#### CONTACT:

Trevor Reynolds or Graham Collin

Administration Department  
Tonbridge and Malling District Council  
West Malling (0732) 844522 Ext 222 and 228

(iii) **Bolton Metropolitan Borough** recently built 30 two bedroom houses at St Williams Avenue, near the city centre, which they offered for sale at a fixed selling price of £10,650 or on a 50/50 shared ownership basis with an option to buy the freehold at current market value at a later date. Priority was given to people displaced by clearance, council tenants, waiting list applicants and first-time buyers. Over 100 people applied for the 30 houses.

#### CONTACT:

John MacGregor  
Chief Legal Officer  
Bolton Metropolitan Borough  
Bolton (0204) 22311 Ext 231

(iv) The **London Borough of Hammersmith and Fulham** offer shared ownership on virtually all the properties they sell in the borough, including older properties which have been improved, the only exception being properties which are in very poor condition and require major improvements or conversion. People can buy as little as 50% of the equity (and occasionally even less) and, if they wish, buy up to full equity in stages as their income increases. Priority is given to council tenants, people on the waiting list, key workers and then long standing local residents. In a recent scheme at Dorset Wharf on the riverside in Fulham, 26 new flats and

---

maisonettes were sold on a Community Leasehold basis in conjunction with the Notting Hill Housing Trust. This was a special form of equity sharing administered by the Housing Association. Purchasers at this development were mainly Council tenants using mortgages provided by a number of building societies.

**CONTACT:**

Peter Marten  
Principal Home Loans and Sales Officer  
London Borough of Hammersmith and Fulham  
01-748 3020 Ext 5136

---

(v) The **City of Plymouth** are in the process of building two and three bedroom houses in Staddiscombe which they are offering on a 50/50 shared ownership basis to council tenants and first-time buyers. The two bedroom houses are selling for £14,710-£15,200. Mortgages are being provided by the city council.

**CONTACT:**

Rodney Brooks  
Assistant City Housing Officer  
City of Plymouth  
Plymouth (0752) 68000 Ext 4813

---

# 6 The new local authority mortgage guarantee powers and down-market lending by building societies

---

Building society lending on older properties has steadily increased over the last few years – in 1979 24% of all building society mortgages went on pre-1919 properties. While local authorities are likely to continue to have an important role in helping with the provision of mortgages for those who cannot obtain a loan elsewhere, the provision in the new Housing Act enabling local authorities to guarantee building society loans means that building societies should be able to lend more on down-market properties – to people who previously might not have qualified for a large enough mortgage. The benefit to local authorities is that they do not have to draw on their HIP resources unless the guarantees are called upon. The Department will shortly be issuing a circular containing the necessary approval under section 111, and model forms of agreement.

Many building societies, working closely with local authorities, already have definite policies to finance down-market lending, for example:

(i) **The Nationwide Building Society** provide funds on a monthly basis to support urban regeneration in Housing Action Areas and General Improvement Areas in the **London Borough of Brent**. Under their scheme, Nationwide will refinance existing high interest loans and provide additional funds for improvement; approve mortgages on the value of properties in their future improved state; and lend on conversions of large properties into smaller units.

#### CONTACTS:

(a) Andrew Larkin  
Housing Aid Manager  
London Borough of Brent  
01-451 0911 Ext 39

(b) Tim Melville-Ross  
Assistant General Manager  
Nationwide Building Society  
01-242 8822

---

(ii) **The Abbey National Building Society** has similarly allocated funds to help home-buyers and home-owners in over 90 Housing Action Areas throughout the country under its inner cities area scheme. In all these areas, every resident is sent a personal letter informing them of the availability of the funds. In the Garnet St HAA in the **Borough of Middlesbrough** however, a local representative (who happens to be a retired manager) has been appointed by the Abbey National to publicise the scheme generally and to help explain to residents exactly what grants and mortgages are available and

how to apply for them. Generally mortgages are available to owner-occupiers to cover the difference between the costs of improvements and the grants available. If an owner-occupier already has a mortgage with another company, the Abbey National will consider taking over that mortgage and increasing it to cover the costs of improvements. Mortgages calculated on the improved value of the property can also be offered to people wishing to purchase in the area for the first time. The scheme in Middlesbrough has been in operation for less than a year, but is felt to be successful both by the local authority and the building society.

#### CONTACTS:

(a) Cliff Shepherd  
Inner Area Co-ordinator  
Middlesbrough Borough Council  
Middlesbrough (0642) 245432

(b) Brian Feltham  
Manager Mortgage Development Department  
Abbey National Building Society  
01-486 5555

---