

<b>Subject:</b>	<b>HCA Empty Property Funding Round 2 Bid</b>		
<b>Date of Decision:</b>	<b>19 June</b>		
<b>Report of:</b>	<b>Geoff Raw, Executive Director Environment Development &amp; Housing</b>		
<b>Contact Officer:</b>	<b>Name:</b>	<b>Martin Reid</b>	<b>Tel: 29-3321</b>
	<b>Email:</b>	<b>martin.reid@brighton-hove.gov.uk</b>	
<b>Key Decision:</b>	<b>Yes</b>	<b>Forward Plan No:</b>	
<b>Ward(s) affected:</b>	<b>All</b>		

**FOR GENERAL RELEASE****1. SUMMARY AND POLICY CONTEXT:**

- 1.1 Working with the Homes & Communities Agency (HCA) and neighbouring authorities to bring long term private sector empty homes back into use meets key aims of the City-Wide Housing Strategy and Corporate Plan priority of Tackling Inequality. Bringing long term empty homes back into use:
- Promotes effective use of the City's housing stock to meet housing need
  - Ends the blight on neighbourhoods caused by long term empty homes
  - Attracts New Homes Bonus from Government
- 1.2 Brighton & Hove has a successful Empty Property Strategy. During 12/13 the Empty Property Team worked with owners to return 157 long term empty private sector homes back into use (against target of 153) including 34 homes brought back on long term leases for homeless families. The Empty Property Team have a strong track record as a sub-regional lead in delivering empty property services and investment across borough boundaries including Lewes DC & Horsham DC.
- 1.3 As reported to Housing Committee (6 March 2013) Brighton & Hove were sub-regional lead on a recent successful funding bid under the HCA Empty Homes Programme 2012–15 (Round 1) receiving an allocation of £900k to bring 60 long term empty homes back in use across Brighton & Hove and Lewes District.
- 1.4 This paper seeks to inform Housing Committee of an additional funding bid under Round 2 of the HCA Empty Homes programme consists of £620k to bring an additional 31 long term empty private sector homes back into before 31 March 2015. The bid is aligned to working with established private sector landlords and other partners on larger developments (more than one home) of longer lease length. We propose to offer grants to owners of long term empty homes (empty for more than six months) in return for a minimum ten year lease. This complements the existing allocation made under Round 1. Any funding will be used across Brighton & Hove and Lewes District. We currently await the HCA funding announcement which was due on 31 May 2013.
- 1.5 In addition, we also supported Sussex Central YMCA's bid to provide 30 rooms in shared housing for their client group and bids by three local community groups and co-ops under the community programme element of this funding.

## **2. RECOMMENDATIONS:**

### **2.1 It is recommended that Housing Committee –**

2.1.1 Note the bid to the Homes & Communities Agency for funding under the Empty Homes Programme Round 2 2013-15 (currently subject to contract).

2.1.2 [Subject to bid outcome] Delegate authority to Executive Director Environment Development & Housing to enter into the Empty Homes (Round 2) Agreement (2013-15 allocation (local authority)) with the HCA (Homes & Communities Agency), the key elements of which are set out in paragraphs 3.14 & 3.22 of this report.

## **3. RELEVANT BACKGROUND INFORMATION/CHRONOLOGY OF KEY EVENTS:**

3.1 Improving Housing Quality and Housing Supply by working with owners to bring more of the City's long term empty private sector homes back into use are key strategic goals of City-Wide Housing Strategy 2009-14.

3.2 The Empty Property Team bring back c 150 long term empty private sector homes back into use per annum through:

- Working with colleagues in Council Tax to identify empty homes;
- Working with owners offering advice and assistance and any available funding to encourage owners to bring empty homes back into use;
- Where all other negotiation has failed use of appropriate enforcement action up to and including Compulsory Purchase Order to bring long term empty homes back into occupation through EPEG (Empty Property Enforcement Group) which works with teams across the Council to co-ordinate any and all appropriate enforcement actions.

3.3 In addition to making best use of existing housing resources in the City and ending the blight on neighbourhoods often caused by homes left empty, bringing empty homes back into use also generates income for the General Fund.

3.4 The New Homes Bonus (NHB) is a funding incentive for local authorities largely to facilitate the creation of new homes in their area and bring empty homes back into use. The funding allocation announced in January includes £0.191m from a reduction in long term empty properties payable for six years from 2013/14.

3.5 The recent Council Tax Discounts and Exemptions Reform report made the following recommendations relating to work of Housing Empty Property Team and bringing long term empty private sector homes back into use:

- That the Council introduces a period of up to six weeks 100% discount for dwellings that are empty and unfurnished, to replace the current six month exemption known as Class C;
- That the Council introduces an Empty Home Premium at the maximum 50%, meaning that those liable for empty dwellings will have to pay 150% Council Tax after two years of the dwelling remaining empty.

- 3.6 Brighton & Hove Empty Property Team provide a sub-regional lead through both the BEST (Brighton & Hove and East Sussex Together) partnership and the pan Sussex Empty Homes Forum.
- 3.7 From 2008-2011 the sub-regional BEST partnership (Brighton & Hove, Lewes, Wealden, Eastbourne, Rother & Hastings) delivered a programme of more than 700 empty homes returned to use, through direct funding and enabling work, as part of the wider programme of private sector renewal.
- 3.8 Brighton & Hove chair the Sussex Empty Homes Forum which brings together empty property officers (or those dealing with the issue) from all authorities in East and West Sussex and the Homes & Communities Agency (HCA) to share skills and resources.
- 3.9 The Brighton & Hove Empty Property Team also directly provide empty property services to Horsham District Council & Lewes District Council
- 3.10 Brighton & Hove were sub-regional lead on a recent successful bid for funding under the Homes & Communities Agency (HCA) Empty Homes Programme 2012–15 Round 1 programme.
- 3.11 Brighton & Hove’s allocation, including delivery for Lewes DC, is £900k to bring 60 long term empty homes back in use over three years across both authorities. This is on the basis of recyclable loan fund supporting capital investment for repair and lease back to the Council for a minimum of 5 years. Additional homes will also be returned to use as the loan funding is repaid and then recycled and used to fund further loans.
- 3.12 We also supported local housing co-ops and community groups in their successful bids under this programme, £650k was allocated to four local groups in 2012 (Round 1) to provide 38 bedspaces in 6-8 properties by April 2015 through a mixture of leasing and purchasing empty properties. Two properties (11 bedspaces) have now been purchased on the open market by local housing co-operatives using this funding and negotiations are underway for a further property on a long lease. Further bids have been forwarded in Round 2 (2013). The council will continue to work with co-ops in identifying eligible empty properties in the private sector.
- 3.13 This funding provides additional investment to support the strategic priorities of maximising housing supply, investment and income and to secure sub-regional partnership working with the Homes and Communities Agency and Lewes DC.
- 3.14 Details of the bid under HCA Empty Homes Funding Round 2 are broken down below. Any additional funding is subject to bid outcome, HCA announcement was expected on 31 May 2013, and is subject to contract including HCA approval for delivery on behalf of Lewes DC. This current bid is for £620k to bring 31 long term empty homes back in use, broken down as follows:

<b>HCA operating area</b>	<b>Number of units</b>	<b>Funding requested</b>
East & South East (BHCC)	26	£520k
East & South East (Lewes District)	5	£100k

- 3.15 We have also supported Sussex Central YMCA's bid for funding as an existing partner working in the City. Their bid aims to identify 30 bedspaces/studios within 5 to 10 empty buildings across Brighton & Hove. This complements our existing allocation of loan funding for individually owned properties and also our new bid for working with private landlord and other partners for larger development (more than one unit) and longer lease lengths. There isn't any shared housing provision within the existing empty property programme in the City other than through local community groups and housing co-ops who have bid under community programme. We will work with Sussex Central YMCA (as with other groups) in identifying empty properties suitable for their use which we will see as a two way process (properties are also brought forward by YMCA). Sussex Central YMCA have shown good deliverability on their previous Empty Property allocation in other local authority areas.
- 3.16 In addition we have also supported bids by three local community groups and co-ops under the community programme element of this Round 2 funding to bring long term empty homes back into use through a mixture of leasing and purchasing empty properties.
- 3.17 The bid and funding allocation are based on offering grants under our revised Empty Property Assistance policy to enable long term empty homes to be brought back into use on a lease and repair basis whereby we secure the property for a period of time under our private sector leasing scheme in return for the grant funding.
- 3.18 The Council has insufficient Council homes to meet the demand from vulnerable households to whom we owe an accommodation duty. In order to meet this accommodation need the Council currently lease c 700 homes from private owners. Our Empty Homes Team support this leasing through funding long term empty homes back into use on the basis that homes are leased back to the Council to provide temporary accommodation. Overall, up to a third of the homes leased provide homes to meet referrals for accommodation Adult Social Care (Adult Mental Health, Physical Disabilities & Learning Disabilities), CYPT, Community Safety Team and Housing Management. The budget strategy is to reduce costs by taking long term lease agreements with private sector landlords based on forecasts of need from referring services. It has been estimated that long term leasing of homes for some 312 households has saved the Council £4.86m pa.
- 3.19 Given the impact of rising rents in the City, we are also aiming to secure the supply of leased accommodation at lesser cost by sub-regional procurement of leased accommodation. This includes work with Lewes DC on leasing as well as Empty Property Services in support of Lewes DC also meeting accommodation needs in their area.
- 3.20 The HCA Empty Property Programme funding is payable on a property by property basis when a long term empty home is brought back into use. Usually front funding of capital of up to 50% of approved grant to be paid at commencement of works (and the remaining 50% paid at completion of works) Overall HCA capital will support costs of work and related administration costs. This scheme will be suitable for owners / developers who are able to forward

fund the works avoiding forward funding issues.

- 3.21 In terms of next steps. The HCA awarded Brighton & Hove Affordable Housing Programme Investment Partner status, approved on 21/11/12. The HCA Empty Homes Round 2 announcement was due on 31 May 2013. Should we be successful a Funding Agreement will be released and will be subject to review and final agreement in negotiation between Brighton & Hove and HCA Legal teams. In order to achieve timely sign off for any Funding Agreement we are seeking Housing Committee approval for delegation of authority for the Executive Director Environment Development & Housing to enter into the Empty Homes (Round 2) Agreement subject to review and final agreement in negotiation between Brighton & Hove and HCA Legal teams.
- 3.22 The HCA Funding Agreement is based upon standard HCA Affordable Homes Programme contract as amended, including:
- Property should not have been occupied for residential purposes during any of immediately preceding six months;
  - Minimum Lease Duration - ten years;
  - Affordable Rent Terms – the tenant rent (inclusive of service charge) must be set at a level which is no more than 80% of the estimated market rent for an equivalent rent in the locality.

#### **4. COMMUNITY ENGAGEMENT AND CONSULTATION**

- 4.1 The bid and potential funding allocation are based on Empty Property Assistance offered under our existing Private Sector Housing Renewal Assistance policy & revised Empty Property Strategy to enable long term empty homes to be brought back into use. Development and review of the Private Sector Housing Renewal Assistance Policy has been subject to consultation.
- 4.2 In addition, we have supported local housing co-ops and community groups in their successful bid under the HCA Empty Homes Community programme and will continue engagement with community groups to support any future bids they may wish to make.

#### **5. FINANCIAL & OTHER IMPLICATIONS:**

##### Financial Implications:

- 5.1 The total value of the bid is £620k of which £520k relates to BHCC and £100k relates to Lewes DC. The funding would be used to provide capital grants for eligible properties in return for a minimum 10 year lease.
- 5.2 Officer time to support this scheme would be met from existing resources and there would be a Service Level Agreement with Lewes DC for the support provided on their behalf.
- 5.3 Should the bid be successful, the relevant capital budgets will need to reported to Policy and Resources Committee for approval.

Finance Officer Consulted: Michelle Herrington

Date: 07 June 2013

#### Legal Implications:

- 5.4 If the bid is successful, the council's lawyers will be reviewing the Agreement to ensure that the council's interests are protected – paragraph 3.21 refers. No individual's human rights are adversely affected by the report's proposals.

*Lawyer Consulted:*

*Name Liz Woodley*

*Date: 06.06.13*

#### Equalities Implications:

- 5.5 Working with partners including the Homes & Communities Agency and neighbouring authorities to bring long term empty homes back into use and improve housing supply is aligned to the key Corporate priority of tackling inequality through meeting identified needs of disadvantaged groups in the City to whom the Council owes a housing duty.

#### Sustainability Implications:

- 5.6 Bringing long term empty homes back into use makes best use of existing housing resources in the City. Improving homes brought back into use includes improvement to thermal comfort benefiting energy efficiency, addressing fuel poverty and reducing carbon emissions in line with One Planet Living principles. property.

#### Crime & Disorder Implications:

- 5.7 Empty property is recognised as having high potential to attract anti-social behaviour and crime (i.e. stripping of materials from the property), which can add to a sense of insecurity in the neighbourhood.

#### Risk and Opportunity Management Implications:

- 5.8 An initial risk will be lack of funding if unsuccessful in our bid. Also, we could lose funding if we are unable to finalise any HCA contract within their timetable or comply with the terms of any Funding Agreement meaning that the Council will be unable to access HCA Funding available under any Funding Agreement.

Other risks include:

- Not being able to identify suitable empty homes;
- Rents under the scheme not being attractive enough for owners to lease for minimum term;
- Homeowners not being eligible for or willing to enter into long lease agreements.

There is also a relationship risk with Lewes DC should we be unable to fulfil their element of the programme and deliver empty homes back into use in their local authority area.

By way of risk mitigation:

- We have an established and successful empty property strategy which identifies and makes sustained contact with owners and a previous funding scheme (albeit grant rather than loans) that funded 60 units 2008 - 2011.

- EPEG (Empty Property Enforcement Group) will work to encourage owners to a positive return to use for their property. Introduction of the Council tax premium from 1 April 2013 will be used as another disincentive for owners to leave their properties empty. The enforcement role of the Empty Property Team is outlined in the report (3.2) and can include legal action to bring empty homes back into use up to and including Compulsory Purchase Order.
- We have a strong track record of sub-regional working including past delivery of Empty Property Officer services in Lewes District and a current leasing scheme with LDC. We have now entered into a Service Level Agreement with LDC around delivery of Empty Property Officer services.

In addition, with the end of Government funding for Private Sector Housing Renewal under Comprehensive Spending Review there are currently no other capital funding streams available to enable / encourage homeowners to bring long term empty homes back into use.

#### Public Health Implications:

- 5.9 Brighton & Hove Joint Strategic Needs Assessment 2012 highlights the relationship between poor housing & health outcomes:
- Cost to individual: repeat hospital admissions; frequent visits to GP; isolation; substance misuse; suicide & death;
  - Wider implications: costs to NHS and local authority; environmental impact (e.g. in creased carbon emissions); crime & antisocial behaviour; low community resilience.

In terms of community wellbeing and resilience Director of Public Health Annual report (2010) identifies that Housing in Brighton & Hove represents a particular vulnerability for children and adults.

Bringing long term empty homes back into use supports the aims of the City-wide Housing Strategy to make best use of existing housing resources and improve housing supply and housing quality in the City.

#### Corporate / Citywide Implications:

- 5.10 The scheme supports corporate priorities, Tackling Inequality and Creating a Sustainable City and specific outcomes: 'A healthier and higher quality built environment' & 'Decent, Affordable, Healthy Housing' The scheme will operate within the council's Empty Property Strategy which works to bring long term empty properties back into use as homes.

### **6. EVALUATION OF ANY ALTERNATIVE OPTION(S):**

- 6.1 With the end of Government funding for Private Sector Housing Renewal under Comprehensive Spending Review there are currently no other capital funding streams available to enable / encourage homeowners to bring long term empty homes back into use.
- 6.2 Should funding not be available to assist owners to bring long term empty homes back into use options left to the Council would be limited to identification,

encouragement, without any funding incentive, and enforcement action up to and including compulsory purchase.

## **7. REASONS FOR REPORT RECOMMENDATIONS**

7.1 The reasons for the recommendation are identified in the report.

### **SUPPORTING DOCUMENTATION**

#### **Appendices:**

None

#### **Documents in Members' Rooms**

None

#### **Background Documents**

[1. Empty Homes (Round 2) Agreement (2013-15 allocation (local authority))]