
Bid for Empty Homes Funding to the Homes and Communities Agency, Round 2

To: **Cabinet – 12th September 2013**

By: **Daniel Evans – Project Delivery Officer**

Classification: **Unrestricted**

Ward: **All wards**

Summary: **To Approve a budget of £300,000 from the Housing Revenue Account (HRA) to support £300,000 of Homes and Communities Agency (HCA) grant funding, to bring back 15 empty properties back into use as affordable housing in town centre locations.**

For Decision

1.0 Introduction and Background

- 1.1 Empty properties are an important part of the Coalition Government's Housing Strategy for England, 'Laying the Foundations: A Housing Strategy for England' (CLG, 2011). As part of the 2011-2015 Affordable Homes Programme, £100 million of capital funding has been set aside to tackle empty properties. The funding is intended to deliver 3300 affordable homes nationwide by March 2015.
- 1.2 In November 2011, Thanet District Council was successful in securing £535,000 of grant funding from the HCA in order to bring back into use 30 empty units of accommodation as affordable housing using a purchase and repair model. This grant funding was match funded by £1,386,000 from the council's Housing Revenue Account.
- 1.3 Following on from the success of the November bid, the HCA opened a second round of funding in April 2013 for Housing Associations and Local Authorities to apply for. The HCA encouraged Thanet to bid for Round 2 funding following the progress made by Thanet on the Round 1 bid. Due to the tight deadlines for submitting the bid, the Director of Community Services took the decision to submit the bid, recognising that cabinet approval would be required to obtain match funding from the Housing Revenue Account.
- 1.4 In order to bring back the empty properties into use as affordable housing, match funding from TDC is required. The HCA's bidding guidance indicated that the council could bid for the grant funding under two routes, either through lease and repair, or purchase and repair. On consideration, the most appropriate route for town centre properties would be for the council to lease and repair the properties, utilising the HRA to obtain a lease for the properties and the grant funding from the HCA to undertake the works to bring the properties back into a habitable condition.
- 1.5 Working with the Finance Manager for HRA, Capital and External Funding the Empty Properties team produced the bid based upon bringing 15 units of accommodation back into use at an average of £20,000 per unit for the refurbishment works, totalling £300,000 of grant funding. In order to acquire ten year leases for the properties, and account for costs for professional fees, planning fees, surveys etc a budget of no more than £300,000 will be required

from the HRA. Once purchased the leased properties would provide accommodation for families on the current housing waiting list.

- 1.6 It is proposed that each lease will be for a minimum period of 10 years but may be longer, depending on each individual property. Over this 10 year period the rental income generated will be reinvested into the HRA. It is estimated that the rental income for the proposed 15 units over a 10 year period will generate circa £900,000 to be put back into the HRA.

2.0 The Current Situation

- 2.1 The Empty Properties team is collating a list of properties, which they can begin to acquire leases for. Once the property leases have been purchased the Strategic Housing team will then work with the contractors to ensure the properties are brought back into use for the budgeted average amount of £20,000 per unit from the HCA. Some properties may require a different level of spend and the team will ensure the council demonstrates value for money to the HCA to undertake the work to the properties.

- 2.2 The HCA stipulated that the Council could not already own any of the properties, so the council included estimated purchase costs as part of the bid. The Empty Properties team based the purchase costs on examples of empty properties that could potentially be purchased as this funding is to be spent in town centre areas and is intended to bring empty commercial units, or commercial units with empty flats above into use as affordable housing. The money can not be used to bring empty commercial back into use as commercial. The main focus is therefore intended to be in the Town centre areas across the district.

3.0 Options

- 3.1 To Approve the HCA bid and financial spend from the Housing Revenue Account.
- 3.2 To decline the HCA funding and refuse the HRA spend.

4.0 Next Steps

- 4.1 As the council has been successfully awarded this funding, the team need to start acquiring leases for empty properties and undertaking the necessary works to bring them back into use. Upon completion they will then be advertised through Choice Based Lettings in the usual way to households on the housing register in accordance with the Lettings Policy.

5.0 Corporate Implications

5.1 Financial and VAT

- 5.1.1 The total cost to the council from the HRA budget is proposed to be £300,000 and is to be funded through HRA revenue reserve contributions. Properties purchased will become part of the council's housing stock and the rents received will be reinvested back into the HRA. Rents must be charged at affordable rent levels because it is an HCA requirement of the grant funding.

5.2 Legal

- 5.2.1 There are no direct legal implications and legal will be kept involved as the project progresses.

5.3 Corporate

- 5.3.1 The delivery of the project will meet the corporate targets to bring empty properties back into use as well as providing much needed affordable housing. The delivery of the programme is in accordance with the Housing corporate priorities to provide a balanced housing market in the district, ensure there is housing supply to meet local demand, create safe and secure homes and for the council to deliver quality services to its tenants.

5.4 Equity and Equalities

- 5.4.1 Bringing back 15 units of accommodation into use will help to tackle antisocial behaviour and deprivation in areas blighted by neglected empty properties. Additional affordable homes will be brought back into use for households on the housing register. This will promote community cohesion and will create a range of accommodation to meet the needs of residents.
- 5.4.2 In the opinion of the writer there are no equity and equality implications to this report which are not addressed as part of the Council's Lettings Policy.

6.0 Recommendation

- 6.1 That Cabinet approve bringing back 15 units of accommodation into use as affordable housing, utilising the £300,000 HCA grant funding and the £300,000 of HRA reserves.
- 6.2 That the purchase of the leases to empty properties and project management of the works undertaken to bring them back into use will be delegated to officers.

7.0 Decision Making Process

- 7.1 This is a budget decision to go to Cabinet who will need to consider the spend from the HRA reserves in order to create additional affordable homes.

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Background Papers

Title	Details of where to access copy
2011-2015 Affordable Homes Programme - Framework	http://www.homesandcommunities.co.uk/affordable-homes.htm
Bringing Empty Homes back into use Bidding Guidance	http://www.homesandcommunities.co.uk/sites/default/files/our-work/empty_homes_bidding_guidance_211111.pdf

Corporate Consultation Undertaken

Finance	Sarah Martin - Financial Services Manager
Legal	Harvey Patterson - Corporate & Regulatory Services Manager