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Decision Maker: **Adult and Community Portfolio Holder
Adult and Community PDS Committee**

Date: **10th April 2012**

Decision Type: Non-Urgent Non-Executive Non-Key

Title: **PROPOSED CHANGES TO FUNDING FOR EMPTY PROPERTY
GRANTS AND LOANS AND NOMINATION PERIODS.**

Contact Officer: Steve Habgood , Housing Improvement Team manager
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Chief Officer: Nigel Davies

Ward: All

1. Reason for report

1.1 To seek approval to amend the level of grant and loan funding available to owners of empty properties and to link them to variable nomination periods and to property size.

2. **RECOMMENDATION(S)**

2.1 The PDS committee is recommended to note and comment on the contents of the report and the recommendations to the Portfolio Holder

2.2 The Portfolio Holder is recommended to approve a change in the funding arrangements for empty property grants and loans and to link these to the size of the property and the period of nominations as set out in Appendix 1.

Corporate Policy

1. Policy Status: Existing policy.
 2. BBB Priority: Quality Environment.
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Financial

1. Cost of proposal: Estimated cost £250k
 2. Ongoing costs: Non-recurring cost.
 3. Budget head/performance centre: Capital Programme
 4. Total current budget for this head: £721k
 5. Source of funding: South East London Housing partnership funding
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Staff

1. Number of staff (current and additional): 2 externally funded staff
 2. If from existing staff resources, number of staff hours: 2 full time externally funded
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Legal

1. Legal Requirement: Non-statutory - Government guidance.
 2. Call-in: Call-in is applicable
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Customer Impact

1. Estimated number of users/beneficiaries (current and projected): 50
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Ward Councillor Views

1. Have Ward Councillors been asked for comments? No.
2. Summary of Ward Councillors comments: n/a

3. COMMENTARY

- 3.1 One of the work streams approved in the reports to ACS PDS and Portfolio meetings of September and November 2011 was to reduce use of and expenditure on bed & breakfast and was in relation to bringing empty homes back in to use.
- 3.2 This Report informs the Portfolio holder of the background of external funding received to facilitate empty homes work and a recommendation to offer variable nomination periods and tiered empty property grants and loan amounts, based on the property size. This is intended to maximise take up of funding, bring more empty properties back in to use and assist with the housing supply.
- 3.3 In recent years, through successful funding bids by the South East London Housing Partnership (SELHP) to the GLA, the Council has been successful in utilising significant funds for financial assistance to bring empty properties back in to use. The conditions attached by SELHP to the funding were that the maximum grant and loan available was capped at £15k for grant and £20k respectively for loans and that the properties had been empty for at least 6 months. All loan monies repaid return to LB Bromley for recycling back in to further empty homes projects. There is currently £270k of empty property loan funding registered against properties that is expected to be repaid over the next 5 years.
- 3.4 For 2012/13 there is approximately £250k available for LBB to use for empty properties. No further funding is available from SELHP for future years, although there may be external funding available from other sources.
- 3.5 From the outset of the funding stream additional conditions were attached to the funding by LBB in the form of 5 year nomination rights in order to improve the supply of temporary housing and assist with the growing bed and breakfast problem.
- 3.6 Previously, the level of grant offered made this funding stream attractive to some owners, but would have quickly utilised all of the available funds. It was therefore considered to be too generous and excessive. The level of grant being offered has been reduced over time to a maximum of £10k and subsequently to £5k to try to stretch the funds and maximise value for money. The aim was to try to increase the amount of loan take up rather than grants; the loans are repayable.
- 3.7 However, only a small number of owners have continued to accept the lower grant level, and it is proving to be very difficult to attract continuing interest in the scheme. Despite mail outs to and discussions with several hundred owners, only a handful have proceeded with this assistance and the owners of larger properties in particular have shown little interest in the scheme. Discussions with many owners have identified a wide variety of concerns including the following barriers:-
- the long nomination period;
 - lack of control over the tenant being placed;
 - concern that the tenants will damage the property;
 - non payment of rent; low rent levels and insufficient financial assistance.

For these reasons and because the numbers in bed & breakfast and the amount being spent on bed & breakfast, it is timely to review the financial elements of the scheme. The Council spend on B&B can change the value for money assessment considerably.

Proposed new financial limits

- 3.8 In order to make the offer more attractive, to address some of the owner's concerns and to demonstrate the financial benefit of the offer, a revised scheme has been developed and is proposed. This is based upon variable nomination periods, grant and loan size determined by property size and a comparison being made with the rent levels available from the Council's leasing partners against the rent levels available in the private sector.
- 3.9 The current offer from the leasing partners who enter into a lease agreement with owners of the empty property where funding is provided, is a maximum guaranteed rental income of 90% of the Housing

Benefit caps, plus the vacant property returned to the owner in fair condition upon completion of the lease.

- 3.10 It is anticipated that the choice of nomination periods linked to levels of funding will be more attractive to owners and allow an increased uptake of funding to lead to an increased supply of property for temporary housing and, thus, consequential reduction in use of and expenditure on B&B.
- 3.11 Appendix 1 sets out the proposed changes to grant and loan levels and variable nomination rights.
- 3.12 The portfolio holder is asked to agree to the variable nomination periods and funding levels set out in these tables, with the expectation that more properties will be obtained as a result which will help to provide additional accommodation, reduce bed and breakfast costs and reduce the number of long term empties in the Borough.
- 3.13 An additional benefit is that an annual reduction in the number of empty properties in the Borough results in an increased payment of the New Homes bonus money that the Council receives – currently £1,439 a year for 6 years per property.

4. POLICY IMPLICATIONS

The proposal fits within the Empty property Strategy 2009/2011.

5. FINANCIAL IMPLICATIONS

- 5.1 The ACS PDS and Portfolio Holder received reports in September and November explaining the effects of the housing market along with household growth have resulted in a significant increase in the number of households approaching the homeless service for temporary accommodation.
- 5.2 High demand and a shortage of properties in which to place households has pushed up rents, and the caps on housing benefit rates payable mean that accommodation costs are increasing. The cost to the Council can be up to £170 per household per week. For the larger household this can be up to £250 per week above the HB cap.
- 5.3 By bringing more empty properties back into use with nomination rights, this will reduce the need to use more expensive accommodation provided by private landlords. Consequently average savings of between £50 and £130 per week in B&B costs would arise, which for 10 empty homes brought back into use, could amount to £26k to £67k per annum.
- 5.4 The Council would also benefit from the new homes bonus of £1.4k per property, subject to an annual reduction in numbers.
- 5.5 It is anticipated that an unspent balance of £323k will be carried forward in the capital programme to 2012/13, which together with additional funding of £398k from SELHP for 2012/13 provides funding of £721k. It is proposed that £250k of this amount be used for empty property grants and loans for 2012/13.
- 5.6 As the loan repayments will be recycled, it is hoped that this would help to produce an ongoing supply of properties.

6. LEGAL IMPLICATIONS

The Regulatory Reform Order 2002 gives the Authority the ability to provide housing assistance and set conditions.

Non-Applicable Sections:	PERSONNEL IMPLICATIONS
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Background Documents: (Access via Contact Officer)	Empty Property Strategy 2009/2011.
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