

Decision Maker: PORTFOLIO HOLDER FOR CARE SERVICES

Date: For Pre-Decision Scrutiny by the Care Services Policy Development and Scrutiny Committee on Tuesday 5th September 2017

Decision Type: Non-Urgent Executive Non-Key

Title: EMPTY PROPERTY FUNDING

Contact Officer: Steve Habgood, Environmental Health Officer
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Chief Officer: Nigel Davies, Executive Director of Environment & Community Services

Ward: Borough-wide

1. Reason for report

- 1.1 To seek approval to change the grant conditions linked to funding of empty property work to help to improve uptake.
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2. RECOMMENDATIONS

2.1 The Care Services PDS Committee is asked to note and comment on the contents of this report prior to the Portfolio Holder for Care Services being requested to:

- i) Increase the maximum Empty Homes Property Grant available to owners as set out in paragraph 5.2;
- ii) Reduce the current required nomination period from 5 years to 3 years and allow additional grant to be offered linked to additional years of nomination rights as detailed in paragraph 5.3; and,
- iii) Where grant conditions are breached and the owner no longer wishes to house tenants nominated by the Council, that the amount of grant to be repaid is reduced pro rata by each full year that has elapsed since completion of the work.

Impact on Vulnerable Adults and Children

1. Summary of Impact: The changes are expected to result in an increase in property availability to vulnerable families and individuals accepted by the Council as homeless.
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Corporate Policy

1. Policy Status New Policy: Revision of existing policy
 2. BBB Priority: Children and Young People Excellent Council Quality Environment Safe Bromley Regeneration:
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Financial

1. Cost of proposal: Estimated Cost: Grant awards of up to £147k and potential savings of between £213k and £295k
 2. Ongoing costs: Non-Recurring Cost: £82k p.a staffing cost (£171k for 2.1 years)
 3. Budget head/performance centre: Capital Programme and Operational Housing (Homelessness)
 4. Total current budget for this head: £318k
 5. Source of funding: Capital scheme: Empty Homes Programme (funded from GLA) and London Private Sector renewal schemes (funded from South East London Housing Partnership) a)
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Personnel

1. Number of staff (current and additional): 1
 2. If from existing staff resources, number of staff hours: 250
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Legal

1. Legal Requirement: None
 2. Call-in: Applicable: Executive decision.
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Procurement

1. Summary of Procurement Implications: Where the Council assist the client in obtaining estimates, they will use the same agreed processes as currently used for disabled facilities grants.
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Customer Impact

1. Estimated number of users/beneficiaries (current and projected): 20-30 nominated families over 2 years. 50 plus owners of properties adjacent or near to the empty properties being renovated.
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Ward Councillor Views

1. Have Ward Councillors been asked for comments? Not Applicable
2. Summary of Ward Councillors comments: Not Applicable

3. COMMENTARY

- 3.1 Where property is left empty for a prolonged period and is not well managed, it can give rise to local crime, nuisance and devaluation of adjacent property.
- 3.2 The reasons for property being left empty include: family dispute, lack of finance, negative experience with tenants or contractors, probate, mental illness, lethargy, investment purposes and inability to deal with sale or renovation.
- 3.3 The Council employs two externally funded, empty property officers (EPO's) on fixed term contracts using funding provided through the South East London Housing Partnership. The officers work with owners of long term empty property (LTE), to assist them in bringing their property back into use. EPO's offer advice, financial assistance (grant and loans), help with specifying work and obtaining estimates and in the worst cases, where no action is taken and the property is giving rise to nuisance, enforcement action.
- 3.4 Since the introduction of the scheme in 2008, 64 properties have been bought back into use, and the average grant awarded was £9,800. The table below illustrates the number of units that were brought back into use through the Empty Property Grant

Year of completion of work	Number of units completed with grant aid
2013	4
2014	9
2015	22
2016	1
2017	1

- 3.5 In 2015, the funding criteria were changed to allow funding for empty properties that had only been empty for over 1 month. Although the main focus is properties that had been empty for over 6 months, these changes have allowed far more property owners to be targeted. Subsequently, there were a high number of units that were bought back into use in 2015.
- 3.6 The uptake of grants has fallen significantly over the last 2-3 years and discussions with LTE owners have identified that the difference between the rent levels being offered by the Council and market rents as well as the long nomination period are not realistic. In addition the ability to buy out of the agreement with a reducing penalty has been repeatedly raised, this mirrors the grant conditions historically used for statutory property repair grants.
- 3.7 The Council is financially incentivised to bring LTE property back into use through New Homes Bonus payments (NHB). This provides additional funding from increases in new homes in the borough and annual reductions in the number of LTE's. For 9 of the last 10 years the number of recorded LTE's in the Borough has reduced, but is now at a level where further reductions will be difficult to achieve and maintain. Currently there are around 750 LTE's that have been empty for more than 6 months in the Borough.
- 3.8 The Council have a duty to house vulnerable families and individuals identified as being homeless. Where empty property grant funding is offered to bring a property back into use, the current condition is that nomination rights for use of the property is made available to the Council for 5 years. Owners also agree to sign a lease with an organisation identified by the Council, currently Orchard and Shipman. Leasing property to provide the homeless with accommodation is cheaper than seeking temporary accommodation and paying a nightly rate. The proposed grant offer is set at a level that is lower than the cost of nightly paid rates, as well as the additional benefits of NHB, reducing blight on neighbouring property and potential crime.

4. IMPACT ON VULNERABLE ADULTS AND CHILDREN

4.1 An increase in the availability of property available to house homeless families will be of benefit to a number of vulnerable adults and children.

5. POLICY IMPLICATIONS

5.1 The proposal is to modify the existing policy by adjusting the maximum grant available for the various property sizes as set out in 5.2 and to relax the grant conditions by reducing the nomination period by two years, allowing additional grant funding as detailed in 5.3. It is also proposed to reduce the amount of grant that becomes repayable following a breach of grant conditions pro rata by each full year that has elapsed since completion of the work.

5.2 Existing and proposed grant level

Size of Property	Maximum Current Grant Available	Proposed Maximum Grant
1 Bedroom	£8,000	£7,500
2 Bedroom	£8,000	£10,000
3 bedroom	£9,000	£10,000
3 plus bedroom	£10,500	£10,000

5.3 Existing and Proposed Grant Conditions

Current grant conditions	Proposed grant condition
<i>5 Year nomination period required with the full repayment of the original grant amount required for any breach. Owners must sign a lease with the Council's nominated agent</i>	3 Year nomination period, with repayment reducing by one third for every full year since completion of the work. Property must be tenanted with nominated tenants within 1 month of completion. Owners must sign a lease with the Council's nominated agent,
Interest free loan available for additional cost subject to available funding and property size limits	Additional grant funding of up to £2,500 per year for each additional year of nominations over 3 years, but with a maximum additional grant of £5,000

5.4 If the changes are agreed then the grant application form and land charges condition will need to be amended to clearly identify that the repayment for a breach of condition will reduce during the 3 year condition period. The expectation is that additional LTE owners will take up grant funding as a result of the policy change. The proposed changes are likely to lead an increase in the uptake of grants and help obtain more properties to house homeless families.

6. FINANCIAL IMPLICATIONS

6.1 There is funding of £318k available from two schemes in the capital programme. It is estimated that £171k will be used to fund the two members of staff who administer the scheme, leaving a balance of £147k that can be used for grant payments.

- 6.2 Under the new grant conditions, it is anticipated that the uptake is likely to increase by up to 10 grants per year. This will reduce the life span of the funding available for the current scheme and it is likely that the capital scheme will finish in 2019/20.

Financial Year	Estimated number of units completed	Grant Award (based on average grant)
2017/18	4	£39,200
2018/19	8	£78,400
2019/20	3	£29,400
	15	£147,000

- 6.3 Overall this will result in potentially greater savings to the Council in the short term and help obtain more properties to house homeless families. The table below illustrates the annual savings per size of property to the Council, by placing clients in short term tenancy through the LTE property instead of using nightly paid accommodation.

Number of Bedrooms	Savings per annum
1	£4,734
2	£5,664
3	£6,559
Average	£5,652

- 6.4 If all 15 units are completed, this could generate an estimated total saving of between £213k and £295k to the Council by placing clients in the LTE properties instead of nightly paid accommodation. The level of saving is dependent on the actual size of the properties. The table below shows the breakdown of the potential savings over the five financial years: -

Minimum (using 1 bed properties)	2017/18	2018/19	2019/20	2020/21	2021/22	Total
	£	£	£	£	£	£
Saving from 4 properties (17/18)	9,468	18,936	18,936	9,468	0	56,808
Saving from 8 properties (18/19)	0	37,872	37,872	37,872	0	113,616
Saving from 3 properties (19/20)	0	0	14,202	14,202	14,202	42,606
Total Saving	9,468	56,808	71,010	61,542	14,202	213,030

Maximum (using 3 bed properties)	2017/18	2018/19	2019/20	2020/21	2021/22	Total
	£	£	£	£	£	£
Saving from 4 properties (17/18)	13,118	26,236	26,236	13,118	0	78,708
Saving from 8 properties (18/19)	0	52,472	52,472	52,472	0	157,416
Saving from 3 properties (19/20)	0	0	19,677	19,677	19,677	59,031
Total Saving	13,118	78,708	98,385	85,267	19,677	295,155

- 6.5 If the LTE owners breach the conditions of the grant or buy out the agreement during the 3 years nomination period, the savings to the Council will be reduced.
- 6.6 Should monies not be received for a breach in grant conditions, a charge will be held against the property to ensure the Council recovers the monies when the property is sold. Any monies received will be recycled back into funds available for the Empty Homes Programme and London Private Sector renewal schemes within the capital programme.

7. PERSONNEL IMPLICATIONS

- 7.1 The Empty Property Officers are grant funded and are employed on fixed term contracts. Opportunities for new funding are sought where they arise and there is a balance between the financial assistance to empty property owners and maintaining staff in post. This arrangement

has been managed successfully for the last 10 years but if no new sources of funding are forthcoming, then their contracts may not be renewed.

8. LEGAL IMPLICATIONS

- 8.1 The Regulatory Reform Order 2002 allows Councils to offer financial assistance and set conditions. Any policy needs to be published. Revised application forms will be checked with Legal Services prior to first use.

Non-Applicable Sections:	Procurement Implications
Background Documents: (Access via Contact Officer)	