

ANGUS COUNCIL

COMMUNITIES COMMITTEE – 13 AUGUST 2019

ESTABLISHMENT OF AN EMPTY HOMES GRANT FUND

REPORT BY DIRECTOR OF COMMUNITIES

ABSTRACT

This report seeks approval to implement an Empty Homes Grant Fund.

1. RECOMMENDATIONS

It is recommended that the Committee:

- (i) delegates authority to the Service Manager (Housing) to approve individual grant applications.
- (ii) approves the re-allocation of £100,000 funding previously set aside for the Angus Empty Homes Loan Fund, per Report No 217/16.

2. ALIGNMENT TO THE ANGUS LOCAL OUTCOMES IMPROVEMENT PLAN/CORPORATE PLAN

2.1 This report contributes to the following local outcomes contained within Angus Local Outcomes Improvement Plan 2017-2030:

- Angus is a great place to live, work and visit
- An enhanced, protected and enjoyed natural and built environment
- Safe, secure, vibrant and sustainable communities
- A reduced carbon footprint

3. BACKGROUND

3.1 The Committee may recall that since 2012 the Council has been actively working with the Scottish Empty Homes Partnership to develop services aimed at bringing private sector empty homes back into use. Some of the highlights include:

- Bringing 7 long term empty properties back into use using a £120,000 award winning empty homes loan fund funded by the Scottish Government.
- Employed a dedicated empty homes officer (2015-2018) to raise awareness of and implement new initiatives aimed at bringing more long term empties back into use.
- Bringing 51 properties back into use since April 2017.
- Implementing a new self-funded Angus Empty Homes Loan Fund (£120,000), funded by revenue raised from the increased Council Tax levy to homes empty for 12 months or more.

3.2 The Committee may also recall the commitments outlined in the Angus Local Housing Strategy (LHS) 2017-22, where more needs to be done to:

- increase the supply of affordable housing, including bringing empty properties back into use.
- ensure that people can access the appropriate housing options and related services to help meet their needs, including preventing and addressing homelessness and improving access to the private rented sector (PRS).

3.3 The Angus Rapid Rehousing Transition Plan (RRTP) 2019-24 embodies the adoption of a new whole-system approach to prevent homelessness, drawing on a wide range of resources that

shares responsibility beyond the local authority. The RRTP contains 5 strategic priorities, including:

- Priority 5: Increase affordable housing supply to meet needs of homeless households.
- 3.4 The local authority lacks the resources to provide the number of affordable homes required to meet housing need, therefore more must be done to utilise private sector housing supply, and more specifically vacant private sector housing that represents a loss to the overall housing stock.
- 3.5 There are similar grant initiatives operating successfully in Scotland. The Perth & Kinross Empty Homes Grant Initiative brought over 70 properties back into use throughout 2017/18 and 2018/19. The properties are let to person as recommended by the local authority. The average property grant spend equates to just over £9,000, and the initiative is now currently financed by additional Council Tax levies for Long Term Empty properties.
- 3.6 A key reason to their success has been their efforts to instil confidence in landlords about the wider successful outcomes that arise from participation, most notably for the community and the resident tenant. They have found that come the end of the 5 year affordable rent period, landlords continue to rent the properties at an affordable rate.
- 3.7 The particulars of the proposed Angus scheme have been developed based on the Perth model, aiming to secure properties of a particular size and location to meet housing needs in pressure areas. Although the scale of the Angus model would be significantly smaller, the principal aims and outcomes would remain the same, endeavouring to build relationships with landlords to produce affordable housing options that may go beyond the contractual obligation.

4. CURRENT POSITION

- 4.1. The current position in Angus outlines that:
- There are around 968 (April 2019) long term empty private sector homes (almost 2% of total residential stock).
 - There are an estimated 7500 registered PRS properties in Angus.
 - Awareness raising activities continue to help reduce the number of empty properties, but these tend to have limited impact.
 - The self-funded Angus Empty Homes Loan Fund is yet to provide any loans (the only distinction between this and the previous fund is that the loans are subject to a modest interest rate).
- 4.2 Historical and ongoing surveys issued to empty home owners highlights considerable demand and interest for grant funding to bring properties back into use. This comes as no surprise however it represents opportunity to explore what could be achieved in return for providing grant assistance to help bring private sector empty homes back into use.
- 4.3 Since 2016/17 less than 1% of customers who approached the housing service and received housing options advice went on to secure PRS accommodation. Over the same period less than 4% of homeless applicants also secured PRS accommodation. The low values highlight the disparities between PRS size and supply and the utilisation of the sector as a housing option for anyone working with the housing service to explore their housing options.

5. PROPOSAL

- 5.1 The proposed Empty Homes Grant Fund aims to assist empty homes owners to bring their property back into use, and enable those who have contacted the housing service to explore their housing options to rent the homes at an affordable rate.
- 5.2 The main grant conditions will include:
- The property must have been empty for at least 6 months and fail the Repairing Standard¹.
 - A maximum of £7,500 grant award per bedroom.

¹ Repairing Standard – Scottish Government - <https://www.gov.scot/publications/repairing-standard/>

- The property must have sufficient equity, at least twice the amount of any agreed grant value.
- An expectation that the owner will make a financial contribution of 50% toward the total works costs, depending on project size/cost.
- The Council will only accept proposals for properties that will meet housing needs (number of bedrooms; location; type) with each proposal appraised on a case-by-case basis.
- The grant will only be payable upon the completion of all works.
- Successful proposals will be committed to renting the property for a minimum of 5 years with rent capped at Local Housing Allowance (LHA) ²rates for that period.
- Successful proposals will be committed to renting their property to anyone working with the housing service to explore their housing options.
- In the event that the Council is unable to identify a suitable tenant within a period of 4 weeks of the property becoming available, the landlord will be entitled to make efforts to find a tenant from elsewhere.
- Successful grant applicants must provide copy of the tenancy agreement for the initial tenancy and thereafter any new tenancies/tenants or amendments made during the 5 year period. The Council will also reserve the right to periodically inspect the property to ensure that it is being maintained to the required standard.
- Grant sums will be secured against the property for 5 years. Should the grant recipient default against the conditions within this time frame, they will be obligated to repay the full grant value plus any interest and legal expenses.

5.3 The general principle is that the Empty Homes Grant Fund would operate along the same lines as the Empty Homes Loan Fund, with Policy Officers (Housing Strategy - Affordable Housing Team) responsible for administering the fund within their housing market area. They currently engage with empty home owners to assess properties and the merits of supplying funding; support home owners through the application process, ensuring all evidence is collated; and liaise with other Council services (finance, legal, building standards) for specialist input/assistance.

5.4 Another key distinction between loan fund and the grant initiative will be the objective to ensure that these 'new' homes are targeted to those in housing need. Prospective tenants will be identified coming through the Housing Options assessment. They will:

- receive an affordability and support needs assessment and where applicable suitable tenants will be referred to the homeowner/landlord.
- be supported to engage with the property owner to help arrange tenancy related matters and occupy the property upon works completion, ensuring a seamless transition from end of works to occupation.

5.5 In situations where the grant recipient defaults on the terms and conditions, particularly in circumstances where the default is outwith the homeowners control, such as requiring possession of the property as residence for themselves, or for financial matters whereby they are required to sell the property, the Service Manager (Housing) reserves the right to apply discretion.

6. FINANCIAL IMPLICATIONS

6.1 It is proposed that the £100,000 budget is re-allocated from the existing £120,000 Empty Homes Loan Fund. The remaining £20,000 will continue to be made available via the Empty Homes Loan Fund.

NOTE: No background papers, as detailed by Section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information) were relied on to a material extent in preparing the above report.

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² LHA Rates – Scottish Government - <https://www.gov.scot/publications/local-housing-allowance-rates-2019-2020/>