

<b>Key Decision Required:</b>	<b>Yes</b>	<b>In the Forward Plan:</b>	<b>Yes</b>
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**CABINET**

**3 OCTOBER 2012**

**REPORT OF THE HOUSING PORTFOLIO HOLDER**

**A.2 - EMPTY HOMES FUNDING - JAYWICK**

(Report prepared by Paul Price & David McCulloch)

**PART 1 – KEY INFORMATION**

**PURPOSE OF THE REPORT**

To advise Members of the award of a grant to bring back empty homes into use in the Jaywick area and to propose a strategic approach to the use of the grant funding to run in parallel with and compliment other regeneration initiatives in the Jaywick area. In addition to put in place appropriate delegations to utilise the grant funding and secure resources to develop the empty homes initiative and work in tandem with other work streams so as to ensure maximum benefit for the residents of Jaywick.

**EXECUTIVE SUMMARY**

Following a successful bid to the Homes and Communities Agency Tendring District Council has secured £1.3m of funding to bring empty homes back into use at Jaywick. This resource provides an opportunity to kick start some initiatives which are already at an embryonic stage with potential investors into the area whilst, via co-ordinate with other work streams, to make further visible improvement to Jaywick and get the housing market moving.

This is not a 'normal' grant scheme to owners. The Homes and Communities Agency expect flexibility and innovation, so stipulate in their guidance that it can be used for:

- Converting empty commercial property into residential units
- Homesteading
- First time buyer schemes
- As part of wider regeneration plans
- To grant fund landlords and developers
- To incoming owner occupiers

The grant can be used to meet the cost of up to 50% of the costs of eligible works to bring empty homes back into use, through owner-occupation or letting with a requirement of at least two years of occupation after award. All monies are payable to contractors who undertake works to return the property to use, or for materials (homesteaders) paid on production of valid receipts. This will help to ensure that there is little scope for monies to be siphoned off without works being undertaken.

The opportunity is seen as a significant possible contribution to the range of positive initiatives now beginning to take shape in Jaywick, led by Tendring District Council in partnership with Essex County Council but what is significant is that there is now engagement with the private sector to explore long term regeneration of the area rather than merely commission just another piecemeal initiative. The Council is looking to the

private sector to take forward development initiatives and opportunities in the area but it is clear from discussions with the sector that they are in turn looking to the Council to ease planning restrictions and provide some pump priming initiatives and are understandably cautious about taking the first step without evidenced support from the public sector.

This empty homes funding is a key component to realising the way forward as is the other funding which will go into the area to deal with the thermal deficiencies inherent in the poor quality of homes.

Clearly, how the grant is used will need to be co-ordinated across services and Portfolios with Regeneration, Planning and Housing being key areas of involvement. However, in order that the project has focus, the Housing Service (Life Opportunities) will take the strategic lead so as to ensure that initiatives do not stall through lack of momentum or clarity of purpose.

## **RECOMMENDATION**

**It is recommended:**

**a) That Cabinet supports the overall approach to the use of the empty homes funding and agrees the broad strategic approach to using the funding, with delegation to the Head of Life Opportunities in consultation with the Housing Portfolio Holder to implement and review the strategic use of the funding as necessary when details emerge from the Homes and Communities Agency;**

**b) That resources released through the Life Opportunities Fundamental Review be used to recruit an officer on a two year basis (the details of which to be agreed between the Head of Resource Management, Life Opportunities and the Housing and Finance and Asset Management Portfolio Holders) but backfilled via new homes bonus generated through bringing homes back into use.**

**c) That the Head of Resource Management and Head of Life Opportunities develop appropriate monitoring mechanisms so as to ensure effective probity of use of the grant funds and to provide quarterly updates to the Finance and Asset Management and Housing Portfolio Holders on its use.**

## **PART 2 – IMPLICATIONS OF THE DECISION**

### **DELIVERING PRIORITIES**

Reducing health inequalities and disadvantage and ensuring that all our residents live in high quality housing which meets local needs are key Corporate goals for the Council in achieving its objectives and aspirations within a sustainable financial framework.

### **FINANCE, OTHER RESOURCES AND RISK**

#### **Finance and other resources**

In order to reflect real life intervention into the bid the Council held discussions with two of the owners currently renovating empty properties in the Brooklands area of Jaywick. The average cost of bringing poor quality empty property back into use, at a reasonable standard, is in the region of £25,000, some less, some more. This exercise had not been completed at the Expression of Interest stage for the bid, where an assumption was made that the average cost would be around £30,000.

The bid set out that funding should be on a 50/50 basis to ensure clarity, consistency and a sufficient level of incentive. The intention is that the funding will be matched by private

investment on a 50/50 basis, up to a maximum grant. Hence, if a property costs £22,000 to bring back into use then the incentive would be £11,000.

**Based on the above, the bid level was raised from the £10,000 in the expression of interest, to £12,500 per property. Whilst the bid was for 105 properties x £12,500 – Total £1,312,500 we were awarded £1,300,000.** Grant assistance will only be made available on final invoices for completed and agreed work to acceptable standards.

The grant is only for capital expenditure and the actual cost of capital works can only be determined on a property by property basis as the project progresses. If it is less than this amount there will be a saving, which will be reported to HCA through the monitoring process.

An individual grant or loan assistance ceiling of £15,000 is proposed, which would fund 50% of the work where the cost of eligible works reached £30,000. This may not be needed, but an upper ceiling is considered necessary.

Throughout the range of incentives below there is an attempt at consistency of approach in keeping the levels in line with the above.

#### Purchasers of Empty Homes to rent

Grant assistance of 50% of approved costs up to a maximum of £15,000. Payable on completion of works. Completion to be within one year of purchase. To be let for a minimum of two years on completion. Grant registered as a charge and reclaimed if conditions not adhered to.

#### Absentee Owners of Individual Empty Homes

These are previous small landlords or second home owners who have abandoned their property in terms of its use, or owners who inherited it. Combination of persuasion and enforcement action where required to encourage works to be undertaken.

Grant assistance of 50% of approved costs up to a maximum of £15,000 per property. Payable on completion of works. Completion to be within one year of purchase. To be let or occupied for a minimum of two years on completion. Grant registered as a charge and reclaimed if conditions not adhered to.

#### Landlords with a Number of Empty Properties

A combination of persuasion and enforcement action where required, continuing from existing actions.

Grant assistance of 50% of approved costs up to a maximum of £15,000. Payable on completion of works. Completion to be within one year of purchase. To be let for a minimum of two years on completion. Grant registered as a charge and reclaimed if conditions not adhered to.

#### Homesteading for First Time Owner Occupiers

Only for existing Tendring residents, priority to be given to people on the Housing Register, especially those who are in significant housing need. Income assessment to determine applicants do not have the resources to purchase and renovate without assistance.

Grant assistance up to a maximum of £15,000 for specified works to bring the property up to an acceptable standard. To have moved in within nine months, works to be completed within 18 months of purchase. To be owner-occupied for a minimum period of three years from date of purchase. Grant registered as a charge and reclaimed if conditions not adhered to.

#### Developers and Reconfiguration

To be considered on a case by case basis for owners of existing vacant property only. To be available where it is considered necessary as an incentive and other private finance is not available.

Grant assistance of 50% of approved costs up to a maximum of £15,000. To be payable on completion of works. Completion to be within one year of obtaining Planning permission. Grant to be repaid on sale, if sale is the intention, or property to be let for a minimum of two years on completion. Grant registered as a charge and reclaimed if conditions not adhered to.

#### Commercial Reconfiguration

To be considered on a case by case basis and to be used where considered necessary as an incentive. Grant assistance of 50% of approved costs up to a maximum of £12,500 per unit of residential accommodation produced. Completion to be within one year of obtaining Planning permission. Grant to be repaid on sale, if sale is the intention, or property to be let for a minimum of two years on completion. Grant registered as a charge and reclaimed if conditions not adhered to.

#### Recycling of Receipts

The above grants all contain payment on resale conditions. It is not possible to accurately forecast the amount which will be received. For the purposes of this bid however, a level of 10% is assumed, £130,000. All of this will be reinvested for additional capital works in Jaywick as part of this proposal.

#### Standards to be Achieved

All property benefitting from this assistance will need to meet acceptable standards. These have not been concluded as yet.

However, to try to bring Jaywick empty property up to Decent Homes or Decent Homes Plus would be prohibitively expensive and defeat the object of stimulating and restoring confidence in the local housing market.

It is proposed that acceptable standards will be based on the following criteria:

- good repair
- free from 'Category 1 Hazards' as defined by the Housing act 2004
- safe and certificated gas and electrical supplies and installations
- adequate and functional room sizes including kitchens
- fixed efficient and affordable space heating
- insulation
- An EPC rating of D or above

## **Risk**

Clearly, whilst the aim of the funding is to bring empty homes back into use what we want to avoid is bringing homes back into use which compromise other initiatives which are being progressed to bring forward wider scale regeneration of the area. Conversely we do not want to preclude homes being brought into use when there is no realistic prospect of wider scale regeneration for many years so there may need to be a pragmatic approach to grant funding in that some properties may be brought back into use which may in effect become short-life properties, i.e. only used for 10 to 15 years before being swallowed up into a wider regeneration project. There are many precedents for taking this type of approach, particularly in urban areas where land assembly may take many years to achieve but housing shortages still make it viable to continue to use properties whilst other processes take place. However, if possible we should try to avoid this type of intervention and we will work with private sector investors to explore whether funds can be better utilised to bring forward early regeneration projects if at all possible.

## **LEGAL**

There are no legal impediments to utilising this grant funding or putting suitable arrangements in place to progress such initiatives.

## **OTHER IMPLICATIONS**

**Consideration has been given to the implications of the proposed decision in respect of the following and any significant issues are set out below.**

**Crime and Disorder / Equality and Diversity / Health Inequalities / Area or Ward affected / Consultation/Public Engagement.**

Bringing empty homes back into use and significantly improving standards will contribute to improving health inequalities.

Details of engagement/consultation are contained in the body of the report.

## **PART 3 – SUPPORTING INFORMATION**

### **BACKGROUND AND CURRENT POSITION**

Earlier this year the Government 'Homes and Communities Agency' (HCA) invited bids from local authorities in England who had clusters of over 100 empty homes to bid into a £20million funding pot.

As Tendring District Council has that number in Jaywick an 'expression of interest' was submitted on the basis that "if we didn't try we wouldn't get". The Council was successful in getting through the first round and was invited to make a full bid during May.

In principle discussions were held with the Housing Portfolio Holder, Planning, Regeneration, Neighbourhood Team and local Ward Members and general agreement was given. The second round bid contained a bid for staffing resources to deliver the project but shortly before the bid deadline the HCA contacted the council and advised that this could not be included as they were only prepared to grant fund capital works through this initiative. Given that any empty homes brought back into use would generate new homes bonus (NHB) it was decided that the bid should go forward and any staffing costs would be funded through NHB or other sources rather than lose the opportunity of £1.3 million grant funding.

The opportunity is seen as a key element to the range of positive initiatives now beginning to take shape in Jaywick, led by the Chief Executive, as this may provide some vital pump priming for the private sector to bring forward initiatives. Discussions have already been

ongoing for some months both within the Planning service and Housing service with some of the potential developers/investors and it is very evident that they are unlikely to take schemes forward without evidence that the Council is committed to securing regeneration in Jaywick.

Once the decision to press ahead with the bid was made, consultation meetings were held to seek local views and support. The Housing Portfolio Holder has been kept up to date on developments and more recent discussions have been held with the Planning Portfolio Holder who has been also progressing separate exploratory discussions with potential investors/developers in the area. Other bodies consulted have included:

- Jaywick Tenants and Residents Association (JTRA)
- Jaywick Forum Committee
- Local Ward Members
- Planning (on drafts and direction)
- Regeneration (on drafts and direction)
- Local Developers and two landlords owning small numbers of empty property.

Formal letters of support from JTRA, Jaywick Forum and local Ward Members were submitted with the bid. Comments and revisions from all of the above were included in the final submission.

The areas included within the bid include Brooklands, Grasslands and part of the village. There are some 186 empty, and sometimes derelict properties in the area selected which provides scope to bring a large number back into use or to deliver alternative regeneration proposals which will in effect bring the equivalent of 100 units back into use.

An email informing Tendring District Council we had been allocated £1.3m was received in June, but the money has not been posted to TDC as yet and to date we still have not received details from the Department of Communities and Local Government or the Homes and Communities Agency regarding administration of the grant. A conference has been arranged by the HCA for the 20<sup>th</sup> September 2012 in Manchester to outline how they see the initiative being taken forward. However, the grant criteria commits the council to bring 35 units back into use by the end of March 2013, which means that we need to make put plans in place before we have firm details of arrangements.

### **Current Proposals for Grant Use**

These are listed below, but the criteria and scheme conditions may vary according to delivery on the ground and best fit with our overall Jaywick initiatives.

- Purchasers of Empty Homes to rent
- Absentee Owners of Individual Empty Homes
- Landlords with a Number of Empty Properties
- Homesteading for First Time Owner Occupiers
- Developers and Reconfiguration
- Commercial Reconfiguration

The grant will be 50% of the costs of eligible works, with an owner- occupation or letting requirement of two years, all monies payable to contractors only, or for materials (homesteaders) paid on production of valid receipts.

There are already procedures in place to allow the selection and monitoring of contractors to work with homeowners. These mechanisms can be used as the basis for this scheme.

It is important to recognise that this is not a 'normal' grant scheme to owners. The Homes and Communities Agency expect flexibility and innovation and so it is essential that we appoint a member of staff who can work with a range of groups and individuals to deliver initiatives on the ground but can also have an appreciation and is able to interface with the bigger picture around the Council's regeneration vision for the area.

What is clear though is that the clock is now ticking and whilst we still have not received specific guidance regarding payment arrangements etc. from the HCA they are expecting us to get on with putting arrangements into effect.

There are a number of key elements/background to the way forward

These include :

- Every empty home brought back into use secures a minimum of £6k (over 6 years) New Homes Bonus. All 100 in the £1.3m bid would secure in the region of £600k NHB to the Council. This is important as it provides back to back funding opportunities to cover the cost of the temporary position we need to create to move this project forward;
- The wider integration with the overall Jaywick Strategy. Initiatives such as those being promoted by large landholders and developers need to be considered within the day to day actions as do those by phase two redevelopment by the Guinness Trust, the land holding by the HCA at Tudor fields, other small and medium sized landlords, JTRA, Jaywick Forum, Council service departments. We need to factor the day to day liaison, co-ordination and progress of actions in connection with individual initiatives with the overall strategy;
- Co-ordination with our partners ICE Energy in spending £2.5m of N-Power's money in putting in new heating, windows and insulation into 125 properties in Jaywick and with the overall vision for improvement that the HCA has;
- Conditions inherent in the draft Local Plan;
- How we actually go about the co-ordination and delivery of the £1.3m empty homes funding. The use of this resource is relatively flexible and involves discussion and persuasion, backed up by statutory action, with all owners of empty homes and commercial properties- people who have moved way, landlords, developers, potential developers, abandoned property, including owners of derelict second homes.

## **Staffing**

It is proposed that an Interim Post be created for a period of two years, to be filled internally or externally.

The person would require key strategic and interpersonal skills with a background that encompasses knowledge of grant administration and relevant enforcement. It will be essential that they have a flexible approach and entrepreneurial flair to engage with key initiatives. Knowledge of the key players at Jaywick would be advantageous. What is important to the success of the project is identifying the right person with the appropriate skills.

It is proposed that as the empty homes funding cannot be used under HCA rules as this is capital funding that this is funded from savings from Life Opportunities Fundamental

Service Review – these could be offset against NHB achieved; NHB will potentially offset any funding stream and therefore it is to some extent irrelevant where the funding comes from as it can be backfilled.

If we budget for mid point 10 scp 44 £44,647 including on costs = £89,294 over two years

<b>BACKGROUND PAPERS FOR THE DECISION</b>
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None
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<b>APPENDICES</b>
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None
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