

<b>Key Decision Required:</b>	<b>Yes</b>	<b>In the Forward Plan:</b>	<b>Yes- Follow up Report from 3<sup>rd</sup> Oct Cabinet</b>
-------------------------------	------------	-----------------------------	--

## CABINET

**23 JANUARY 2013**

### **REPORT OF HOUSING, BENEFITS & REVENUES AND SPORTS FACILITIES PORTFOLIO HOLDER**

#### **A.11 - EMPTY HOMES FUNDING - JAYWICK**

(Report prepared by Paul Price & David McCulloch)

#### **PART 1 – KEY INFORMATION**

##### **PURPOSE OF THE REPORT**

To consider and agree the spending of the £1.3m Homes and Communities Agency Award to the Council.

##### **EXECUTIVE SUMMARY**

This report follows on from my report considered at 3<sup>rd</sup> October 2012 Cabinet. At the 3<sup>rd</sup> October meeting Cabinet resolved that :-

(a) Officers bring forward a further report forthwith examining the innovative approaches detailed in this report and during examination hold discussions with the relevant ward Members to feed into future recommendations. This future report would also give detailed proposals of the measures to be put in place to ensure probity and transparency on all expenditure against the £1.3million grant; and

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

The two year post in (b) above is currently in the recruitment process. Details in respect of (a) are in the 'Background' section below.

##### Consultation

In respect of consultation, the 3<sup>rd</sup> October report did not set out the full range of consultation and involvement that had taken place as part of the original 2012 bid submission. In practice, extensive consultation and local support was an integral and required part of formulating the bid.

A number of meetings were held with Golf Green Ward Councillors, the Jaywick Tenants and Residents Association and Jaywick Forum Members. All gave formal written support to the bid, and those letters and emails of support form Appendix A to this report.

Since October additional meetings and discussions have taken place. There is a general

local concern to release this funding, as soon as practicable, to contribute to the other initiatives now taking place in Jaywick.

There has been a particular request, supported by all of the above, to extend the funding area as far as possible into Jaywick Village. This is being implemented, and a revised funding area boundary will be agreed with the Homes and Communities Agency. This will reduce the existing percentage of properties vacant in the area from its current 14 percent, to an enlarged area with only 10 per cent vacant, the minimum percentage for funding.

Consultation and meetings on the proposal and bid, and its various drafts, were also held with other areas of the council, Essex County Council and the Jaywick Neighbourhood Team.

Local input was also essential in formulating how the funding should be used and how the scheme might best work in its various strands. This involved all those above, but also local key developers, owners and builders.

Of particular assistance was local building price information, the range of works that would be needed and the minimum level of intervention that would attract match funding from developers, empty home owners and incoming owner occupiers. One of the underlying drivers behind this approach has been to bring enough empty property back in to use to assist in restoring confidence in the area, sufficient to raise house prices and encourage new owner occupiers.

A scheme that had not gone through this exercise, that had developed a programme without local 'soft market testing', or sought to impose a set formula, would be highly unlikely to succeed

### Project Background

In March 2012 the Government 'Homes and Communities Agency' invited bids from local authorities in England who had clusters of over 100 empty homes. £20m was available overall. Property had to have been vacant for at least one year to qualify for assistance.

As Tendring District Council had that number in Jaywick an 'expression of interest' was submitted in April 2012. The Council got through that stage and was invited to make a full bid during May.

The current area involves Brooklands, Grasslands and part of the village. There are 186 empty and sometimes derelict properties in the area selected.

An email informing TDC they had been allocated £1.3m was received in June, the first tranche of the money was not posted until December 2012. There has not been any detailed guidance, it is up to successful bidders to determine how best to make use of the allocation locally. Brief quarterly progress reports are to be made to the Homes and Communities Agency.

## RECOMMENDATION(S)

It is recommended:

(a) That Cabinet supports the overall approach to the use of the empty homes funding and agrees that programme delivery can now commence;

(b) That the relevant Corporate Directors provide quarterly updates to the Finance and Asset Management and Housing, Benefits & Revenues and Sports Facilities Portfolio Holders on its use.

## PART 2 – IMPLICATIONS OF THE DECISION

### DELIVERING PRIORITIES

The Corporate Plan 2010 to 2016 has the following priority under “Our Place’ : ensure all our residents live in high quality housing which meets local needs. The actions in this report will bring long term empty properties back into use and assist regeneration efforts in an area with high levels of deprivation.

The Council’s Empty Homes Strategy, 2009 to 2012, has a key aim ‘to bring as many long term vacant properties in the private sector back into occupation in the most appropriate way in the shortest possible timescale’. Again, the actions in this report will bring a long term empty property back into use and.

### FINANCE, OTHER RESOURCES AND RISK

#### Finance and other resources

This allocation of £1.291 million is 100% externally funded through the Homes and Communities Agency in terms of a capital grant to be paid in two tranches. Revenue expenditure for staffing is not permissible within the allocation.

Although the basis of the funding is flexibility according to local circumstances, financial probity and accountability is essential.

Hence, it will be a requirement throughout the project, that the outcomes of expenditure will be quantifiable on the ground, that proper estimates and receipts are submitted, that reasonable cost principles are followed, that there is at least 50% match funding and that an Audit trail exists that will stand external scrutiny.

In addition, it is recommended that the relevant Corporate Directors provide quarterly updates to the Finance and Asset Management and Housing, Benefits & Revenues and Sports Facilities Portfolio Holders on its use so as to ensure effective probity of use of the funds.

Brining long term empty homes back into use attracts New Homes Bonus award from the Government. Bringing 100 empty homes in Jaywick into residential use would secure in the region of £700,000 New Homes Bonus.

#### Risk

The allocation has to be fully committed by April 2014, although actual expenditure against committed schemes will roll into 2014/2015. Given the timescale there is a possibility that

not all the resources can now be utilised in the timeframe.

Although investigated and tested locally, the various schemes and proposals may not work on the ground, or prove as attractive as initially considered. The scheme, or elements of it, may therefore need to be revised to ensure delivery.

There is the possibility that the initiative may not revive the base of the local cash housing market, or bring about a marked uplift in the area. This is now unlikely given the other investment currently going into the area through major utilities energy funding (see current position below).

## **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.**

Golf Green Ward

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

There are high levels of reported arson in the Brooklands area of Jaywick, particularly in respect of empty property. Bringing up to 100 empty properties back into use will contribute to reducing this criminal activity.

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

## **PART 3 – SUPPORTING INFORMATION**

### **BACKGROUND**

Local authorities with 'clusters' of empty homes were invited to bid for funding to the Homes and Communities agency in spring 2012. There was £20m available nationally.

The money is to be used to bring empty property back into use. It does not have to be used in any particular way, or through one particular scheme. Schemes can be varied, removed or added to during the course of the funding. However, all funds have to be committed (but not fully spent) by April 2014, 15 months away.

The emphasis in the bidding guidance is on flexibility and tailoring to the requirements of the area and local housing market. It can be used to convert empty commercial property into residential, as part of a development programme, or in other ways to encourage matching investment from incoming owner-occupiers or others, to bring empty property back into use.

Appendix B to this report sets out in detail how it is proposed the allocation be best

utilised. In summary the proposals include :

- Homesteading for first time Owner- Occupiers
- Assistance to Owner-Occupiers moving into or within the area
- Absentee Owners of individual empty homes
- Developers and reconfiguration
- Commercial reconfiguration
- Landlords with a number of empty properties
- Purchasers of empty homes to rent

For administrative convenience some of the proposals resemble more traditional grant schemes, though very much tailored to Jaywick. However, there is no need to run any of this project as a grant scheme, or in fact in any particular per defined way. Flexibility is a key factor. The schemes outlined may need to be varied if they are not delivering as intended, or if events on the ground dictate or encourage a revised approach.

The funders want to see the money used to bring about, or contribute to, a visible change in Jaywick through reducing the number of empty properties.

Without built in flexibility, and a variety of schemes geared to local conditions after consultation, the project would not succeed.

It will be a requirement, throughout the project, that the outcomes of expenditure will be quantifiable on the ground, that proper estimates and receipts are submitted, that reasonable cost principles are followed, that there is at least 50% match funding and that an Audit trail exists that will stand external scrutiny.

#### Standards to be Achieved

The property standards to be achieved to obtain assistance are set out in Appendix C to this report. Broadly, properties will have to be in reasonable repair, have efficient heating, minimum room sizes, and insulation sufficient gain an EPC of D or above.

#### **CURRENT POSITION**

There is a waiting list for financial assistance from this source. This includes owner occupiers intending to move to the area, developers with large holdings of empty residential and commercial property and two smaller owners of empty homes.

Since the October 3<sup>rd</sup> report there has been a commitment to major new investment in Brooklands and Grasslands through the larger utility companies, particularly N-Power and Scottish Power. All major utility companies have carbon reduction obligations to meet or they have to forfeit a proportion of global profit. The various delivery mechanisms and incentives available favour areas of deprivation and poor housing- Brooklands and Grasslands. Whilst this report focuses on Jaywick it should also be noted that this partnership approach, as well as other work that the Council is undertaking with Energy companies, is already delivering Energy saving initiatives across all areas of the District and is not only limited to the Jaywick area.

It is intended that the empty property allocation be used parallel to these funding sources to secure comprehensive improvements to empty property where owners are able to take advantage of both funding routes.

## APPENDICES

Appendix A - Letters and Emails of support from local members, Jaywick Forum and Jaywick Tenants and Residents Association

Appendix B - Types of assistance available

Appendix C - Physical property standards to be achieved

### **APPENDIX B: TYPES OF ASSISTANCE AVAILABLE**

#### **General**

The below are in outline only. For administrative convenience they will be run as grant schemes using, in the main, existing procedures.

Due to the timescales involved individual detailed schedules of work will not normally be prepared. Owners will be issued with the property standards required in Appendix C, a summary schedule will be issued following the initial site meeting and applicants asked to provide itemised estimates to comply with the standards and outline schedule. As part of that process:

- There will be an initial site meeting with the owner or his/her builder to record current condition, discuss and agree the work required. Photographic records will be kept.
- Assistance will be approved on the basis of legitimate itemised estimates. The builder giving the approved estimate will be the builder carrying out the work.
- Assistance will be available to the identified owner of the builder only, or through his or her appointed agent.
- The level and amount of assistance will depend on the works being eligible and the Council assessment of reasonable cost based on local prices.
- Any unforeseen or eligible additional works will also be subject to legitimate estimates and the reasonable cost test.
- Payments will be dependent on legitimate invoices and the Council's valuation, at inspection, of completed eligible works. This will include required certifications. Photographic records will be kept.
- There will be a maximum of 2 interim payments.
- All payments will be made to the builder or contractor direct
- All work will be completed within 1 year of grant approval, or such lesser time as is specified below.

Assistance will be based on the reasonable cost, at local prices, of carrying out grant eligible work only, at a rate of 50%, up to a maximum of £15,000 per finished unit. Grant will only be paid on completion to the Council's satisfaction with a maximum of 2 interim payments for larger schemes of work.

There will not be a means or income test for owners. The objective is to encourage investment in the area, improve physical conditions and start a revival at the base of the housing market

In determining grant levels, officers held discussions with builders and owners currently renovating empty properties in Brooklands. 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.

Assistance will be on a 50/50 basis, match funded by the owner.

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

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

### **Homesteading for first time Owner- Occupiers**

Only for existing Tendring residents, priority to people on the Housing Register.

Grant assistance up to a maximum of £15,000. To have moved in within 9 months, works to be completed within 12 months of purchase. To be owner- occupied for a minimum period of 2 years from date of works completion. Grant registered as a charge and reclaimed if conditions not adhered to.

### **Assistance to Owner-Occupiers moving into or within the area**

First preference and promotion to Tendring residents.

Grant assistance up to a maximum of £15,000. To have moved in within 5 months, works to be completed within 9 months of purchase. To be owner- occupied for a minimum period of 2 years from date of works completion. Grant registered as a charge and reclaimed if conditions not adhered to.

### **Absentee Owners of individual empty homes**

These are previous small landlords, 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.

Grant assistance of 50% of approved costs up to a maximum of £15,000. Completion to be within 6 months of grant approval. To be let or owner -occupied as principal home for a minimum of 2 years on completion. Not eligible for use as a second home or holiday lets. Grant registered as a charge and reclaimed if condition 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 appropriate as an incentive to match other private finance.

Grant assistance of 50% of approved costs up to a maximum of £15,000. To be payable on completion of works. Property to be let or leased for a minimum of 2 years on completion. Grant to be repaid on sale or disposal if occurs within that 2 years. Not eligible for use as holiday lets. Grant registered as a charge.

### **Commercial reconfiguration**

To be considered on a case by case basis and to be used where considered necessary as an incentive to match other private finance. Grant assistance of 50% of approved costs up

to a maximum of £15,000 per unit of residential accommodation produced. Completion to be within 1 year of obtaining Planning permission. Property to be let or leased for a minimum of 2 years on completion. Grant to be repaid on sale or disposal if occurs within that 2 years. Grant registered as a charge.

### **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. Completion to be within 1 year of purchase. Property to be let for a minimum of 2 years on completion. Grant to be repaid on sale or disposal if occurs within that 2 years. Not eligible for use as holiday lets. Grant registered as a charge.

### **Purchasers of empty homes to rent**

Grant assistance of 50% of approved costs up to a maximum of £15,000. Completion to be within 1 year of purchase. Property to be let for a minimum of 2 years on completion. Grant to be repaid on sale or disposal if occurs within that 2 years. Not eligible for use as holiday lets. Grant registered as a charge.

In all of the above 'completion of works' is such time that the Council certify they are completed for grant purposes.

## **APPENDIX C: PHYSICAL PROPERTY STANDARDS TO BE ACHIEVED**

(The property must have been empty for at least 1 year)

### **1) Structure**

Roof and external walls must be in good repair, structurally sound and weatherproof.

All joints between walls and door/window frames must be effectively sealed.

All ceilings, walls and floors to be sound, with no evidence of cracks, serious structural faults or damp. Ceilings finished in polystyrene tiles must be replaced with an approved non-combustible decorative finish.

Properties must be free from damp. Where applicable there should be an adequate and effective damp proof course and under-floor air bricks where there is a suspended timber ground floor.

Concrete or timber building supports should be sound and adequate for the purpose.

Front and rear entrance steps and balconies should be sound, safe and adequate for the purpose. Inclusive of handrails where required.

All rooms shall be of a usable shape and proportion. A habitable room does not include the area of any bathroom, staircase, passageway, landing or access lobby.

### **2) Windows & Doors**

All external doors and windows must be in sound condition, fully operable and safe.



### **3) Room sizes**

Main bedroom(s) (not more than 2 persons) min. 10.2 sq. m (110 sq. ft.). Additional bedroom(s) (single person) min. 6.5 sq. m (70 sq. ft.).

No bedroom to lead directly off a kitchen or kitchen/diner.

### **4) Ventilation**

Mechanical ventilation systems to be fitted in kitchen and bath/shower room

Minimum extraction rate of 15 litres/sec for bathrooms and 60 litres/sec for kitchens must be provided.

### **5) Electrical**

Provide a Domestic electrical installation condition report (DPN5) on the adequacy of the electrical installation, which must be carried out, by an NICEIC, ECA or NAPIT approved contractor.

Carry out such work as is recommended to ensure the electrical supply is safe and fully operable.

All surface mounted wiring must be enclosed in suitable plastic conduit.

### **6) Heating**

To be an energy efficient and affordable heating system eg. full gas fired central heating, or off peak (Economy 7) electric storage heating, air source or ground source heat pump. Central or fixed space heating to all habitable rooms must be provided.

Hot water cylinders must be adequately insulated. On older heating systems where an immersion heater is fitted you must ensure the immersion heater is fitted with a safety cut out device.

### **7) Kitchens**

The kitchen must include space and suitable point for a gas or electric cooker.

There must be adequate worktop surface proportionate to the size of the property. Worktops must be clean and free from splits and cracks. Where the worktop abuts a wall, a tiled splash back should be provided with a smooth silicone bead where they join.

There should be a minimum two double sockets at worktop level as well as sufficient for appliances, suitably located, below that.

An adequately sized sink and drainer must be provided, fitted with a tap affording a constant supply of hot and cold water (cold water must be drinking water direct from the mains).

All kitchens must have a door (except where designed with an open plan kitchen/living room).

### **8) Bathrooms & WC**

A bathroom must consist of a bath or shower, wash hand basin and WC. Separate WCs are permissible. There must be a constant supply of hot and cold water to the bath and wash hand basin.

A tiled splash back must be provided where a bath or wash hand basin abuts a wall with a smooth silicone seal at the join. Where an over bath shower is provided, tiling must be provided to a sufficient height to protect the adjoining walls, and a suitable shower screen or curtain fitted.

Showers must be fully tiled, adequately sealed and supported to prevent any leaks. below.

#### **9) Water Supply and Drainage**

Water supply must be of an adequate pressure to appliances, taps and boiler.

Drainage within the curtilage of the property to be sound and operating correctly.

Roofs to have appropriate gutters and downspouts.

#### **10) Insulation**

270mm loft insulation should be fitted where there is a loft to meet current Building Regulation Standards (excluding boarded areas). Under floor insulation should also be provided where it is deemed practical to install. The under floor external area should be skirted off where this can be achieved.

Where there is a separate utilities grant available, external walls should be insulated by a propriety system approved for Ofgem financing purposes.

#### **11) EPC**

The property must be graded D or above.

#### **12) Gardens and Boundary Fences**

Garden and paved areas should be safe and clear of stored or abandoned material. Boundary fences must be provided and be in a sound structural condition.

#### **13) Building Regulations and Planning Permission.**

All works carried out must be in accordance with Building Regulation and current Planning requirements