



To: Councillor Kevin Price Executive Councillor for Housing
Report by: Yvonne O'Donnell Environmental Health Manager
Relevant scrutiny committee: Housing 7/3/2017
Scrutiny Committee
Wards affected: All

INTRODUCTION OF AN EMPTY HOMES LOANS POLICY

Not a Key Decision

1. Executive summary

- 1.1 The introduction of the Empty Homes Loan Policy (as attached Appendix A) is needed to help combat the on-going problem with Empty Homes in Cambridge City. The City has in the region of 328 properties that are recorded to have been empty for over 6 Months. The Empty Homes Officer is currently investigating in the region of 70 of these properties that have been empty for longer than two years. Empty homes are a wasted resource in terms of housing available for people to live in and they can also have a negative impact on their surrounding communities, as well as being a financial burden for many owners. Cambridge is in a high area of demand for affordable housing. It is therefore important that the Council is committed to making the most of existing stock within the City and encourages owners to bring long-term empty homes back into use.
- 1.2 The Council has an Empty Homes Officer who through education, support and enforcement, works with empty home owners to return properties to use. The introduction of this policy will compliment this work and will not only act as valuable additional option to enforcement but will also encourage empty home owners to engage with the Council.

- 1.3 Homes returned to use through the interest free loan will be on the condition that they are rented at an affordable rent level via Town Hall or another not for profit provider and that the property is rented in this way for a minimum period of two years. This affordable rent level will be set at 80% of the median rent according to the most up to date Home track data.

2. Recommendations

The Executive Councillor is recommended:

- 2.1 To approve the Introduction of an interest free Empty Homes Loan Policy, with loans of up to £25,000 secured against each property, (attached as Appendix A).
- 2.2 To approve conditions being attached to the loan meaning that the property has to be let at an affordable rent level for the minimum of two years.
- 2.3 To approve for the property to be let through THL or another not for profit provider.

3. Background

- 3.1 Cambridge City has a high demand for housing including affordable rented accommodation for those living within the City. The demand for housing from a growing population combined with high prices, has contributed to problems of affordability and high demand for affordable rented housing.
- 3.2 Cambridge operates an Empty Homes Policy the policy is aimed at returning long term empty residential properties back into viable accommodation within the city. In order to achieve this, the Council has a dedicated Empty Homes Officer to help identify and work with owners to bring properties back into use. Many of the properties which are empty are currently not in a suitable condition to be occupied they vary between needing modernisation and total renovation.
- 3.3 Housing is a key determinant of health, and poor housing conditions continue to contribute to health inequalities, this is especially prevalent in the private rented sector. The housing health and safety rating system (HHSRS) is a risk-based evaluation tool to help local authorities identify and protect against potential risks and hazards to

health and safety from any deficiencies identified in dwellings. It was introduced under the Housing Act 2004 and applies to all residential properties in England and Wales. HHSRS assesses 29 categories of housing hazard. Each hazard has a weighting which will help determine whether the property is rated as having category 1 (serious) or category 2 (other) hazards within.

- 3.4 There is a duty on the local authority to take action when they are aware of the existence of a category one hazard. Through the loan process we can enable empty home owners to remediate category one hazards and improve the condition of the property meaning it is suitable to be let.
- 3.5 When assessing a property the Empty Homes Officer will use the Housing Health and Safety Rating System (HHSRS) to determine the works needed to bring the property up to decent homes standard ensuring there are no Category 1 Hazards and an EPC rating of D and above. Taking this into account, any loan offered would be on the condition that works specified to remediate any hazards identified under HHSRS are completed to the Councils satisfaction.
- 3.6 The introduction of the Empty Homes Loans Policy has three key objectives:
 - The reduction of empty homes
 - The improvement of an area / amenity
 - The creation of affordable housing

The property will be subject to a two or five year repayment condition in line with the repayment plan, which will require the property to be managed through THL or another affordable not for profit management provider. For the duration of the loan period the property will be let an affordable rent level set at 80% of the median rent according to the most up to date Home track data. By placing this condition on the loan it will assist the Housing Advice Service (via THL or other not for profit provider) to discharge its duty to homeless applicants or offer an affordable solution to prevent homelessness. After two years the owner could at this stage offer to repay the remaining loan in full and end their agreement with THL or other relevant provider, alternatively monthly repayments would continue for the remainder of the loan term.

- 3.7 The interest free Empty Homes Loan would have a maximum value of £25,000 per unit of accommodation. In some instances properties may be able to be subdivided to form more than one unit of accommodation. For the purpose of this Scheme one unit is considered to be a fully self-contained dwelling. The creation of

Houses in Multiple Occupation will be considered on an individual basis.

- 3.8 Applications for the conversions of commercial units to residential units will be considered for commercial properties that have been vacant over one year, dependent on local housing need and planning regulations.
- 3.9 The value of £25,000 is a maximum value and is set as such, in the majority of cases it will be sufficient to do essential works such a boiler installation, wiring, kitchen and bathroom improvements to bring the property up to the required standard. In instances where the loan is not sufficient to complete all works the property owner would need to agree to pay the outstanding amount as a condition of the loan being granted. The cost of the works will be determined before the start of the loan. A comparison has been carried out with other authorities offering similar schemes in Appendix B.
- 3.10 Any financial assistance will be made on a loan basis which is required to be paid off within a two or five year period. The loan will be secured against the property until it has been fully repaid. Payment will be made on a monthly basis to the Council at a set amount detailed within the loan agreement. During the initial two year agreement with THL or another not for profit provider the loan amount will be deducted directly from the rent. A breakdown of anticipated figures can be found in Appendix C. As the principal function of the loan is to encourage empty home owners to return the property to use the loan will not attract interest. It is anticipated that the loan will be using recycled funds from an existing ring-fenced pot and there will be no additional cost to the Council. Currently Cambridge City has no financial assistance options available to owners of long term empty properties.

4. Implications

(a) Financial Implications

- 4.1.1 Funding for the Empty Homes Loan will come from a ring fenced budget. Repayments from the loan scheme will be returned to the budget to allow for a recyclable fund.
- 4.1.2 Each empty home which is brought back to use as an 'affordable' home' currently merits payment to Cambridge City Council under the New Homes Bonus.

4.1.3 It is anticipated that empty homes which benefit from the loan are utilised by THL or another not for profit provider. This could help to reduce costs incurred by Cambridge City Council by providing a homeless prevention option and reducing the need for temporary accommodation.

4.1.4 Legal costs for securing the loan will be met by the owner as part of the agreed loan amount.

(b) Staffing Implications

The Empty Homes Loan will be administered by the Empty Homes Officer as part of the role; the management of the property will be carried out by THL or another not for profit provider. It is not envisaged any additional staff will be needed or that there should be any staffing implications created by the introduction of the loan.

(c) Equality and Poverty Implications

The loan policy will not lead to inequality but will have a positive effect through improving homes, reducing fuel poverty and will offer additional affordable private rented housing options to those on a lower income. (as attached Appendix D)

(d) Environmental Implications

The policy supports energy efficiency and the improvement of the SAP (Standard Assessment Procedure) rating if it is E or below .The policy ensures that on completion all properties will not have any category one hazard under HHSRS for excess cold and therefore will have a fully controllable fixed heating system that is reasonable economic to run and sufficient insulation. Ensuring proper heating and insulation in all loan funded properties will help to reduce fuel poverty, reduce energy usage and contribute to a in reduction of CO2 emissions. These actions help to create a more sustainable City. Although the loan takes positive actions, due to the relatively small number of properties likely to be improved the overall impact will be +L.

(e) Procurement

Advice has been taken from Procurement and Contracts within the Councils Commercial Services. As the scheme is a loan in which the individuals 'procure' their own contractors it would be excluded from Cambridge City Councils procurement rules.

(f) **Consultation and communication**

The process has been carried out in consultation with THL to enable continuity of the process and achieve one of its aims in improving housing need within the city. We have also consulted with Jimmy's Cambridge supported housing as a provider of supported housing in Cambridge.

The Empty Homes Loan will be widely publicised, the Empty Homes Officer will make contact with empty home owners to encourage them to apply for the new loan if required.

All communication regarding the Empty Homes Loan Policy will utilise the Councillors website, social media and information points throughout Cambridge City.

(g) **Community Safety**

- i. The implementation of an Empty Home Loan will lead to the creation of safer affordable homes to be let at an affordable rent level. It will also help the Council meet its goals in tackling & preventing homelessness. The return of empty homes to occupation will also help tackle potential problems from anti-social behaviour, fly tipping and reduce the likelihood of squatters.
- ii. The policy will continue to enable the Authority to work towards achieving a reduction in category one hazards. Improvements in standards in the private rented sector will help to provide warm and safer homes.

5. Background papers

Housing Act 2004

<http://www.legislation.gov.uk/ukpga/2004/34/contents>

The Regulatory Reform (Housing Assistance) (England & Wales) Order 2002.

<http://www.legislation.gov.uk/uksi/2002/1860/article/3/made>

Cambridge City Councils Empty Homes Policy 2012

<https://www.cambridge.gov.uk/sites/default/files/.../empty-homes-policy-2012>

Empty Homes Bonus Scheme

<https://www.gov.uk/government/publications/new-homes-bonus-final-scheme-design--2>

Equality Impact Assessment 2017

6. Appendices

Appendix A: Empty Homes Loan Policy

Appendix B: Bench Marking Exercise

Appendix C: Example of Loan Repayment Tables

Appendix D: Equality Impact Assessment

7. Inspection of papers

To inspect the background papers or if you have a query on the report please contact:

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