

Cambridge City Council
Empty Homes Loan Policy

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1.0 Introduction

- 1.1 Cambridge City Council's *Draft Housing Strategy (2016-2019)* considers bringing empty homes back into use as essential. The City has in the region of 328 properties that are recorded to have been empty for over 6 Months. Without intervention it is considered that many of these properties would remain un-occupied and a wasted resource in the City.
- 1.2 There is a shortage of residential accommodation available in the City as housing demand outstrips housing supply quite significantly, in particular there is a shortage of affordable private rented accommodation available at affordable rent. The demand will continue as Cambridge's population is set to grow by around 20% over the next 10 years. Each empty home denies a household somewhere to live and returning an empty home to use has social, environmental and financial benefits.
- 1.3 Empty homes are a wasted resource and can have a detrimental impact on neighbourhoods and the environment, as they can become an eyesore that may also cause problems for neighbours. Empty homes can quickly fall into disrepair and become magnets for antisocial behaviour and vandalism.
- 1.4 With housing and land in short supply in Cambridge it is necessary to ensure that empty homes do not remain empty unnecessarily and fall into misuse and dereliction.
- 1.5 Cambridge operates an Empty Homes Policy the policy is aimed at returning long term empty residential properties back into viable accommodation within the city. The introduction of Empty Homes loans within Cambridge City is a measure to incentivise owners to voluntarily reuse their empty homes.
- 1.6 The loan will be recycled funds mitigating the need for any additional expenditure by Cambridge City Council.
- 1.7 The interest free loan will be subject to a management agreement with Town Hall Lettings (THL) or another not for profit housing provider for a minimum period of 2 years.

2.0 Legislation Context

- 2.1 The Regulatory Reform (Housing Assistance) Order came into force on 18 July 2002. The Order provides local authorities with greater flexibility in devising policies for dealing with poor conditions in private sector housing and the tools available.
- 2.2 The Order contains a new general power for local authorities to improve housing: *'For the purpose of improving living conditions in their area a local authority may provide, directly or indirectly, assistance to any person for the purpose of enabling them:*

- To acquire living accommodation (whether within or outside their area).
- To adapt or improve living accommodation (whether by alteration, conversion or enlargement, by installation of anything or injection of any substance or otherwise).
- To repair living accommodation.
- To demolish buildings comprising or including living accommodation.

3.0 Definitions

- 3.1 For the purpose of the Empty Homes Loan Policy an empty home will only be considered if it is unoccupied for more than six months and verified by the Empty Homes Officer and /or the Council Tax department.
- 3.2 Priority will be awarded to empty homes with most impact on the local amenity. These can include single-family dwellings, flats and residential accommodation above shops.
- 3.3 Applications for the conversion of commercial units to residential units will be considered for commercial properties that have been vacant over a year, dependent on local housing need & planning regulations.

4.0 Objectives

- 4.1 The following objectives will be met under the Empty Homes Loan Policy:
- The reduction of empty homes in Cambridge City.
 - Improvement of an area/amenity
 - To increase the availability of affordable accommodation in the City of Cambridge.

5.0 Outcome

- 5.1 To introduce an interest free loan with no additional costs to the Council that will incentivise empty home owners to bring their properties back into use and achieve the following outcomes:
- To enable owners to bring empty properties up to a decent homes standard prior to re-occupation which includes ensuring there are no Category 1 hazards as per the Housing Act 2004 Part I and an EPC rating of D and above where achievable.

- To increase affordable housing options available in the City of Cambridge.
- Working in conjunction with THL and the Housing Advice Service to offer homeless prevention options, including discharging its statutory homeless duty.
- The renovation of an empty property and bringing it back into use will make positive improvements to the amenity of the neighbourhood and its environment. In turn this should lead to reductions in complaints from members of the public with regards to matters such as fly-tipping, appearance of the property and community safety.

6.0 Applications for the Loan

- 6.1 No loan will be made unless an application is made to the Council in accordance with the provisions of the Policy and the application is approved by the Council.
- 6.2 The Council will require an applicant to provide such information or evidence (including information relating to his financial circumstances) as may reasonably be required for the purposes of determining an application for a loan. An application will not be valid unless it contains all such information or evidence & the declaration on the application form is signed & dated.
- 6.3 Applications for the loan will be made on the Councils prescribed application form.
- 6.4 An application is not a valid application unless all sections of the prescribed application form are completed or where they do not apply, marked appropriately.

7.0 Preliminary Conditions

- 7.1 An applicant(s) must be the registered owner(s) of the property without any restrictions.
- 7.2 The property must be within Cambridge City Council boundary.
- 7.3 The property must have been confirmed as empty for over 6 months.
- 7.4 The applicant must not be insolvent or have any outstanding debts to Cambridge City Council unless a repayment plan is in place and can be evidenced.
- 7.5 The applicant must not have been deemed 'not a fit and proper person' as per the test for fitness under s66 of the Housing Act 2004 Part II.

- 7.6 Permission must be sought and granted by the mortgage provider and any other interested party, if there is one.
- 7.7 The applicant must agree to the property being managed & let by THL or another not for profit housing provider for a minimum period of two years at an affordable rent level being set by the housing 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.
- 7.8 The applicant must agree to a charge being registered on the property until loan is repaid.
- 7.9 The interest free loan offered will be a minimum level of £1500 and a maximum level of £25,000 per unit of accommodation. For the purpose of this policy a unit is defined if it is a fully self-contained dwelling. Houses in multiple occupation will be considered on an individual basis.
- 7.9.1 The applicant must agree to the loan being repaid over the maximum period of five years. With the repayment amount being deducted from the rental income received by relevant housing provider for a minimum period of two years. It will be a condition of the loan that it is repaid in full after the end of any agreement with THL or another not for profit housing provider.
- 7.10 If the owner chooses to sell the property within the agreed repayment term the outstanding loan amount will be repayable to Cambridge City Council.
- 7.11 The Loan will also be repayable:-
- If there is a breach of the terms of the loan.
 - If the property is not let at an affordable rent via THL / another approved provider for at least 2 years.

8.0 Determination of whether to award a loan

- 8.1 Where the Council has decided to approve a valid application for an empty homes loan they will be notified within 56 working days.
- 8.2 The amount offered for a loan will be determined following a survey of the property conducted by Cambridge City Council. This survey will be conducted in line with the Housing Act 2004 Part I.

- 8.3 The loan amount will be determined according to the provisions of this section.
- 8.4 If the loan application is refused, there is no right to review but the applicant will be notified and can make a complaint through Cambridge City Councils complaints procedure.

9.0 Determination and notification of amount of loan

- 9.1 Following a visit & survey conducted by the Empty Homes Officer it will be decided as to whether the works required fall within the preliminary conditions.
- 9.2 If the loan application is approved the Council will –
- (a) Specify the full works for which the loan is approved;
 - (b) Request from the owner 3 quotations {where practicable} for the full cost of works specified or agreement for the THL other agreed housing provider to arrange these quotations for them subject to an administration fee;
 - (c) Specify all contractors must hold relevant certification and valid insurance as legally required;
 - (d) The full cost of the works will be the cost of the lower of the quotes that they have provided (subject to reasonable adjustment), whether or not that contractor carries out the work. The owner will need to agree that any shortfall will be paid by them in full before the Council release the balance of funds.
 - (e) Specify the length of time the owner has to provide these quotes, this being 56 days;
 - (f) Notify the applicant which quote has been accepted and any contribution they have to make;
 - (g) Notify applicant of total amount of loan including any additional administrative or ancillary fees;
 - (h) Specify the repayment amounts for the loan over a two or five year period;
 - (i) Make a formal offer of the loan;
 - (j) If for any reason the approved works under paragraph 9.2(d) are required to be varied such variation will only be made with the consent of the Empty Homes Officer.

10.0 Conditions for repayment & payment of works by the City Council

- 10.1 The applicant will be required to sign a copy of the Empty Home Loan Agreement as well as a separate management agreement with THL or other approved housing provider, ensuring that all the said terms and conditions are understood and accepted. Including a charge being registered on the property upon completion of the works.
- 10.2 Work must then be completed within 12 months following approval and the property occupied, where practicable.
- 10.3 Once works have been completed to a satisfactory standard, (which will be determined following an inspection by the Empty Homes Officer), an invoice should be submitted by the owner. The invoice should be accompanied by relevant completion certification from the contractor(s). Staged payments will be considered on a case by case basis up to a maximum of 80% of the total loan amount.
- 10.4 Once an invoice and relevant certification have been received payment for the works will be arranged as per Cambridge City Councils current finance policy.
- 10.5 Once payment has been made to the owner the Council shall register a legal charge on the property.

11.0 Cessation of repayment conditions

- 11.1 An owner can cease the repayment conditions in the following circumstances:
 - (a) The owner of the dwelling to which the condition relates pays the amount of the loan to Cambridge City Council in full.
 - (b) A mortgagee of the interest of the owner in that dwelling being a mortgagee entitled to exercise a power of sale makes such a payment in full to repay the loan.
 - (c) Cambridge City Council exercises its right to require full repayment of outstanding monies upon breach of a condition of the loan.
 - (d) The repayment of a loan in full does not automatically end the management contract with THL/ other approved housing provider nor does it end any tenancy agreements in existence.
 - (e) The owner of the property dies within the term and the owners' estate repays the loan in full.

11.2 Cambridge City Council expects the loan to be fully repaid as per the repayment conditions. If breach of loan, or monies outstanding at the end of the agreed term Cambridge City Council has the right to enforce loan security.