



# Cabinet (Resources) Panel

## 11 February 2014

<b>Report title</b>	National Empty Homes Loan Fund	
<b>Decision designation</b>	AMBER	
<b>Cabinet member with lead responsibility</b>	Councillor Peter Bilson Economic Regeneration and Prosperity	
<b>Key decision</b>	No	
<b>In forward plan</b>	No	
<b>Wards affected</b>	All	
<b>Accountable director</b>	Tim Johnson, Education and Enterprise	
<b>Originating service</b>	Private Sector Housing	
<b>Accountable employee(s)</b>	Richard Long	Housing Improvement Officer
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<b>Report to be/has been considered by</b>	N/A	

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### Recommendation(s) for action or decision:

The Cabinet (Resources) Panel is recommended to:

1. Approve that Wolverhampton City Council join the National Empty Homes Loan Fund (NEHLF) scheme.

## **1.0 Purpose**

- 1.1 The purpose of this report is to seek approval for Wolverhampton City Council to join the NEHLF scheme.

## **2.0 Background**

- 2.1 The NEHLF is a partnership between the Empty Homes Agency, Ecology Building Society, Central Government and participating local authorities in England. It provides loans of up to £15,000 to owners of empty properties, to help bring them back into affordable use. Homes must be renovated to a “Decent Homes” standard, which is a government standard that means the home is in good repair, has reasonably modern facilities and is warm and weatherproof.
- 2.2 The scheme was developed as owners of empty homes are often unable to access funds to bring empty properties back into use. NEHLF was launched in August 2013 and 58 local authorities have joined the scheme to date. These include Birmingham, Stoke Telford and Shropshire, and around 150 applications for loans have been made.
- 2.3 An application can be made in respect of any empty property that meets the required criteria, whether or not the relevant local authority is a member of the scheme. However, the advantages of joining the scheme are that the Council will be able to promote the scheme more effectively, and hopefully increase the take up. The applicant will not be subject to an administration and valuation fee (of around £600) which would be payable by the owner of an empty property in an area where the local authority has not joined the scheme. Also, the Council benefits from empty properties being brought back into use by increasing supply, improving neighbourhoods and increasing income through New Homes Bonus.
- 2.4 In brief, the NEHLF offer to owners is as follows –
- Maximum term of loan five years
  - Interest rates fixed at 5%
  - Repayable monthly by direct debit
  - Loan amount £5,000 to £15,000
  - Loan is a subsequent second charge
  - Works to deliver a decent home
  - Loan is paid on completion of the loan application, not on completion of the works
  - Works can be completed by whoever the property owner chooses
  - Property to be let at affordable rent (LHA in many areas)
  - Assured Shorthold tenancy agreements must be used
- 2.5 Wolverhampton Council has a range of options to assist owners of empty properties including: Private Sector Leasing (working with Wolverhampton Homes), a repair and lease scheme (working with Heantun Housing Association) and a recently approved enhanced leasing scheme directly funded by the Homes and Communities Agency. Membership of the NEHLF scheme will offer an additional alternative to owners of long

term empty properties which will be promoted as part of the adopted empty property strategy.

### **3.0 Scheme Details**

3.1 There are no capital costs to local authorities which join the scheme and there are no delivery targets or contracts to sign. Scheme members would be expected to promote the scheme in appropriate circumstances.

3.2 The role of the participating council is largely a matter of signposting owners (where appropriate) to the scheme. However, there are a number of checks and verifications prior to the property and owner being referred to the scheme by the local authority. These are:–

- To ensure that the applicant is aware of the general terms of the loan; this would include payment amounts and contract terms in respect of affordable rents etc.
- A copy of the Land Registry search for the empty property
- To verify the property had been empty for six months
- To have seen the property and advise that generally the amount of loan would enable an amount of refurbishment works that would deliver a decent home
- On completion to advise that the property has been completed as per the loan contract
- To offer a new tenant from the General Housing waiting list if agreed
- To ensure the tenant is either paying a rent within a choice based lettings rental scheme or paying an affordable rent and verify that point.

Many of the above items are carried out by Housing Improvement Officers on a day to day basis when dealing with empty properties.

3.3 The national lender will responsible for loan contracts and payments. Any breaches of the loan contract or default will be dealt with by the National Loan Manager and the National Lender. The National Lender will also complete the following –

- Contact the applicant verifying the application
- Undertake a valuation
- Verify the property ownership details
- Verify the equity in the property
- Verify the rental headroom in the property
- Issue a loan offer letter and a loan contract
- Arrange standing order payments
- Make payment of the agreed loan

Further details of the scheme are provided at Appendix A of this report.

#### **4.0 Financial implications**

- 4.1 There are negligible financial implications relating to background searches and scheme marketing which can be accommodated with existing budget provisions.
- 4.2 In joining this scheme, this allows the Council the opportunity to generate additional income through the New Homes Bonus, whilst improving housing supply.
- 4.3 It should also allow potential savings through enforcement as less enforcement action (such as Compulsory Purchase Orders and Empty Dwelling Management Orders) would be necessary. It will also mean that enforcement action will be more successful as we will be able to prove all other options have been made available and rejected.

[PE/07012014/Y]

#### **5.0 Legal implications**

- 5.1 Advice will be taken from the legal department if required during the operation of the scheme, however there are no direct legal implications arising as a result of the Council taking part in this initiative.

[MB/02012014/P]

#### **6.0 Equalities implications**

- 6.1 An initial screening of the proposal has been undertaken and a full analysis is not required in this instance.

#### **7.0 Environmental implications**

- 7.1 Long term empty properties can have a detrimental impact on neighbourhood sustainability and cause environmental blight. Membership of the NEHLF will give owners a further option to refurbish a long term empty property providing much needed sustainable accommodation as highlighted in the Housing Needs Survey (2007) and remove a potential magnet for anti-social behaviour. This will improve the appearance of neighbourhoods, enhance property conditions and contribute to the regeneration of the City, meeting the Council's strategic objectives.

#### **8.0 Schedule of background papers**

- 8.1 Appendix A