

ANGUS COUNCIL

Housing Committee - 26 August 2004

PRIVATE SECTOR HOUSING GRANTS - EMPTY HOMES INITIATIVE

REPORT BY DIRECTOR OF HOUSING

ABSTRACT

This report asks Committee approval for a proposal to create an Empty Homes Grant, using additional private sector housing grant funding from the Scottish Executive, and targeted at returning to use empty homes in towns and larger settlements.

1 RECOMMENDATION

1.1 It is recommended that the Committee:

- (i) Approve the creation of a new Empty Homes Grant to bring long standing vacant properties back into use.
- (ii) Approve a change in Angus Council policy to allow all owners of town centre empty properties, to receive the Empty Homes Grant, including landlords, developers and businesses.
- (iii) Approve initial priority being given to the town centres in the Arbroath and Brechin/Montrose housing market areas, with further priority areas to be identified through research.
- (iv) Approve a maximum grant level of £15,000 per property, for the scheme.
- (v) Note the commissioning of research into the quality of housing in the private sector that will assist in developing this service and improve targeting.

2 INTRODUCTION

2.1 Members will recollect that report No. 245/04 was placed before the meeting of 26 February 2004 Committee outlining the intentions in respect of the proposed bid to Communities Scotland for private sector housing grants (PSHG) for the years 2004/05 and 2005/06. The preceding Report No. 951/04 confirmed the success of the bid in securing funding for a range of improvements to the grants service, including investment for a Empty Homes grant.

2.2 A measure utilising grants to return empty homes to use will address four concerns of Angus Local Housing Strategy: how poor quality housing can be a problem for broader regeneration and economic development initiatives, how housing supply can be aided by the refurbishment of empty properties, the need to develop a pro-active and flexible multi-agency approach to ensure listed or abandoned buildings do not fall into irreversible disrepair, and the need to find ways to engage with the private rented sector and develop an Angus landlord accreditation scheme. In addition to the Local Housing Strategy, the refurbishment of empty properties, especially in town centres, would support the Environmental Policies of the Angus Local Plan, the HECA and

Fuel Poverty Strategies, and augment the Council's Shop Front and Façade Enhancement Scheme and support improved quality of life.

- 2.3 The cross-departmental team developing the bid identified empty homes within certain town centres as the top priority but recognised that the problem extended beyond, across most towns and also rural settlements. This report presents a proposal for the implementation of this measure.

3 THE ANGUS EMPTY HOMES BID

- 3.1 Angus has a number of historic burghs whose town centres include conservation areas and a large number of Listed Buildings. Photographic surveys and a history of complaints suggest a comparatively large number of vacant residential properties above and adjacent to commercial premises. The aim of this aspect of the Council bid for additional challenge funding within the Scottish Executive's Private Sector Housing Grant allocation, is to bring back into use vacant houses, and properties that no longer meet their original purpose. This proposal is complementary to Communities Scotland's 1997-2000 Empty Homes Initiative (EHI), which brought empty properties back into use as social housing across all categories of private ownership, and the current Rural Empty Properties Grant which is targeted at the private sector in the Angus Glens. Angus Council's proposal aims to be more flexible in terms of the tenure of end use, but following the principles of the EHI, will support owners in meeting, as far as practicable, the Scottish Housing Quality Standard and secure the long term viability of this housing.
- 3.2 The current proposal recognises that approximately one third of empty housing is left vacant because the cost of repair exceeds the expected rental or sale return and therefore it would be uneconomic to carry out repairs without grant support. Many houses which are now lying empty could be brought back into use, without due expense, and this could help reduce pressure on available council housing in areas where supply cannot meet demand, and provide homes for those in housing need or ease homelessness across Angus.
- 3.3 Research by the Scottish Executive found that the investment through the Empty Homes Initiative helped area regeneration, by acting as a catalyst to wider development, particularly in town centres, to secure the built heritage as well as a quality housing supply. Intervention of the type proposed in this report has been found to increase private sector investment, with a high degree of leverage, especially for major structural upgrading and conversion projects.
- 3.4 Discussions with local housing associations have identified their willingness to help bring back properties into use but current funding constraints mean that an EHI approach is unlikely. However, the scheme proposed in this paper could include housing associations in management arrangements similar to the EHI.

4 IMPLEMENTATION PROPOSALS

- 4.1 The ownership of vacant houses and other properties varies from individuals with no commercial expertise, to development companies and national chain stores. Because of the range of ownership, developing a new grant for Empty Homes requires an alteration to existing Council policy: lifting the prohibition on giving private sector grants to developers or private landlords.
- 4.2 The proposed scheme will work by giving capital grants of up to £15,000 to unlock the improvement or redevelopment of target properties. Eligible projects would be

properties that had lain empty or were faced with the prospect of lying empty for 6 months or more, where the works required to bring the building back to use as housing is more than the return from a sale or long term affordable or market tenancy. This test would be more difficult to meet in high demand areas like South Angus, where the value of property has increased significantly in the past 2 years.

- 4.3 This new grant would involve a multi-agency approach, led by Planning and Transport with its Private Sector Grant responsibilities, but with the involvement of several other departments: Housing, Property Services and Law & Administration, plus the owner/developer and possibly a local housing association. In addition to grant aid, it is hoped that advice and guidance could be offered on the best options to the owner to return the property to productive use.
- 4.4 The Empty Homes Grant would initially focus on town centres, to meet regeneration objectives in the Arbroath, and Brechin/Montrose housing market areas. However, priorities will be reviewed in light of ongoing research into the private sector and the grant can be extended to enhancing housing supply in towns and rural communities under housing pressure like Carnoustie and Monifieth, and the Sidlaws, and addressing empty properties in the other towns: Forfar and Kirriemuir. The provision of £75,000 in 2004-05 and £150,000 in 2005-06 will provide help for up to 5 people in the first year and 10 people in the second.
- 4.5 Given the timescale for implementation, the initial approach would be to advertise in the local press and approach local housing associations for likely projects in year 1, but research being commissioned into housing quality in the private sector will help identify more precisely where to invest in year 2.
- 4.6 The availability of the grant would not be restricted to projects for rent. There are three possible outcomes from the improvement or conversion investment: housing for sale, lets in the private rented sector and thirdly for social or affordable renting.
- 4.7 Because research into the EHI highlighted the danger of displacement, where tackling empty homes in an area of low demand could lead to more vacancies in social housing, this grant aid scheme would look for different outcomes in different areas. In regeneration areas with low demand for social housing, the Council should be looking at an affordable private sector end use. Where affordable housing in the local housing market is under pressure, a social or affordable let will be the preferred outcome, with a moderate rent within the private sector or affordable housing for sale as a second choice.
- 4.8 Although the principles of the scheme have been outlined above, the precise details of the scheme and the procedures guiding its implementation will be the subject of work between participating departments and organisations to ensure the scheme is operational as soon as possible.

5 FINANCIAL IMPLICATIONS

- 5.1 The Council Private Sector Housing Grant bid requested funding of £75,000 for 2004/05 and £150,000 for year 2005/06 for grants aimed at the refurbishment of town centres through providing initiatives to owners in the private sector to return empty homes back into use.
- 5.2 The offer of grant from Communities Scotland, which relates to 2004/05 only, includes £75,000 for use in a scheme to grant aid repairs to bring empty properties back into use. The offer also gives an indicative figure of £150,000 for 2005/06. The

final amount of grant that will be payable will depend on targets and outputs being met.

- 5.3 Other than the awarding of the grant there are no financial implications for the Council.

6 HUMAN RIGHTS IMPLICATIONS

- 6.1 There are no human rights implications.

7 CONSULTATION

- 7.1 The Chief Executive, and the Directors of Law & Administration, Finance, Planning & Transport, and Social Work and Health have been consulted in the preparation of this report.

8 CONCLUSION

- 8.1 There is a need to address the high number of empty properties in Angus, especially in town centres and the impact this has on regeneration and housing supply. The proposal to develop a programme of grant aid for Empty Homes in the private sector will bring these properties back into use and with it, wide ranging benefits. However, it will require a change in policy and careful targeting to be effective.

Ron Ashton
Director of Housing

Note: The following background papers, as defined by Section 50D of the Local Government (Scotland) Act 1973, (other than any containing confidential or exempt information) were relied on in preparing the above Report.

- Private Sector Housing Grants 245/04
- Private Sector Housing Grants 951/04