

PLAN FOR EMPTY HOMES

Empty homes financial assistance policy



1.0 INTRODUCTION

Plymouth City Council has committed £1 million of capital funding to help bring empty homes back into use in the city. From 2017, the Council is offering interest free financial assistance of up to £50,000 per dwelling, with a maximum amount of £150,000 per property, to help owners to renovate their empty homes and/or convert empty non-domestic buildings to residential dwellings for reoccupation. This policy document describes how the scheme will operate.

Financial assistance is available to enable owners to let their empty properties. As an additional incentive, 10% of the financial assistance will be offered to applicants as non-repayable grant, subject to the applicant complying with the conditions set out in the Financial Assistance Agreement. The Council will offer 25% of the financial assistance as grant where applicants agree to let their properties through one of the city's recognised social lettings schemes (for example EasyLet), or through a registered provider of social housing (i.e. a housing association).

Any offer of financial assistance will not be guaranteed until the owner has received written confirmation from the Council. Any works undertaken prior to this approval will be at the owner's risk.

The Financial Assistance Policy will be administered by the Council's Housing Delivery Team. Any queries relating to the policy should be referred to the Housing Delivery Team, Strategic Planning and Infrastructure, Ballard House, West Hoe Road, Plymouth, PL1 3BJ. Alternatively, the Housing Delivery Team can be contacted on 01752 304235 or empty.homes@plymouth.gov.uk.

The Council reserves the right to withdraw financial assistance at any time prior to providing the applicant with written confirmation of the offer of financial assistance. The Council may withdraw financial assistance where there is a breach of the conditions outlined in the Financial Assistance Agreement.

2.0 THE SCHEME

2.1 Purpose

The purpose of the scheme is to provide financial support to help empty home owners to:

- Renovate empty dwellings to the Decent Homes Standard (as a minimum) so that they are suitable for letting;
- Convert empty non-domestic buildings into one or more residential dwellings that meet the Decent Homes Standard (as a minimum) to enable occupation through letting ; and
- To assist the Council to meet its Plan for Empty Homes target of bringing 375 empty properties back into use between 2016 and 2021.

2.2 Eligible Applications

In order to qualify for assistance, the application must meet the following criteria:

- The applicant must be the registered freehold or leasehold owner of the property that is subject to the application providing there is at least 30 years remaining on any such lease.
- The value of the financial assistance and any existing charge(s) does not exceed 90% of the property value.
- The property that is subject to the application must have been unoccupied for six or more months prior to the application being submitted. In exceptional circumstances, the Council may consider properties that have been unoccupied for less than six months, for example where failure to intervene would result in the property becoming empty for six months. However, priority will be given to those that have been empty for more than six months.
- The property will be brought up to the Decent Homes Standard upon completion of the works (see Appendix A).
- Any necessary approvals and/or consents required to undertake the works are in place. This may include full planning permission, building regulation approval and listed building consent.
- Any new residential dwellings created using the financial assistance (i.e. through conversions) are registered as individual addresses.
- Funding is not normally available to applicants with outstanding debts owed to the Council or applicants that are subject to enforcement action. However, the Council reserves the right to consider such applications on a case by case basis where exceptional circumstances exist.
- The application sufficiently demonstrates how the financial assistance will be repaid.

2.3 Eligible works

To be eligible, the works must:

- On completion, result in the property/units being suitable for immediate occupation as a dwelling(s);
- Comply with all relevant consents and Building Regulations; and
- Achieve the Decent Homes Standard, details of which are set out in Appendix A.

A specification and schedule of works outlining a clearly defined timeline will be agreed with the applicant prior to the offer of any assistance and will form part of the financial assistance conditions.

Works outside the boundary of the property are not eligible for assistance unless they relate to the provision of essential services such as water, gas or electricity.

2.4 Buildings not eligible for financial assistance

Financial assistance will not be available for the following:

- Houseboats and caravans;
- Buildings not suitable for conversion to habitable dwellings; and
- Buildings that have been empty for less than six months, except in exceptional circumstances where the Council may consider offering financial assistance as a preventative measure.

3.0 APPLICATION PROCESS

A complete application should include the following:

- A completed application form;
- Proof of ownership of the property eg. a Title;
- A specification of planned works;
- A schedule of planned works with a clearly defined timeline;
- At least three itemised quotes for the required works together with the cost of any associated fees e.g. structural engineer's fees etc.;
- Specialist reports, Building Regulations, planning permission and plans where required;
- Bank details form (for BACS payment);
- If applicable, a mortgage statement issued for the current year showing the total amount of the mortgage, the outstanding amount and proof that the applicant is up to date on mortgage payments;
- A cheque made payable to Plymouth City Council to cover the Council's administration costs and legal fees (£275.00 per property plus £40 for any additional registered titles and any additional costs for applications from companies, to enable the Council to register a charge with Companies House);
- Proof of buildings insurance;

- Proof of identity eg. a current passport, an EEA member state identity card, an original birth certificate or a current UK or EEA photocard driving license;
- Proof of home address eg. a utility bill issued within the last three months, a council tax bill for the current year, a current UK driving license if not used as proof of identity, bank or building statement from the last three months, a mortgage statement issued for the last full year, tenancy agreement etc.;
- Corporate applicants will be required to sign a State Aid De Minimis Declaration form to confirm that they have not received De Minimis aid during the previous three fiscal years (this being the current fiscal year and the previous two fiscal years); and
- Any other details that may be requested by the Council during the enquiry stage.

The Council reserves the right to credit check applicants. Applicants will be refused financial assistance where the Council has serious concerns over the results of the credit check.

The Council also reserves the right to request a valuation report undertaken by a member of the Royal Institute of Chartered Surveyors (RICS). The cost of a valuation report can be added to the application for financial assistance.

By submitting an application form, applicants are granting permission to undertake credit checks and valuation surveys unless otherwise agreed by the Council in writing.

4.0 FINANCIAL ASSISTANCE SECURITY

In order to secure financial assistance, all applicants will be required to agree to a legal charge being placed on the property that is subject to the financial assistance application. Agreement may be made in exceptional circumstances to accept a charge on an alternative property. Where it has been agreed to accept a legal charge on an alternative property that is not the subject of the financial assistance application, it is the Council's preference that the alternative property be located within the City of Plymouth boundary. However, in some circumstances, where it has been agreed to accept a legal charge on an alternative property which is not the subject of the financial assistance application, the Council may agree to it being registered against a property outside the City of Plymouth boundary providing that the property in question has sufficient equity.

Where financial assistance is provided to enable applicants to convert a property into multiple dwellings, the Council may seek to transfer the charge(s) to individual properties once the works are completed and the new buildings are individually registered at the Land Registry. The cost of this will be borne by the applicant.

5.0 NOTIFICATION OF FINANCIAL ASSISTANCE APPROVAL

The Housing Delivery Officer dealing with the application will make a recommendation based on the eligibility of the applicant/property to the Assistant Director of Strategic Planning and Infrastructure and/or the Cabinet Member for Housing Delivery, who will determine applications.

The applicant will be notified of the decision in writing as soon as is reasonably practicable and in any case within four weeks from receipt of all required information. The approval will specify the amount of assistance and the repayment period. The offer of assistance will remain open for six weeks from the date of the approval notification letter. If the offer is not accepted in writing within six weeks, it will be rescinded. The amount of financial assistance will be based on the quote that represents best value for money. If the Council finds the cost of the quotes to be excessive, the financial assistance amount will be determined by the Council based on what it considers to be the reasonable costs for the specification of works.

The Council will instruct its lawyers to prepare two sets of the Financial Assistance Agreement on confirmation that the offer has been accepted. These agreements will be issued to the applicant by the Council's Legal Services department. Both sets of documents must be completed and returned to the Legal Services department within six weeks of the date of the approval notification letter if the applicant wants to proceed with the financial assistance. Applicants are advised to obtain independent legal and financial advice before signing the agreements.

On receipt of the signed documents, the Council's Legal Services department will apply to the Land Registry to register the legal charge against the property. Where the applicant is a Company, the Council will also apply to Companies House to register the charge.

Unless otherwise agreed in writing, the Council will pay 75% of the financial assistance to the applicant within 21 days of receiving confirmation of the registration of the legal charge(s), with the remaining 25% upon satisfactory completion of the works.

6.0 AMOUNT OF ASSISTANCE

Up to £50,000 per self-contained unit of accommodation is available up to a maximum of £150,000 per property.

For example:

- A two bedroom family home would be eligible for assistance of up to £50,000 (classed as one unit).

- A property (domestic or non-domestic) converted into two self-contained flats would be eligible for assistance of up to £100,000.
- A property (domestic or non-domestic) converted into three or more self-contained flats would be eligible for assistance of up to £150,000.

The above amounts are inclusive of all on costs including value-added tax and fees.

The financial assistance amount may be increased in exceptional circumstances where the cost of the work has increased due to unforeseen circumstances beyond the control of the applicant, providing that any such increase is subject to the maximum financial assistance amounts. An appropriate quote must support any increase in assistance. Please note that a breach of the Financial Assistance Agreement will have occurred if the applicant is unable to complete the works as a result of unforeseen costs, thus the Council may seek to recover the full amount of the financial assistance.

If approved, any additional costs incurred by the Council's Legal Services department – for example costs incurred amending Financial Assistance Agreements and registering charges – must be met by the applicant and will be payable to the Council prior to the release of any further funding.

A total of 10% of the financial assistance will be offered to applicants as non-repayable grant, subject to the applicant complying with the conditions set out in the Financial Assistance Agreement. The Council will offer 25% of the financial assistance as grant where applicants agree to let their properties through one of the city's recognised social lettings schemes (for example EasyLet), or through a registered provider of social housing (i.e. a housing association).

7.0 SUPERVISION OF WORKS

The renovation works must start on site within six weeks of the date of the release of the financial assistance. If the work does not start by this date, a breach of the Financial Assistance Agreement will have occurred and the Council may seek to recover the full amount of the financial assistance.

The building contract will be between the applicant and the chosen contractor and will not include Plymouth City Council. An officer from Plymouth City Council, or an agent acting on its behalf, will check the works to ensure that they meet the requirements of the Decent Homes Standard. However, the Council and its officers/agents will not be liable for any poor workmanship. Where appropriate, applicants are recommended to employ their own surveyor, whose fees are eligible for assistance subject to the maximum financial assistance amount.

8.0 REPAYMENT OF THE FINANCIAL ASSISTANCE

The applicant will be required to make monthly repayments for the period agreed in the Agreement. Tables 1 and 2 demonstrate provisional repayments with 25% and 10% grant rates applied. The repayment period will be determined by the rental income on completion of the works and will be the minimum number of years required to repay the financial assistance. Recipients of financial assistance will not be expected to repay more than the rental income for the property that is subject to the financial assistance.

Table 1: Provisional monthly repayments based on a 25% grant rate (based on the applicant letting the property through one of the city's recognised social lettings scheme, or through a registered provider of social housing upon completion of the works).

Loan Amount	Payment pcm over 24 months	Payment pcm over 36 months	Payment pcm over 48 months	Payment pcm over 60 months	Payment pcm over 72 months	Payment pcm over 120 months
£20,000	£625.00*	£416.67	£312.50	N/A	NA	NA
£40,000	£1,250.00	£833.33	£625.00	£500.00	N/A	NA
£50,000	£1,562.50	£1,041.67	£781.25	£625.00	£520.83	N/A
£100,000	£3,125.00	£2,083.33	£1,562.50	£1,250.00	£1,041.66	£625.00
£150,000	£4,687.50	£3,125.00	£2,343.75	£1,875.00	£1,562.50	£937.50

*For example, an application for £20,000 will comprise £15,000 of repayable loan (75%) and £5,000 of non-repayable grant (25%), subject to the applicant complying with the terms of the Financial Assistance Agreement. The applicant would need to make 24 monthly payments of £625.00 to repay the financial assistance within two years. The repayment period can be extended to ensure repayments are affordable and do not exceed the rental income for the property.

Table 2: Provisional monthly repayments based on a 10% grant rate.

Loan Amount	Payment pcm over 24 months	Payment pcm over 36 months	Payment pcm over 48 months	Payment pcm over 60 months	Payment pcm over 72 months	Payment pcm over 120 months
£20,000	£750.00	£500.00	£375.00	N/A	N/A	N/A
£40,000	£1,500.00	£1,000.00	£750.00	£600.00	£500.00	N/A
£50,000	£1,875.00	£1,250.00	£937.50	£750.00	£625.00	N/A
£100,000	£3,750.00	£2,500.00	1,875.00	£1,500	£1250.00	£750.00
£150,000	£5,625.00	£3,750.00	£2,812.50	£2,250.00	£1,875.00	£1,125.00

The grant element will be made available providing the owner complies with the conditions set out in the Financial Assistance Agreement. A breach of these conditions will result in the Council recovering the financial assistance **in full**.

9.0 REPAYMENT UPON BREACH OF CONDITIONS

The applicant will benefit from interest free financial assistance, providing there is no default or breach of conditions of the assistance. In the case of a breach of conditions, any outstanding financial assistance plus interest accruable from the date of breach, becomes repayable to Plymouth City Council. Interest will be charged on the outstanding balance from the date of the breach at a rate set at 8% compounded annually.

Where the owner has not entered into an agreement with a letting agent within one calendar month of practical completion of the works, a breach of conditions will be considered to have occurred.

10.0 SERVICE STANDARDS

These standards are intended to:

- Inform customers of the standards and levels of service they can expect from the Council;
- Ensure all enquiries/applications are dealt with on a fair and equal basis; and
- Ensure all applicants are treated on an equal basis.

The Council will endeavour to send an application pack to potential applicants within 14 days of an enquiry. An inspection of the property will be undertaken within 21 days of the enquiry, if required. The Council will endeavor to support applicants throughout the process where necessary.

The applicant will receive an approval/refusal notification letter within 28 days of submitting a complete and satisfactory financial assistance application. Where an application for financial assistance is refused by the Council, the applicant will be notified of the reasons in writing. There is no right of appeal where applications are refused.

Plymouth City Council's Legal Services department will apply to register the legal charge(s) within 28 days of the Council receiving the signed Financial Assistance Agreements.

If a financial assistance application is approved, the first instalment of the monies (75% of the financial assistance) will be paid within 21 days of the Council receiving confirmation that the charge(s) have been registered. The remaining 25% will be paid within 21 days of the Council receiving confirmation of practical completion of the works.

If the cost of works increases once the work has started due to unforeseen circumstances, applicants may apply for increased financial assistance subject to the maximum financial assistance amounts. The Council will endeavour to make a decision within seven days of receipt of the quote for additional works. The decision may require the Council to undertake a site visit to determine whether the costs are reasonable.

APPENDIX A: DECENT HOMES STANDARD

To achieve the Decent Homes Standard, a dwelling must comply with the following four criteria.

1. It meets the current statutory minimum standard for housing

To be decent, a dwelling should be free of category I hazards as assessed through the Housing Health and Safety Rating System.

2. It is in a reasonable state of repair

A dwelling satisfies this criterion unless:

- one or more key building components are old and, because of their condition need replacing or major repair; or
- two or more other building components are old and, because of their condition need replacing or major repair.

A building component can only fail to satisfy this criterion by being old AND requiring replacing or repair. A component cannot fail this criterion based on age alone.

Definition of building components

Building components are the structural parts of a dwelling (e.g. wall structure, roof structure), other external elements (e.g. roof covering, chimneys) and internal services and amenities (e.g. kitchens, heating systems).

Key building components are those which, if in poor condition, could have an immediate impact on the integrity of the building and cause further deterioration in other components.

They are the external components plus internal components that have potential safety implications and include:

- external walls;
- roof structure and covering;
- windows/doors;
- chimneys;

- central heating boilers;
- gas fires;
- storage heaters;
- plumbing; and
- electrics.

Lifts are not considered to be a key component unless the lift or the lift shafts have a direct effect upon the integrity of the building.

If any of these components are old and need replacing, or require immediate major repair, then the dwelling is not in a reasonable state of repair.

Other building components are those that have a less immediate impact on the integrity of the dwelling. Their combined effect must therefore be considered, with a dwelling not being in a reasonable state of repair if two or more are old and need replacing or require immediate major repair.

Definition of old and in poor condition

A component is defined as 'old' if it is older than its standard lifetime. Components are in poor condition if they need major work, either full replacement or major repair.

One or more key components, or two or more other components, must be both old and in poor condition to render the dwelling non-decent on grounds of disrepair.

Components that are old but in good condition or in poor condition but not old would not, in themselves, cause the dwelling to fail the standard.

A building component, which requires replacing before it reaches its expected lifetime, has failed early. Under the terms of the definition, this early failure does not render the dwelling non-decent.

3. It has reasonably modern facilities and services

A dwelling is considered not to meet this criterion if it lacks three or more of the following facilities:

- a kitchen which is 20 years old or less;
- a kitchen with adequate space and layout;

- a bathroom which is 30 years old or less;
- an appropriately located bathroom and WC;
- adequate external noise insulation; and
- adequate size and layout of common entrance areas for blocks of flats.

A kitchen failing on adequate space and layout would be one that was too small to contain all the required items (sink, cupboards cooker space, worktops etc.) appropriate to the size of the dwelling.

An inappropriately located bathroom and WC is one where the main bathroom or WC is located in a bedroom or accessed through a bedroom (unless the bedroom is not used or the dwelling is for a single person). A dwelling would also fail if the main WC is external or located on a different floor to the nearest wash hand basin, or if a WC without a wash hand basin opens on to a kitchen in an inappropriate area, for example next to the food preparation area.

Inadequate insulation from external airborne noise would be where there are problems with, for example, traffic (rail, road and aeroplanes) or factory noise.

Inadequate size and layout of common entrance areas for blocks of flats would be one with insufficient room to maneuver easily for example where there are narrow access ways with awkward corners and turnings, steep staircases, inadequate landings, absence of handrails, low headroom etc.

In some instances there may be factors which may make the improvements required to meet the Decent Homes standards challenging, or impossible, factors such as physical or planning restrictions.

Where such limiting factors occur, the property should be assessed to determine the most satisfactory course of action in consultation with the relevant body or agency so as to determine the best solution. The outcome may determine that some improvements may be possible even if all are not.

A dwelling would not fail this criterion, where it is impossible to make the required improvements to components for physical or planning reasons.

4. It provides a reasonable degree of thermal comfort

The definition requires a dwelling to have both efficient heating; and effective insulation.

Efficient heating is defined as any gas or oil programmable central heating; or

- electric storage heaters;
- warm air systems;
- under floor systems;
- programmable LPG/solid fuel central heating; or
- similar efficient heating systems which are developed in the future.

The primary heating system must have a distribution system sufficient to provide heat to two or more rooms of the home. There may be storage heaters in two or more rooms, or other heaters that use the same fuel in two or more rooms. Even if the central heating system covers most of the house making a dwelling decent, under the HHSRS the home should be warm enough for the occupant.

Heating sources, which provide less energy efficient options, fail the Decent Homes standard.

Programmable heating is where the timing and the temperature of the heating can be controlled by the occupants.

Because of the differences in efficiency between gas/oil heating systems and the other heating systems listed, the level of insulation that is appropriate also differs:

For dwellings with gas/oil programmable heating, cavity wall insulation (if there are cavity walls that can be insulated effectively) and at least 50mm loft insulation (if there is loft space) is an effective package of insulation.

For dwellings heated by electric storage heaters/LPG/programmable solid fuel central heating a higher specification of insulation is required: at least 200mm of loft insulation (if there is a loft) and cavity wall insulation (if there are cavity walls that can be insulated effectively).

A SAP rating of less than 35 (using the 2001 SAP methodology) has been established as a proxy for the likely presence of a Category I hazard from excess cold.