

COMMITTEE	Scrutiny Committee - Care
DATE	21st of September 2017
CABINET MEMBER	Councillor Craig ab Iago
TITLE	Empty Homes Report 2008-2017

Introduction

In a society where thousands of homes are empty and thousands of prospective tenants are waiting for rented accommodation, empty houses are considered a wasteful resource. Gwynedd has been identified as a County with one of the highest rates of empty homes in Wales with **1164** estimated as being vacant. The Housing Department believes that one way to alleviate this growing problem is by using and adapting what is already available to us.

We believe that bringing empty homes back into use should be a high priority in order to respond to the high demand for housing and to increase the supply of affordable housing in the County. It can also be a boost to improve the appearance of communities and reduce problems for neighbours.

Discussion

An empty homes scheme was established in Gwynedd in 2008 and since then the range of schemes and interventions has evolved. Gwynedd Council's arrangements are considered quite progressive and have been emulated by a number of other authorities.

Definition

We define empty properties as properties that have been vacant for a period of 6 months or more. Properties are identified with the co-operation of the Council Tax Unit but also from individual inquiries / complaints from councillors and members of the public.

By focusing on properties that has been vacant for more than six months, the Empty Homes initiative aims to raise awareness of the various issues surrounding empty homes, the problems that they cause to our communities, and encourage the Owners to re-use their property to create quality accommodation and alleviate the housing crisis. Our aim is that houses do not remain empty for long periods.

Between 2008-2017 the Housing Service have succeeded in bringing **455** houses back to use and, as a result, managed to accommodate **915** people in Gwynedd. This has helped reduce pressure on social housing waiting lists and has also resulted in deteriorating and problematic properties being renovated and brought back into use.

Between 2008-2017 the Council has invested over £4 million in empty homes, which has attracted an additional private investment of £10.5 million. This gives a total of **£14.5 million** spent in Gwynedd on property, goods, labour, mortgages, etc.

Cost - The average cost of bringing a property back to use is around £46,000. This is much lower than the cost of building new social housing property and can be a quick way to get new supply. In recent years, the Empty Homes Unit has been successful in bringing almost **60** units annually. In the same period we see that around **30** additional social properties are being built.

The initiatives that we have available have a significant impact on reducing the number of empty homes in Gwynedd, and contributing significantly to the local economy. We know that a large proportion of money is spent with local companies.

Given that there is a specific resource for Empty Homes, the Housing Service has been in a position to take advantage of additional Government funds that would otherwise would have been difficult to attract and administer.

In order to implement the initiatives and minimise the number of empty homes in Gwynedd, resources are needed. Outputs are linked to the level of investment are linked, and the Council's investment has been crucial to the success of schemes.

There are a number of services within the Council, which have benefited from the Empty Housing Unit efforts to secure to provide affordable units in particular the homeless unit, vulnerable adult unit and people waiting on the Common Housing Register in Gwynedd.

Council Tax Premium on Second Homes and Vacant Homes

At the end of November 2016 the Council approved a proposal to increase the level of Council tax due on second homes and long term vacancies of 50%, and in accordance with statutory requirements to give a 12 month notice of the proposal. We anticipate that the plan will be implemented from April 2018 onwards and offers are being developed so that the Council can consider using some of this premium towards bringing empty homes back into use.

Empty Homes Schemes

We have developed a variety of flexible options that can help empty homeowners make the most of their properties. These options include:

Information and Advice

The Unit has developed expertise in the field and can provide impartial free guidance for empty homeowners and various options that are available whether they wish to sell, rent or renew empty houses.

Empty Homes Grant

A grant up to £20,000 or 75% of the total cost of work is available to assist with refurbishment costs and convert empty homes back into use. The refurbished house must be part of a lease plan for a period of five years, available to people off the Council waiting list or social services clients.

Houses into Homes

Interest-free loans over three years to enable people to renew, improve and convert vacant buildings into homes. Properties must have been vacant for 6 months or more. Up to £ 25,000 can be obtained for an individual house; The maximum loan for each candidate is £ 150,000. Money is then rotated and available for reinvestment.

Welsh Government Home Improvement Loan Scheme

Interest-free loans from £ 1,000 to £ 25,000 to assist owners of empty property requiring renovation. Available to Owner Occupiers, Landlords, Developers and Charities to help with make a home warm and safe. The loans incur an administrative fee of 15% that can be added to the loan. The term of a loan for residential owners is 7 years, 5 years for landlords / companies. Owner Occupier loans can be extended to 10 years, depending on affordability.

First Time Buyers Mortgage Deposit Loan Scheme

This is a scheme to offer loans to meet deposit requirements from mortgage providers for first-time buyers. The emphasis is on helping first-time buyers to buy empty houses and get a foot on the housing market. Money within this scheme is recycled.

Project Management Grant

Technical support of up to £ 5,000 (of value) in relation to repairs and renovations of relevant properties. It is available for property owners who receive either a grant or loan from the Council.

Value Added Tax Relief

The Council can help reduce or dispose of VAT on all the materials used in the renovation of an empty house. If the property has been vacant between 2 and 10 years, VAT on the materials will come down to 5%. If a property has been vacant for over 10 years, the VAT can be reduced to 0%.

Investment so far

Scheme	Council Investment	Private investment	Total
Empty Homes Grants (2008 >)	£1,892,131	£4,537,804	£6,429,935

Scheme	Council Investment	Private investment	Total
Renovation Loans (2012>)	£436,201	£831,375	£1,267,576

Scheme	Council Investment	Private investment	Total
Houses into Homes (2012>)	£882,300	£3,063,996	£3,946,296

Scheme	Council investment	Private investment	Value of homes bought in Gwynedd	Total
Deposit Loans (2012>)	£527,650	£120,250	£1,809,500	£2,457,400

Scheme	Council investment	Private investment	Total
Home Improvement Loan Scheme (2015>)	£171,000	£256,399	£384,399

Scheme Total	Empty Homes Scheme Investment	Private investment	Total spent in Gwynedd 2008-2017
Empty Homes Scheme (2008 > 2017)	£3,912,282	£10,506,824	£14,419,106

Evaluation of Empty Homes Initiative Options - Strategic Plan - 4 Years

The table below outlines the outputs which would arise from the level of current level of investment based on the Council's Capital programme at the current level. This could be amended if other funding were identified.

Scheme	Option	Target Usage (over 4 years)	Market	Costs	Income/ Outcome
1. Empty Homes Grant Scheme	Maximum of £20,000 per unit	50 units (on the basis of receiving maximum grant) As part of the grant conditions, the 50 units should be occupied by the homeless, those on the housing waiting list, social services clients or local residents.	Yes – many have shown an interest in receiving a grant 25 applicants on a waiting list	£200k per year million grant funding and officer time administrating the grant	Residents of Gwynedd are housed for a period of 5 years. Grant repayment (on sliding scale) if the property is sold within 5 years of receipt.
2. Interest Free Loan Scheme, based on the Welsh Government Loan Scheme	Maximum of £25,000 per unit	40 (on the basis of receiving maximum loan, this figure could be higher if smaller loans were issued)	Scheme has not been advertised widely due to limited funding.	£250k per year grant funding and officer time administrating the loan process.	Investment on loan will be constantly being recycled and recovered over 7 years. 15% administrative fee.
3. First Time Buyers Mortgage Deposit Scheme	Maximum of £30,000 per unit	33 (on the basis of receiving maximum loan, this figure could be higher if smaller loans were issued)	Yes – many have shown an interest in receiving a deposit loan	£250 k per year grant funding and officer time administrating the loan process. £2.5k Street UK administration fee.	Loan money repaid to Council within 7 years. If the lenders do not pay the loan back to the Council by the 7th year the debt will turn into an 'equity share loan' based on the value of the property.

CONCLUSIONS

We believe that the report clearly demonstrates the increase in activity over recent years and the obvious contribution the Empty Homes scheme has made in many areas. We believe that the initiative provides good value as any investment from the council is being maximized by other funds.

There are opportunities to do more but the level of outputs is dependent on the initial commitment of the council. Looking at the future there are opportunities to consider reinvestment of any additional money from the Second Homes Council Tax and Empty Property Tax scheme to assist in that work and proposals will be submitted for the Cabinet to consider.

The Unit has developed expertise in the field and has strived to make the Council and the people of Gwynedd benefit in different ways.