

**Agenda Item .3.**

**REPORT TO:** Cabinet Member

**DATE:** 17 November 2009

**DEPARTMENT:** Community Services

**REPORTING OFFICER:** Head of Housing Services  
*Jenny Jacobs – Empty Property Officer*

**SUBJECT:** **Levels of Empty Property Grant**

**WARD/S AFFECTED:** All

**FORWARD PLAN REF:** N/A

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**1.0 PURPOSE OF REPORT**

- 1.1 To seek approval for an increase in the level of Empty Property Grant funding.
- 1.2 The Directorate of Resources (Financial and Legal departments) has been consulted in connection with this Report.

**2.0 RECOMMENDATION**

- 2.1 That with immediate effect, the level of Empty Property Grant (EPG) funding be increased from a maximum £24,000 per unit to a maximum £30,000 per unit. The intermediate grant levels would also be increased commensurately.

**3.0 RECOMMENDED REASON FOR DECISION**

- 3.1 The grant levels have not been increased since 18<sup>th</sup> July 2003 and are falling short of required funding necessary to bring schemes forward. The grant increase will help secure current and future EPG units.
- 3.2 EPG is presently funded through Regional Housing Board allocations and it is imperative that allocations are fully spent by the financial year end.

#### **4.0 ALTERNATIVE OPTIONS CONSIDERED AND RECOMMENDED FOR REJECTION**

4.1 Not to increase the level of grant at the current time. This will prejudice the delivery of affordable units through the EPG scheme.

#### **5.0 BACKGROUND**

5.1 EPG levels were increased from the original maximum £10,000 per unit, first to £15,000 and subsequently to a maximum £24,000 per unit in 2003. Since 2003, contractor prices have increased considerably. The credit crunch and fall in the property market have seen a large number of new rental properties come onto the market and consequently, rents have fallen. At the same time, the management costs of our RSL partners have increased. The sub-market rents they are able to offer owners are lower and less competitive than before.

5.2 The Empty Property Officer has been working with several owners for months on different schemes. However, owners are finding that they cannot afford the funding shortfall between the costs of the work and the level of grant available. Finance is no longer readily available. Despite trimming schedules of work, owners are pulling out of schemes. This means that we may not be able to spend the EPG budget in the current or future financial years.

5.3 An increase in grant levels would not only help owners meet the costs of renovation but would also mean that we are much more likely to spend the budget and bring forward extra units of affordable housing. The Council has increased the grant level in previous years to deal with similar problems. The Empty Property Officer strongly believes that the proposed increase in grant level will be sufficient to bring forward schemes which are currently stalled or where the owners are dubious about finding the extra funding necessary.

#### **6.0 PROPOSAL TO INCREASE GRANT LEVELS**

6.1 Previously, grant increased by £3000 for each year of lease entered into by the owner, from £15,000 for a 5-year lease, to £24,000 for an 8-year lease. It is proposed to increase the maximum grant level from £24,000 to £30,000 per unit. The lower grant level would be increased from £15,000 to £21,000 and the £3000 increases would still apply, as shown below.

<b>Agreed lease for use as sub-market rented housing</b>	<b>Maximum amount of grant available for eligible works</b>
5 years	£21,000
6 years	£24,000
7 years	£27,000
8 years	£30,000

6.2 It is believed that this increase is necessary in the present circumstances to encourage private owners to invest in their empty properties and bring them back into use as affordable housing through the EPG scheme.

6.3 Furthermore, if the grant levels remain as they are, we run the risk of failing to deliver the programme of affordable housing and of failing to bring empty property back into use.

## 7.0 CONCLUSION

7.1 There is a danger that the present inadequate levels of EPG funding will mean that the planned programme of affordable housing delivered through this means cannot be achieved. The increase in grant proposed aims to remedy this situation and also to ensure that the EPG budget, funded through Regional Housing Board allocations, is fully committed and spent by the financial year end.

### Background Papers – None

**OFFICER CONTACT:** Please contact Jenny Jacobs if you require any further information on the contents of this report. The officer can be contacted at the Department of Community Services, Springfield House, Kings Road, Harrogate, HG1 5NX, by telephone on 01423 556892, or by Email – [jenny.jacobs@harrogate.gov.uk](mailto:jenny.jacobs@harrogate.gov.uk).

### SUSTAINABILITY ASSESSMENT / POLICY CONSIDERATIONS

		Implications are		
		Positive	Neutral	Negative
A	Economy	✓		
B	Environment	✓		
C	Social Equity			
i)	General	✓		
ii)	Customer Care / People with Disabilities	✓		
iii)	Health Implications	✓		
D	Crime and Disorder Implications	✓		

If all comments lie within the shaded areas, the proposal is sustainable.