

Briefing on Empty Property Cash incentives for PRS Landlords- requested at Housing Committee on 29 June 2015

“I request that the committee be provided with a briefing about the operation of the incentives scheme for private sector landlords over the lifetime of the scheme, including how much money has been paid to private sector landlords, how many landlords have been paid incentives and how often, how many properties have been involved in the scheme and what impact the scheme has had on the number of lettings over time”

The following is an update on grants that are offered to owners of empty properties that agree to let the property to housing applicants. See additional briefing, attached, on cash incentives that are offered to private sector landlords to let their properties to housing applicants

Context

In Barnet, the only grants that are paid to private owners of residential accommodation are Empty Property Grants which are conditional on the owners agreeing to let their property to a priority homeless household nominated by Barnet Homes.

There are currently 3,704 long term empty properties and second homes in the borough. Experience has shown that properties registered as second homes are often actually empty properties.

Over the past 5 years the Private Sector Housing Team has been involved in over 1000 empty properties coming back into residential use through a combination of advice, grants and enforcement action.

Empty Property Grants Background

Empty Property Grants have been offered by the Council for a number of years.

The aim of Empty Property Landlord grants is twofold:

1. To assist property owners in financial difficulties to bring empty properties back into residential use. This provides additional units of accommodation in the borough, reduces public sector resource in dealing with issues such as squatting, fires, fly tipping etc. and reduces the fear of crime for local residents.
2. Provide much needed Nomination Rights for Barnet Homes to provide Temporary Accommodation for priority homeless persons instead of having to use Nightly Purchase Emergency Accommodation

There are currently 443 families in Nightly Purchase accommodation. Each of these units costs LBB annually an additional £4,049 on average over and above the cost of a TA. This calculation does not include the additional on costs involved in administering Nightly Purchase accommodation (tenancies range from 2 weeks to 2 years compared to a TA which is rented for a minimum of 3 years). With an 83.6%

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increase in homeless applications since 2010/11, and a 95.6% increase in acceptances, this cost will only continue to rise unless additional TA units are secured.

The grants scheme has been reviewed repeatedly to try and make it more attractive to landlords as take up was low. It has been difficult to compete with the increasingly buoyant private rental market. The current scheme is getting increasingly popular but numbers are still low compared to those completing works themselves or those where enforcement proceedings are required.

Empty Property Landlord Grants Policy

The criteria for the current Empty Property Landlord grant scheme (since June 2014) are as follows:

Empty Property Landlords Grant

This grant may be used for work to:

- bring a residential property up to the Decent Homes standard and/or,
- conversion of the property into self-contained flats and/or,
- demolition and rebuild (providing there is an increase in the units of available housing) or,
- assisting with the purchase of a long term empty property or
- conversion of a commercial unit into residential accommodation.

The council may offer a grant to landlords to return empty properties to housing use in the following circumstances:

- the property has been empty for 6 months or more
- the applicant is/will be the owner or long leaseholder of the property and is responsible for all structural repairs
- the property does not meet the Decent Homes Standard
- the applicant intends to (and the property is acceptable) rent out the property for a minimum of five years to Barnet Homes or an alternative Social Housing provider approved by the Council, to house people in housing need nominated by the Council
- the applicant has any required Planning Permission for the proposed works or an Established Use Certificate and , Building Regulation Approval
- the applicant has any required freeholder permission for the proposed works
- the landlord is a “fit and proper person” as defined under section 66(2) of the Housing Act 2004 this includes not contravening any provision of the law relating to housing or landlord and tenant law.

The maximum sums for Landlord Grants are shown in the following table. This policy provides the discretion to reduce the “Maximum Grant” through an Officer Agreed Delegated Powers Report where demand outweighs the budget available.

Number of	Maximum	Incentive
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Bedrooms on Completion	Assistance	Scheme * See below
1	£15,000	£1,500
2	£20,000	£2,000
3+	£25,000	£2,500

* This policy provides the discretion to add top ups to the grant to promote the scheme, or where landlords work closely with the Council. This can include but is not limited to:

- an Early Bird Incentive (full application before a certain date),
- a Certificate Service (for example where the Council will provide Energy Performance, Gas Safe Certificate and Electrical Condition Report)
- A Loyalty Scheme for landlords signing up for extended nomination rights.

Applicants can apply for up to a maximum of 6 units per property. Additional units may be agreed at the discretion of the Private Sector Housing Manager.

Empty Property Landlords Grant (where work is undertaken by agreement with LBB or an alternative agreed provider)

This policy provides the discretion to provide this grant if it is found to be viable. The Council is currently investigating the practicalities of this option. The service would enable landlords without access to funds up front, willing to let the property through Barnet Homes, or an alternative agreed provider to agree to LBB or alternative agreed by LBB completing the necessary works. The owner would need to agree formally to any costs not covered by the grant plus an administrative fee being accrued back through the rental income.

The property must be let to Barnet Homes or an alternative Social Housing provider approved by the Council to house people in housing need nominated by the Council for five years or until the assistance plus fee has been repaid, whichever is the longer.

Empty Property Landlord Grants Specific Conditions

- the property must be let for a minimum of five years to Barnet Homes or an alternative Social Housing provider approved by the Council to house people in housing need nominated by the Council
- Alternatively where accommodation is owned by a charity and tied to occupation by a specific client group, this may be agreed at the discretion of the Private Sector Housing Manager where the client group can be proved to be vulnerable
- applicants are required to convert or improve the property to Barnet Homes Property Standards (or an alternative agreed by LBB) and the Decent Homes Standard.

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- the property (and its fixtures, fittings and furniture) must be fully insured. The Council will require a copy of the current insurance certificate to be provided before the assistance can be paid
- all works listed on the specification of works and all units within the property must be completed before the final payments can be made
- final payments are subject to confirmation from Barnet Homes (or an alternative agreed by LBB) that the works meet the standards agreed
- the owner (or agent, if any) must be accredited under the London Landlords Accreditation Scheme before final payment can be made
- works should be started within 3 months and completed within 9 months of approval
- to claim the payments a copy of the builder's final account with all relevant certificates e.g. building control, gas/electrical certificates, roof/damp guarantees etc. must be provided on completion
- the property shall be occupied within 1 month of completion of the work
- a charge is registered against the property so that if the property is sold, or the deeds are transferred within 5 years from completion of the grant, the grant must be re-paid in full. In addition, if the property is allowed to fall vacant unreasonably, for a period of 6 months or more, the financial assistance must be repaid
- If any of the conditions are contravened following the completion of the grant then the full sum will have to be repaid to the Council.

The Council has the discretion to pay 50% of the money before completion of the works e.g. where works to properties have stalled due to a lack of funds. Where the applicant has a contribution this must be paid before any payments are made by the Council.

Number of Grants Completed over the Past 5 Years

Year	Amount Spent	Number of Grants
2010/11	£103,872	5
2011/12	£105,024.25	6
2012/13	0	0 (no funding)
2013/14	£28,587.42	3
2014/15	£166,244.92	11
2015/16 to date	0 – 3 approved for total of £50,000	3 on site, 3 approved to date and 4 due to be approved