



Bringing Empty Homes back into use

Application guidance for Community and Voluntary Groups





Bringing Empty Homes back into use

Application guidance for Community and
Voluntary Groups

© Crown copyright, 2012

Copyright in the typographical arrangement rests with the Crown.

You may re-use this information (not including logos) free of charge in any format or medium, under the terms of the Open Government Licence. To view this licence, visit <http://www.nationalarchives.gov.uk/doc/open-government-licence/> or write to the Information Policy Team, The National Archives, Kew, London TW9 4DU, or e-mail: psi@nationalarchives.gsi.gov.uk.

This document/publication is also available on our website at www.communities.gov.uk

Any enquiries regarding this document/publication should be sent to us at:

Department for Communities and Local Government
Eland House
Bressenden Place
London
SW1E 5DU
Telephone: 030 3444 0000

January, 2012

ISBN: 978-1-4098-3315-4

Bringing Empty Homes back into use

Application guidance for Community and Voluntary Groups

January 2012

Contents

Introduction

Empty Homes - outline

Assessment criteria

Applicant requirements

Competition structure and how to bid

Key contacts

Introduction

1. The Prime Minister and the Deputy Prime Minister published *Laying the Foundations* a Housing Strategy for England¹ on 21 November 2011, an important part of which is our strategy for tackling empty homes. The strategy, as part of the Government's wider approach to housing, outlines a number of tools, approaches and potential resources for tackling empty properties, including £100m capital funding from within the 2011-15 Affordable Homes Programme. This funding has been set aside to tackle long-term empty properties which would not come back into use without additional financial intervention. The majority of that funding is available over the period 2012-15.
2. This funding is intended to deliver at least 3,300 affordable homes by March 2015. We hope that it will provide an opportunity to foster new approaches and innovation to do more.
3. The Housing Strategy sets out that the funding available will be allocated either via a national intermediary grants giving organisation or the Homes and Communities Agency via formal bidding rounds. This is so both not-for-profit voluntary and community groups and Registered Providers of Social Housing are able to access the funding.
4. We recognise that there are a very wide range of possible approaches to tackling empty homes, and that different approaches are needed in different circumstances. We want to offer as much flexibility as possible to take the most effective approach locally, whilst ensuring a rigorous approach to value for money. There may be a range of solutions, appropriate to individual areas or schemes, which attract funding through either or both the Empty Homes Community Grant Fund or the Homes and Communities Agency funding route.
5. This guidance sets out the requirements, assessment criteria and timetable for applications where funding is sought from the Empty Homes Community Grants Fund, by not-for-profit community and voluntary groups who do not intend to become Registered Providers.
6. There is no fixed split of funding between the Empty Homes Community Grant Fund and the Homes and Communities Agency route. However we hope to be able to award at least £10m via the Empty Homes Community Grant Fund and as much as £30m, if sufficient high quality bids come forward.

¹ <http://www.communities.gov.uk/publications/housing/housingstrategy2011>

7. Prospective applicants for funding from the Empty Homes Community Grant Fund are encouraged to read this bidding guidance alongside the Empty Homes section of the Housing Strategy.

Empty Homes Outline

Administration

8. Department for Communities and Local Government have appointed *Tribal* to act as the National Intermediary to deliver the Empty Homes Community Grant programme. *Tribal* will issue an application pack, assess applications and make recommendations to the Department according to the criteria set out in this guidance. *Tribal* will inform applicants whether they have been successful or not and will be responsible for managing payments to successful organisations and monitoring delivery of their programmes.

Funding requirements

9. Type of properties which may be brought back into use:
 - The funding available may be used to bring empty homes and other types of property, including commercial property, into use as affordable housing.
 - The funding may be used to acquire or lease properties currently in the ownership of:
 - public bodies e.g. health authorities;
 - government departments eg Ministry of Defence ;
 - unregistered landlords and co-operatives which are not subsidiaries of Registered Providers;
 - private individual(s) or companies
 - Empty Homes which have previously been let as social housing and which have already been subject to public housing subsidy (eg empty local authority or Registered Provider stock) are not eligible for funding. If applicants are unclear about the eligibility of a property they should contact *Tribal* in the first instance.
10. To be considered for funding, properties will have been empty for a significant period of time and the expectation is that they would remain so without this funding. It is not expected that capital funding will be sought or used for properties which have been empty for less than six months. Across the programme, we expect that properties will have been empty for an average of at least two years.
11. Applicants should demonstrate how they will identify and bring forward empty properties, how these fit in with the local authority's wider housing

strategy for the area, and how they would help to meet overall housing needs (as identified by the local authority).

12. Empty properties in areas at risk of decline, or in former Housing Market Renewal areas, where intervention with some capital investment may support local community-based approaches and help to keep existing communities together can be included.
13. Properties may be brought into use for the range of uses set out below, to meet housing needs identified by the local authority either through renting, or in the case of shared ownership, to enable economically active households to access affordable home ownership and support economic activity in an area.

Use and allocation of properties

14. Properties must be brought back into use for affordable housing².
15. We anticipate that the majority of properties will be brought back into use at an Affordable Rent (ie up to 80% of local market rent)³. The requirements for setting Affordable Rents are set out in the Homes and Communities Agency Affordable Homes Framework at chapter 3. Applicants may also wish to have regard to prevailing Local Housing Allowance rates.
16. Properties may also be brought back into use as shared ownership.
17. Within this overall framework, properties may be brought back into use as part of a homesteading scheme, where residents (or future residents) contribute their labour in exchange for a reduced rent or (in a shared ownership scheme) a share of the ownership of the property.
18. Applicants will need to submit their proposed policy for allocating the homes. This should set out how their housing is allocated in a fair and transparent manner. We would expect the primary driver to be 'housing need', and for the policy to make clear that prospective tenants are assessed equally irrespective of race, sex, sexual orientation, religion, disability, age, gender reassignment, marital status or ethnic origin.

Bringing properties back into use

² As defined by Planning Policy Statement 3 – Planning for Housing
Technical change to Annex B - Affordable housing definition - Consultation
<http://www.communities.gov.uk/documents/planningandbuilding/pdf/1917850.pdf>

³ In line with the HCA's Affordable Homes Framework for the Affordable Homes Programme published on 14 February 2011 [HCA launches new £4.5bn Affordable Homes Programme](#)
[Homes and Communities Agency](#)

19. Although there is no fixed delivery model, it is anticipated that providers may secure properties through two main routes which will enable applicants to take a legal interest in the property, and therefore be the landlord.
- The first route is on a lease (and repair) basis – i.e. properties are leased for a defined period from the property owner and at the end of that period the property reverts to the long-term owner.
 - The second is on a purchase and repair basis – i.e. where the applicant purchases the property and becomes the long-term owner.
20. There is no prescribed mechanism for the funding of repairs for leased properties – repairs may be carried out directly by the provider, or on the basis of a grant or loan to the owner. Owners should be encouraged to make their own contribution to the works costs wherever possible, to improve the value for money of the funding requested.
21. Bids may include proposals to create or contribute to a revolving fund for the reinvestment of funding in delivering further properties as loans are repaid. In assessing value for money, we will take account of the first property brought back into use for the funding requested – but innovative approaches to create revolving loan funds are encouraged, and providers should set out their proposals, including on-going monitoring and reporting arrangements as part of their bid.
22. Applicants should note that the funding available is capital, to bring empty properties back into use. It can therefore be used to fund eligible acquisition, works and on-costs. It cannot be used to fund revenue posts, for example, to provide general advice about empty homes.
23. Where properties are to be brought back into use on a leased basis, we expect the minimum lease length will be five years. However, we wish to encourage longer lease periods where possible, and anticipate that the average lease length will be around 10 years.

Standards

24. Where applicants propose to acquire properties permanently, or under a lease of over 15 years they should meet the Home and Community Agency's Design and Quality standards 2007 for rehabilitation.
www.homesandcommunities.co.uk/sites/default/files/our-work/design_quality_standards.pdf
25. Leased properties should be refurbished to the Decent Homes standard www.communities.gov.uk/documents/housing/pdf/138355.pdf as a minimum, and applicants are encouraged to meet the standards outlined in the Homes and Communities Agency's Design and Quality standards for temporary social housing. Where it is proposed that properties will have a longer than average lease length, (more than 10 years), providers are

encouraged to exceed the Decent Homes standard wherever possible, and to outline their proposals for doing so as part of their bid.

Community Benefit & Supporting training/employment opportunities

26. Tackling empty homes often offers opportunities to deliver wider benefits to communities, including employment and training opportunities. We are keen to see bids which include such opportunities.

The Green Deal

27. Bringing empty homes back into use offers a sustainable way of increasing housing supply. The renovation which is almost always needed offers an opportunity to install energy efficiency improvements to a property.

28. The Green Deal is a framework which, from 2012, will enable households to buy energy efficiency improvements to their homes, at no upfront cost, recouping payments through a charge in instalments on the energy bill.

29. We would encourage applicants to consider taking advantage of the Green Deal as they renovate properties to bring them back into use. This will allow them to include energy efficiency improvements to their properties, with no up front costs. The golden rule of the Green Deal is that the expected financial savings must be equal to or greater than the costs attached to the energy bill, so future residents of the property have a more energy efficient property at no additional cost.

30. More information on the Green Deal can be found at

www.decc.gov.uk/en/content/cms/tackling/green_deal/green_deal.aspx

Who should bid?

31. Community and voluntary groups who are either:

- A registered charity;
- A limited company, being either a company limited by guarantee or an registered industrial and provident society. The latter being either a society for the benefit of the community (eg housing association model) or one for the benefit of its members (eg a housing co-operative)
- A community interest company;
- An organisation of another type operating as a social enterprise and principally reinvesting their surpluses for social benefit; or

- Small community based Registered Providers, with less than 150 permanent units who are not part of an existing development partnership and not in receipt of housing subsidy grant⁴

Assessment Criteria

Value for money

32. We wish to meet, and preferably exceed, the aspiration to bring 3,300 homes back into use for the funding available. Value for money will therefore be a key criterion in our assessment of bids. In assessing value for money we will take account of:

- The funding requested, number of properties to be delivered and estimated size (no. of people housed) of properties (to allow both funding per home brought into use, and funding per person to be considered).
- The amount of funding requested and whether properties will be purchased and brought into permanent use or leased, and the proposed lease length. Our expectation is that properties with shorter lease lengths will require less funding than properties with a longer lease or which will provide permanent affordable housing.
- The rent to be charged to the tenant⁵
- The length of time that properties have been empty prior to being brought back into use.

The assessment process will favour proposals which, subject to offering good value for money:

- exceed the Decent Homes standard (where properties are brought into use through lease arrangements, and the lease period is less than 15 years);
- exceed the 2007 Design and Quality standards for rehabilitation (where empty homes are brought into use through purchase and repair as permanent properties or where the lease period is for 15 years or more).

33. The Department's theoretical modelling carried out for the business case for this Programme assumed that most properties will be leased (for 5 – 20 years) rather than acquired outright. That modelling assumed that, for a five-year lease, grant rates would range from £6,000 in the North to £13,000 in London. For a 10-year lease, grant rates might range from £9,000 to £22,000. Tribal will be mindful, in assessing the value for money of the bids received, of the assumptions in the DCLG business case but these are not absolute limits.

⁴ As part of the assessment process Tribal will need to talk to you about details of the arrangements you have for rents to be charged.

⁵ The rent charged by landlords should recognise that public money has been invested in bringing the property back into use.

34. Grant rates are likely to vary across regions and depending on the size and type of property and length of lease/acquisition. Applicants will need to make the case to us for the grant applied for their particular projects.

Meeting local priorities

35. We will only fund bids where proposals meet local priorities or support local strategies to tackle empty homes and which have a letter of support from their local authority confirming this.

Equalities and diversity

36. Department for Communities and Local Government must have regard to the need to eliminate discrimination, advance equality of opportunity and foster good relations in the exercise of our functions introduced by the Equalities Act 2010. Applicants should be aware of these duties.
37. We want to be sure empty homes brought back into use will meet the diverse housing needs of all sections of our communities and we expect that applicants will seek to address local priorities identified and agreed by local authorities. This should be made clear in applicants' allocations policies.

Deliverability

38. We will prioritise bids with a high degree of certainty of delivery, taking account of overall timescales, proposals for identifying empty properties, renovation programmes and allocation and occupation plans.
39. Assessment of deliverability will influence the scale of allocation, if any that we will wish to offer to successful applicants. Where bids exceed the available funding, we may offer scaled allocations to those bids which meet our criteria, taking account of the degree of certainty of delivery. All other things being equal (and taking account in particular of value for money), we will seek to make funding available to a wide range of providers, and to achieve good geographic coverage across the country, to spread the delivery risk and maximise the benefit and impact of improving the position on empty properties nationally.
40. It is an absolute requirement of the programme that properties brought back into use must be complete by 31 March 2015, the backstop date for funding within this Spending Review period. No funding will be available beyond this date
41. Successful applicants will be required to sign a Grant Offer Letter to enter into a delivery contract with *Tribal*. *Tribal* will monitor delivery and where this is not in line with forecasts, there will be an opportunity for providers to

put right any delays. However, where progress is consistently behind forecasts, and there is a risk to overall delivery of the number of empty homes to be achieved, and to the funding allocated, the Conditions of Grant will allow for allocations to be withdrawn, and to be offered to providers who have capacity, and have demonstrated through their delivery track record, the ability to do more.

Application Timetable and Requirements

42. The application process commences on 24 January 2012. Applications should be submitted to *Tribal* by 17 April 2012. An application pack, including the application form, and guidance on how to complete the form is on Tribal's website at www.grantsadmin.co.uk
43. Applicants for funding through the Empty Homes Community Grants Fund will be required to submit the following information:
- Details of the bidding organisation including:
 - Address, telephone number and email address of the organisation
 - Main contact for the programme
 - Type of organisation and registered charity number/industrial and provident society number/community interest company incorporation number if appropriate
 - Constitution or memorandum and articles of association
 - Fully signed audited accounts
 - Original bank statement
 - Equal opportunities policy/equalities and diversity policy
 - Financial controls policy

 - Information about their proposed programme, including:
 - Details of how properties will be identified and brought forward
 - The number of properties to be delivered and the local authority(ies) in which properties will be located;
 - Whether properties will be brought back into use on an lease or repair basis (and the estimated lease length) or purchase or repair basis;
 - Details of any proposals to fund properties on a revolving loan basis;
 - Details of any proposals to fund properties on a homesteading basis
 - The type of affordable housing that properties will be brought back into use as (e.g. Affordable Rent, affordable home ownership);
 - The estimated mix and size (by anticipated number of persons housed) of properties;

- The estimated costs of delivery – broken down between lease or purchase costs, works costs and on costs;
 - The amount of funding requested;
 - Proposed rents to be charged in £ along with the local market rent in £
 - For affordable home ownership, the estimated initial sales value and proposed average initial sales tranche;
 - Any contribution from the applicants own resources (split between borrowing, other public subsidy, surpluses etc) or from other funding resources (including through the Green Deal or contributions from property owners);
 - The estimated timescales for delivery of properties brought back into use; and
 - The average length of time for which properties will have been empty.
- Information about property management
 - Who will be the landlord of the properties and (if different) who will manage the properties
 - Information about the property standards to be delivered
 - Housing Allocations Policy
 - A letter confirming local authority support and that the proposals meet local priorities/support local strategies.
 - Supplementary written information should be provided in a Supporting Statement. This statement should not exceed one side of A4 paper
 - Due Diligence checks may include:
 - A check of telephone numbers given for the main contact
 - Verbal communication with the main contact
 - Online visual check
 - Online check of information (e.g. Companies House; Charities Commission etc)
 - Review of submitted documentation required above
 - Discussions where possible and necessary with other funders
 - Telephone conversation with referee
 - Cross reference check with applications to previous funding programmes

These checks may result in requests for additional information/clarification

44. Overall Timetable for application, assessment and award of funding

Empty Homes Community Grant launch	24 January 2012
Empty Homes Community Grant application closing date	17 April 2012
Assessment and moderation period	May 2012
Approval by Ministers	May/June 2012
Confirmation of successful applications	June 2012

Contractual and other requirements

Delivery contract

45. Successful applicants will be required to enter into a Grant Offer letter which will set out the terms of payment of the grant, what must be delivered and by when, and reporting requirements.

Funding and payment terms

46. Payments arrangements will be set out in the Grant Offer letter but payment will be made in accordance with the agreed payment schedule. Final payments need to be made by 31 March 2015.

Contacts

47. The application and association guidance notes are available through Tribal at www.grantsadmin.co.uk. There is a helpline if you need further assistance 0845 603 1869.

48. If applicants have not already done so they should also contact Self Help Housing who will support applicants to complete the application process. They are running a series of seminars to promote the programme. Further details can be found at <http://self-help-housing.org/>