

<b>Subject:</b>	<b>'NO-USE EMPTY' PROPERTY INITIATIVE TOP-UP LOAN AGREEMENT</b>
<b>Meeting and Date:</b>	<b>Cabinet – 4 November 2019</b>
<b>Report of:</b>	<b>Diane Croucher, Head of Regulatory Services</b>
<b>Portfolio Holder:</b>	<b>Councillor Nicholas Kenton, Portfolio Holder for Planning and Regulatory Services</b>
<b>Decision Type:</b>	<b>Key</b>
<b>Classification:</b>	<b>Unrestricted</b>
<b>Purpose of the report:</b>	To request the release of an additional £300,000 to support the 'No-Use Empty' Loan Initiative and to seek approval for the Head of Regulatory Services, in conjunction with the Solicitor of the Council, to enter into a further agreement with Kent County Council (KCC) to administer the loans.
<b>Recommendation:</b>	<ol style="list-style-type: none"> <li>1. That Cabinet agrees to supplement the existing commitment of £300,000 for top-up loans under the KCC 'No-Use Empty' scheme by a further £300,000 to bring the total availability to £600,000.</li> <li>2. That the Head of Regulatory Services, in consultation with the Solicitor of the Council, be authorised to sign an agreement with Kent County Council allowing them to continue to administer the funding on behalf of Dover District Council.</li> <li>3. That all monies received from the repayment of loans are used for further top-up loans under the KCC 'No-Use Empty' Property Initiative.</li> </ol>

## 1. Summary

- 1.1 DDC has worked in partnership with KCC to deliver its No Use Empty (NUE) Home scheme for many years. This provides interest free loans limited up to a maximum of £25,000 per unit to bring empty properties back into use.
- 1.2 On 3 July 2017 Cabinet approved a revised Housing Assistance Policy which included an element relating to Empty Homes. This outlined that that DDC could provide an additional 'top up' loan of £15,000 per unit for owners who obtain a Kent County Council ('KCC') No Use Empty loan.
- 1.3 The budget set aside for 'top up' loan scheme was £300k. However, the report advised that if the scheme was successful a recommendation to further increase the funding may be made to cabinet.
- 1.4 Due the popularity of the scheme an additional £300k is now being sought to supplement the scheme and bring the total commitment to £600k.

## **2. Introduction and Background**

- 2.1 The Regulatory Reform (Housing Assistance) (England and Wales) Order 2002. (RRO), allows a Local Housing Authority (LHA) to give financial assistance to homeowners for repairs and improvements to their homes. The order requires the LHA to agree and publish a Housing Assistance Policy detailing the conditions and types of grants and loans that are to be made available. The current policy was approved by Cabinet in July 2017 and included an element relating to empty homes (Appendix 1).
- 2.2 DDC has worked in partnership with KCC to deliver its No Use Empty (NUE) Home scheme for many years. This provides interest free loans limited up to a maximum of £25,000 per unit to bring empty properties back into use. The scheme has been very successful in helping to tackle empty homes - By 2015 over 170 units had been brought back into use in Dover and resulted in over £8m of investment in the district.)
- 2.3 However, the funding is limited, and it is difficult for Council's to secure the amount of funding required for their area. Several Kent LA's now provide additional 'top up' loans under the scheme and in recognition for this financial commitment, KCC prioritises these Council areas for NUE funding.
- 2.4 DDC's 2017 Housing Assistance policy allows for Dover District Council to provide an additional loan of up to £15,000 per unit. This increased the maximum available loan funding to £40,000 per dwelling in the District under the KCC NUE scheme.
- 2.5 The total budget for the DDC empty homes 'top up' loans scheme is currently limited to £300,000. KCC charge DDC £850 fee to process each application which covers the cost of promoting the scheme, dealing with all enquiries, meeting the applicants, assessing the proposals, carrying out all legal checks, preparing loan documents, registering the legal charge etc. The total fee expenditure to date from the existing £300k budget is £3,400.
- 2.6 Each loan is agreed by the Private Sector Housing Manager and all the necessary financial checks on the applicant are carried out by KCC. The repayment period for the loans is 36 months but, based on KCC's experience, it is anticipated that many will be repaid earlier. The first loan from the initial £300k is due to be repaid by June 2021. All loans are secured by a legal charge on the property in case of non-payment.
- 2.7 All money repaid is recycled into the scheme to help bring further empty homes back into use.
- 2.8 The original budget of £300k had been successfully allocated by October 2018 to provide 24 dwellings on four properties in Dover town centre. Due to the success of the scheme it is recommended that a further £300k is provided. There is high demand for these loans with two schemes awaiting approval and we are aware of several other applications in the process of being considered by KCC.
- 2.9 KCC currently administer the loans provided by DDC under a written agreement between both parties. The current agreement will need to be amended if additional funding is agreed and is subsequently due for renewal in April 2021. Authority is sought for the Head of Regulatory Services to sign future agreements in consultation with the Solicitor to the Council. A copy of the new top up loan agreement providing an additional £300,000 is attached as appendix 2.

### **3. Identification of Options**

#### **3.1 Option 1:**

- a) That the Cabinet agree to supplement the existing commitment of £300k for top up loans under the KCC No-Use Empty scheme by a further £300k to bring the total availability to £600k.
- b) To re-use all loan payments for further loans.
- c) To authorise the Head of Regulatory Services, following consultation with the Solicitor to the Council to sign future agreements with KCC regarding the administration of the scheme.

#### **3.2 Option 2:**

- a) To retain the existing £300k commitment for top up loans under the KCC No-Use Empty scheme and not supplement the scheme any further.
- b) To authorise the Head of Regulatory services, following consultation with the Solicitor to the Council, to sign future agreements with KCC regarding the administration of the scheme.

### **4. Evaluation of Options**

4.1 Option 1: is the recommended option as it will enable the Council to provide additional support in bringing more empty properties back into use. The funding also lever's in larger funds from third parties at a time of scarce financial resources.

4.2 Option 2: is not recommended because without further funding no additional properties can be supported through the scheme until any existing loans are repaid in 2021. Alternative approaches will need to be considered in order to reduce the number of empty properties particularly in the town centre of Dover.

### **5. Resource Implications**

5.1 The additional funding that is being proposed has already been allocated for this assistance. The loans will be repaid to enable the recycling of funds.

### **6. Corporate Implications**

6.1 Comment from the Section 151 Officer: Accountancy has been consulted and has no further comment. (DL)

6.2 Comment from the Solicitor to the Council: The Head of Governance has been consulted during the preparation of this report and has no further comment to add.

6.3 Comment from the Equalities Officer: This report does not specifically highlight any equality implications however in discharging their duties members are required to comply with the public sector equality duty as set out in Section 149 of the Equality Act 2010 <http://www.legislation.gov.uk/ukpga/2010/15>

6.4 Other Officers (as appropriate):

7. **Appendices**

Appendix 1: Excerpt of the Private Sector Housing Assistance Policy 2017 that relates to empty property initiative.

Appendix 2: Kent Empty Property Initiative Top-up Loan Agreement 2017

8. **Background Papers**

Cabinet report of 3 July 2017 on the Revision of Existing Housing Assistance Policy

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