

PERTH AND KINROSS COUNCIL

Housing and Health Committee – 29 May 2013
Enterprise & Infrastructure Committee – 5 June 2013

Bringing Private Sector Empty Homes and Vacant Properties back into use

Joint Report by Executive Director (Housing and Community Care) and
Executive Director (Environment)

PURPOSE OF REPORT

This report gives an update on the work across the Council to bring empty and vacant properties within the private sector back into residential or commercial use.

1. BACKGROUND

- 1.1 The Scottish Government and Shelter are actively promoting initiatives to bring empty properties back into use as a means of increasing housing supply in the current economic climate where it is increasingly difficult to increase supply through new build. It is also supporting the reuse of vacant or under-utilised commercial properties which could be regenerated for housing or commercial use, contributing to sustainable economic growth.
- 1.2 Across Perth and Kinross there are estimated to be just under 960 residential and 275 commercial properties that have been empty for more than 6 months. In February 2012 the Council approved additional budgets for Housing and Community Care and The Environment Service to develop some key initiatives to bring these back into use.
- 1.3 As a result, three initiatives have been developed to support this work:
 - Scheme of Assistance
 - Flatmate Scheme
 - Vacant Properties initiative

This report describes these initiatives and summarises the achievements to date to bring empty homes and vacant properties back into use.

2. EMPTY HOMES AND VACANT PROPERTIES' INITIATIVES

- 2.1 The three initiatives are designed for specific things. These include bringing private properties into use for social rent, through the Rent Bond Guarantee Scheme and developing a flat sharing scheme to support those aged under 35 years affected by welfare reform. They also offer assistance to owners of vacant residential and commercial properties to bring them back into use, thereby supporting more private sector housing in the heart of Perth and increasing the amount of expenditure in city shops and businesses. The first two are referred to as the empty homes initiatives, the third, the vacant properties initiative.

- 2.2 The **Scheme of Assistance** has been developed over the past year to support a local empty homes' initiative and has £100k from the Private Sector Housing Grant to fund this. This scheme provides discretionary grants of up to £10k per empty property to bring them back into use, subject to a number of conditions, including:
- The property must be in a priority area and a priority type.
 - The grant can only be used for work that is required to bring the property up to the Repairing Standard or if the property is to be used as a House in Multiple Occupation (HMO), to comply with HMO Regulations.
 - The grant cannot be used in relation to common repairs.
 - Once repaired, the property must be made available for rent through the Council's Rent Bond Guarantee Scheme for a period of five years with the rent being set within the parameters of the Local Housing Allowance rates.
- 2.3 At the outset of the scheme 300 letters were sent to property owners in Council Tax Band A and B who had empty properties of 1-2 bedrooms, which was the target size. Following contact by the interested owners, the properties were visited by the Accommodation Officer and an Environmental Health Officer and approved for application for a grant as appropriate.
- 2.4 Alongside this is the development of a **flat-mate scheme** for which the Council allocated £100k as part of its IIF3 (Investment Improvement Fund 3) monies in February 2012. This is for a two year period. The purpose of this is to establish and implement a Flat Share Scheme for young people who are struggling to access the private rented sector due to restricted access to self contained accommodation for people aged under 35 years. The scheme will:
- Help young people find suitable people with whom to share accommodation
 - Prepare them to flat share
 - Identify with the young people strategies for dealing with issues within their tenancies
 - Set up formal agreements for sharers
 - Provide mediation if either sharer is unhappy or issues arise in their tenancy

The Vacant Properties Feasibility Fund/Initiative

- 2.5 This project also received funding from the Council's Investment Improvement Fund 3 (IIF) in February 2012 of £240k for three years. It is managed by The Environment Service (TES) and progressed by the Vacant Property Development Officer who works closely with the Housing and Community Care staff involved in the Scheme of Assistance and Flatmate Schemes described above.

- 2.6 Perth and Kinross is one of only a few councils to work with vacant residential and commercial properties, whereas other councils deal only with empty homes. We are also one of a few councils to offer assistance with the funding of 'missing shares' in relation to carrying out common repairs to tenement buildings. As a result of these initiatives, the Council is being held up as an exemplar by the Scottish Government. The Perth City Plan builds on this desire for a sustainable, growing Perth by aiming to provide more affordable housing throughout the city. This is also supporting private sector housing in the heart of the city to encourage more people to live there and increase the amount of expenditure in city shops and businesses.
- 2.7 Initial work on the vacant properties initiative involved surveys across the area to identify the scale of the opportunity, establishing a database of vacant properties and identifying and approaching property owners willing to work with the Council to find viable solutions. While Perth City Centre is the current priority for this activity, Crieff, Kinross/Milnathort and Blairgowrie/Rattray will be considered for further action. This will be prioritised based on social, economic and physical opportunities.
- 2.8 Of the 69,700 homes across Perth & Kinross, 960 (1.37%) have been identified as long term empty dwellings, which is slightly above the national average figure of 0.95%. This may be due in part to our having a large rural area with a high proportion of empty properties both in remote areas and in disrepair. Additionally a large number of empty town centre flats have been identified.
- 2.9 Regular contact has been established with local architects and surveyors, as well as owners of vacant commercial properties, to offer Vacant Property Feasibility funding. A collaborative approach is being taken with City Heritage Funding and the Scheme of Assistance funding. In addition, presentations have been made to the Board of the Perthshire Chamber of Commerce, the Rotary Club and to services across the Council, to promote the initiative. A property 'matchmaker scheme' is also planned to match owners of empty properties with prospective purchasers. This is an initiative which has worked well in other areas.

3. CURRENT POSITION

- 3.1 The table in the appendix summarises the grants applied for and awarded under the schemes above. In relation to the Scheme of Assistance, 12 properties have been given grants totalling £91k to provide 9 x 1 bedroom properties and 3 x 2 bedroom properties for rent through the Rent Bond Guarantee Scheme and of them 3 x 2 bedroom properties will be used for flat sharing. Of the 12 properties, 6 have had their work completed and 6 have work currently on site.
- 3.2 In addition, a further 2 properties have been identified for flat sharing, providing 8 bedrooms. Of them, one has submitted an application and a grant has been approved, the other involves ongoing engagement with the landlord.

It is estimated that work to bring these properties back into use will be around £35k and this will be funded from the £100k flatmate/HMO monies.

- 3.3 In relation to the vacant properties scheme, feasibility funding has been used on a number of 1, 2 and 3 bedroom flats and an office and shop unit. Feasibility funding has been given alongside some funding under the Scheme of Assistance, including a large property with 6 x 1 bedroom flats in the centre of Perth. Feasibility is available for three years and to date £29,708 of the £132k has been committed.
- 3.4 The table in the appendix summarises some projects to date. Two properties are out for tender (2 x 2 bedroom flats and 3 x 2 bedroom flats) and architects have been instructed for 4 properties of 2 and 3 bedroom flats and 1 office and 1 shop unit. In addition, discussions are underway with another 20 property owners.

4. CONCLUSION AND RECOMMENDATION

- 4.1 Innovative work is being carried out across Perth and Kinross, primarily in Perth City, to bring vacant properties back into residential or commercial use, thereby providing much needed housing, development to the city centre and the city's shops and businesses. This paper describes progress over the past year and identifies properties that have, or are in the process of being, brought into use, at this stage primarily as residential flats.
- 4.2 It is recommended that the Housing and Health and Enterprise and Infrastructure Committees note the progress that had been made with these initiatives to date. Further reports on the progress of the Empty Homes and Vacant Properties initiatives will be submitted to future meetings of the Housing and Health and Environment Committees.

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Council Text Phone Number 01738 442573

1. IMPLICATIONS, ASSESSMENTS, CONSULTATION AND COMMUNICATION

Strategic Implications	
Community Plan / Single Outcome Agreement	Yes
Corporate Plan	Yes
Resource Implications	
Financial	Yes
Workforce	None
Asset Management (land, property, IST)	Yes
Assessments	
Equality Impact Assessment	None
Strategic Environmental Assessment	None
Sustainability (community, economic, environmental)	Yes
Legal and Governance	None
Risk	Yes
Consultation	
Internal	Yes
External	None
Communication	
Communications Plan	Yes

1. Strategic Implications

- 1.1 The Perth and Kinross Corporate Plan has five outcomes which provide clear strategic direction, inform decisions at a corporate and service level and shape resources allocation. The following are relevant to this report:

- Developing a prosperous, inclusive and sustainable economy
- Creating a safe and sustainable place for future generations

2. Resource Implications

Financial

No.	Total Budget (£)	2011/12	2012/13	2013/14
		£100k	£100k	
	Private Sector Housing Grant – Scheme of Assistance			
	Investment Improvement Fund 3 (IIL3) – Flatmate/sharing/HMO Scheme	£100k		
	Investment Improvement Fund 3 (IIL) – Vacant Properties	£240k Of which £132 is feasibility funding; remainder staff costs (Vacant Property Officer)		

Workforce

- 2.2 There are no direct workforce implications regarding this report.

Asset Management (land, property, IT)

- 2.3 This report summarises initiatives to bring back into use empty/vacant properties for residential or commercial use.

3. Assessments

3.1 Equality Impact Assessment

Under the Equality Act 2010, the Council is required to eliminate discrimination, advance equality of opportunity, and foster good relations between equality groups. Carrying out Equality Impact Assessments for plans and policies allows the Council to demonstrate that it is meeting these duties.

The proposals have been considered under the Corporate Equalities Impact Assessment process (EqIA) with the following outcome:

- (i) Assessed as **not relevant** for the purposes of EqIA.

3.2 Strategic Environmental Assessment

The Environmental Assessment (Scotland) Act 2005 places a duty on the Council to identify and assess the environmental consequences of its proposals. However, no action is required as the Act does not apply to the matter presented in this report. This is because the Committee are requested to note the contents of the report only and the Committee are not being requested to approve, adopt or agree to an action or to set the framework for future decisions.

Sustainability

- 3.3 These proposals meet the following sustainability criteria: -

- Re-use of existing resources.
- Where possible, using materials from sustainable sources.
- Energy conservation through improved insulation measures.
- More efficient heating systems.
- More efficient lighting systems.
- Retaining centralised facilities to ensure services are easily accessed.

Legal and Governance

- 3.4 The Head of Legal Services has been consulted and there are no direct legal implications of this report.

Risk

- 3.5 There is a risk that funding could be given for Vacant Property Feasibility and the proposed development might not proceed due to it being uneconomic or there being a lack of funding. This can be mitigated by continued intervention by the Vacant Property Development Officer.
- 3.6 There is a risk that Empty Homes Initiative funding could be provided and that the owner could then decide to sell the property or to let it to customers other than those using the Rent Bond Guarantee Scheme. A claw-back mechanism is in place to require repayment of grant funding in this situation.

4. Consultation

Internal

- 4.1 The Finance and Support Services, Head of Legal Services have been consulted on this report.

External

- 4.2 No external parties have been consulted in the preparation of this report.

5. Communication

- 5.1 Information on the initiatives described in this report is supplied in the Council's website.

2. BACKGROUND PAPERS

No background papers, as defined by Section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information) were relied on to any material extent in preparing the above report.

APPENDIX

Housing and Community Care Empty / Vacant Homes Initiative April 2013 - Update

<i>Empty homes and vacant properties grant funding 2012/13</i>					
<i>1.) Empty Homes Initiative Grants (Scheme of Assistance funding (£100k))</i>					
Area	Size	EHI Grant Status	Total Award	Summary of Eligible Works	Comments
13G Inchaffray Street, Perth	1 bed	Complete	£10,000.00	Windows, Heating, Electrical works	Tenancy started 13/5/13
8 Methven Buildings, New Row, Perth	1 bed	Complete	£5,070.00	Windows, Heating & Redecoration	Tenancy started 9/5/13
13C Cutlog Vennel, Perth	1 bed	Complete	£8,511.10	Windows, Heating & Redecoration	Tenancy start TBC
1/1 Stcatherines Road, Perth	1 bed	Complete	£8,343.60	Windows, Heating, Electrical works	Tenancy w/b 13/5/13
6 Garrysiade, Blair Atholl	1 bed	Complete	£10,000.00	Windows, Heating, Electrical works	Tenancy start TBC
Flat 1, 61-63 South Street, Perth	1 bed	Works on site	£5,000.00	Various - conversion from commercial	
Flat 2, 61-63 South Street Perth	1 bed	Works on site	£5,000.00	Various - conversion from commercial	
Flat 4, 61-63 South Street Perth	1 bed	Works on site	£5,000.00	Various - conversion from commercial	
Flat 5, 61-63 South Street Perth	1 bed	Works on site	£5,000.00	Various - conversion from commercial	
35/37 South Methven Street, Perth	2 bed	Complete	£9,450.00	Windows, Heating & Redecoration	To be used for flat-sharing
Flat 3, 61-63 South Street Perth	2 bed	Works on site	£10,000.00	Various - conversion from commercial	To be used for flat-sharing
Flat 6, 61-63 South Street Perth	2 bed	Works on site	£10,000.00	Various - conversion from commercial	To be used for flat-sharing
Total bedspaces	15	Total Committed	£91,375		
<i>2) Flatmate/HMO Development (IIF Funding - £100k)</i>					
14 Inch Head Terrace, Perth	3 bed	Application received	£10,000 (estimate)	Heating, Electrical Works, HMO Compliance	Grant approved 6/5/13
49 South Methven Street, Perth	5 bed	Awaiting application	£25,000 (estimate)	Heating, Electrical Works, HMO Compliance	Ongoing engagement with landlord - awaiting costs
Total bedspaces	8		£35,000		

			Feasibility Funding – requested and/or funded (towards architects fees)		
3) Vacant properties feasibility fund - funding agreed					
Main St	4		£3,925		
South St	6		£3,533		
W Bridge St	1		£5,000		
Watergate	4		£2,250		
High Street	6		£5,000		
Atholl St	10		£5,000		
Kinnoull St	4		£5,000		
Total bedspaces	34		£29,708		
Commercial	1				