

Empty Homes Funding Options

Guidance notes for empty homes financial assistance

www.southwark.gov.uk



Southwark council's empty homes initiative has a limited programme of grants and loans to help owners bring empty property back into use as housing. It is aimed at helping owners refurbish empty property for let on either the private or social housing market or in certain circumstances empty property which they will reoccupy as their main and principle home.

What types of property qualify

- The property must have been empty continuously for 6 months or more or as indicated on table 1. Properties left empty for less than this may still qualify, and will be assessed according to merit, or if the property has become an eyesore.
- All empty property more than 10 years old. Commercial properties will also be considered where they can be converted into residential accommodation or as a live work unit. However in a live work unit only the residential element will apply.

What financial assistance is available

Five levels of empty homes assistance are available.

- An £8,000 per unit grant up to a maximum of £40,000 for a 5-unit scheme where the completed property is rented on the private market.
- Where an owner offers the completed property to the Council for a social housing scheme, a £12,000 per unit grant is available up to a maximum of £60,000 for a 5-unit scheme.
- An empty property loan of up to £20,000 is available, where the empty property is to be reoccupied as the owners main and principle home and where the empty property meets the criteria outlined in table 1.
- Where the works are of a minor nature, and the completed property is to be offered to the council for a social housing scheme an Empty Property Minor Works grant of up to £3,000 is available. If the completed property is not required by the Council or our partners, a minor works loan of up to £3,000 is available.
- Where the property is a studio flat, the grant is capped at up to £6,500 per unit, or £2,000 per unit for an empty property minor works grant.

Empty property owners with schemes of more than 5 units can still apply. However, in these cases the council's Private Sector and Housing Renewal Manager or the Strategic Director of Environment and Leisure Services will decide any funding assistance approved over these limits. Please speak to the Empty Homes team for more information.

In addition this funding, the Empty Homes Energy Grant is awarded for energy efficiency works where applicable. Grants of up to £1,500 per unit are available, and are discussed in more detail below.

All assistance is discretionary and subject to availability.

Administration fees

- A small administration fee of £100 is payable for arranging an empty homes grant, which is taken out from any grant approved.
- A fixed fee is added to the empty property loan on a sliding scale basis, and up to a maximum of £2,000.

Types of assistance available

Properties need to have been empty continuously for more than 6 months unless specified. All grants and loans approved are repayable in full within the specified grant condition period or if a breach of condition occurs.

Funding Type	Up to Max amount	Reoccupation Basis	Funding combinations per unit	Funding Conditions	Empty criteria	Application criteria
Empty Homes Energy Grant	£ 1,500	Social Housing Let or private rental	£1,500	5 years private or social housing let	6 months	Help towards improving energy efficiency in the property. Offered with Empty Homes Grant or loan - on rental properties only where needed.
Empty Homes Minor Works Grant	£ 3,000	Social Housing Let	£3k & £1.5k Energy grant	5 years social housing let only	6 months	Help towards minor works specified below. Property should be in overall good condition and be free of category 1 hazards before applying for grant.
Empty Homes Studio Flat Grant	£ 6,500	Social Housing Scheme Let or private rental	£6.5k studio grant & £1.5k Energy grant	5 years rental either Social housing let/ or private renting	6 months	Help towards bringing poor condition empty property back into use.
Empty Homes Private Renting Grant	£ 8,000	Private renting	£8k & £1.5k Energy grant	5 years private renting	12 months	Help towards bringing/converting poor condition empty property back into use.
Empty Homes Social Let Grant	£12,000	Social Housing Let	£12k & £1.5k Energy grant	5 years social housing let only	12 months	Help towards bringing/converting poor condition empty property back into use.
Empty Homes Loan	£15,000	Reoccupation, or Social Housing Scheme Let	£15k	Until sale or transfer of ownership or breach of conditions.	6 months	Help towards bringing/conversion of poor condition or derelict and nuisance empty property back into use. Can be offered with 12k grant and energy grant.
Empty Homes Derelict Property Loan	£20,000	Reoccupation	£20k loan only	Until sale or transfer of ownership or breach of conditions.	12 months	Help with the refurbishment for reoccupation of derelict and nuisance empty property. Loans for new owners only.
Empty Homes Minor Works Loan	£ 3,000	Private renting	£3k & £1.5k Energy grant	Until sale or transfer of ownership or breach of conditions	6 months	Help towards minor works specified below. Property should be in overall good condition and be free of category 1 hazards before applying for grant
Empty Homes Minor Works Grant Studio Flat	£ 2,000	Social Housing Scheme Let	£2k Grant & £1.5k Energy grant	5 years rental either Social housing let/ or private renting	6 months	Help towards minor works specified below. Property should be in overall good condition and be free of category 1 hazards before applying for grant.
Empty Homes Minor Works Loan Studio Flat	£ 2,000	Private renting	£2k Loan & £1.5k Energy grant	Until sale or transfer of ownership or breach of conditions	6 months	Help towards minor works specified below Property should be in overall good condition and be free of category 1 hazards before applying for grant.

Who is entitled to apply

Any freeholder or leaseholder empty property owner. Leaseholders must have at least 7 years left to run on the lease and have repairing obligations. You must also show that you are **entitled** to receive public funds.

Who is not entitled to apply

Any **landlord or owner** who has previously been prosecuted or has accepted a formal caution in relation to their failure to comply with notices, or been convicted of offences in relation to harassment of tenants by Southwark Council **will not be entitled** to apply for funding assistance.

Are there any conditions that apply?

The property **must not** have received a prior empty homes assistance award. A property therefore can **only** receive **one** empty homes assistance award. Applicants who are in arrears to the Council e.g. through Council Tax or Business Rates must ensure they either clear their outstanding balances before application, or show proof of any repayment agreements made to clear their outstanding balance.

Grants

- Owners applying for grant will have to sign a legal undertaking to let the property on the private rented, or social housing markets for 5 years after completion of the building works.
- You must demonstrate you have adequate funding to complete the building works in full as empty homes assistance is payable after the works are completed and only following the council's inspection to ensure the standard of works are satisfactory.
- Property to be let must be managed by the council's Social Lettings Agency, a Housing Association, reputable lettings or managing agents or the owner if experienced to do so. Any agents used will be checked to ensure that Southwark Council, or any other Local Authority, has taken no prior legal or other action against the agents concerned. Where the Social Lettings Agency or a Housing Association manages the property they will nominate tenants, and manage your property on a lease basis.
- If the property is sold within 5 years of receiving the assistance, all assistance must be repaid in full. A charge will be placed on the property once the assistance has been paid.
- You must use a suitably qualified building professional such as an Architect or Surveyor to project manage the renovation works where the total works costs are above £8,000.00 Professional fees are considered an eligible item regarding for assistance purposes.

Loans

- Owners applying for loan will have to sign a legal undertaking to reoccupy the property as their main and principle home after completion of the building works.
- Where the loan is made under the Empty Property Minor Works loan the property must be rented for 5 years following completion of the works.
- As the loan is effectively an equity mortgage, and a second charge mortgage, it will be registered as a charge on your property title at the land registry.
- The amount borrowed is repayable in the event any of the following conditions, which are considered to be relevant disposals:
 - On your death, or in the case of joint owners the death of the last joint owner.
 - When you cease to use the property as your sole or main residence.
 - You dispose of the whole or part of the Property.

Early repayment of the loan

You may make an early settlement of the amount borrowed at any time in accordance with the Consumer Credit Act 1974. The amount payable by you on any early settlement will be the balance of the amount borrowed outstanding at the date of settlement.

What works qualify for assistance - eligible works

Any assistance awarded is based on a calculation of the cost of eligible building works. Eligible works are repairs that are needed to make a substandard building free of category 1 hazards as defined by the Housing Act 2004, and also enable it to meet the decent homes standard. The assistance is not intended to meet the total cost of building works, or eligible works. Works over these standards will need to be achieved to ensure that the property meets a good quality standard for letting or reoccupation.

The following examples are the types of work that maybe considered for assistance, although this is not an exhaustive list:

- Serious disrepair, Dampness, Structural defects, Lack of a bathroom or kitchen, unsatisfactory ventilation, lighting and heating, deficient drainage and water supply.
- Carrying out repairs e.g. repairs to or renewing roofs, guttering windows and external doors, re-pointing brickwork, rewiring, providing a damp proof course.
- Installing a bath or shower, wash hand basin, inside toilet and hot and cold water supplies. Providing a kitchen, bathroom, and hot and cold water supplies, improvements to or providing increased energy efficiency.
- Conversion of properties to provide more dwellings.

The assistance will generally, be payable on items the same as, or similar to the above lists. Assistance approvals will be inclusive of VAT. In both types of assistance, the refurbishment works must include a suitable package of energy efficiency works.

Energy efficiency works

The Energy grant element of the assistance pays for up to £1500 worth of works covering the following items:

- The roof must be insulated to a minimum depth of 300mm or equivalent rigid insulation and to current building regulations.
- The installation of a condensing boiler and central heating system which should include TRV's (thermostatic radiator valves)
- Cavity wall insulation

A small fee of £25 is payable for arranging an empty homes Energy Grant application, which is taken out from any grant or loan approved. The Energy Grant is **not** available where an empty homes loan or grant (**for reoccupation**) application is made. Please contact the empty homes team for more information on schemes or funding that maybe available to home owners. However, the above works must be done and will be considered as part of the works eligible for the loan. An Energy Grant can be applied for with an empty property minor works assistance application.

What works are not assistance fundable

For any other works, over the above list such as: external or internal redecoration, or carpeting, the fitting of luxury kitchen units any other fittings/fixtures, your contribution to the cost of the works can fund these items. On completion you will need to have achieved the standards set out in the grant design brief as a minimum to ensure the property meets the decent homes standards and is a good quality standard for letting.

Empty Property Minor works assistance

Where a qualifying empty property requires only minor works to bring the property back into use for renting, the empty property minor works assistance is available. Any assistance awarded is based on a calculation of the cost of eligible minor works. The empty property must be free of

- category 1 hazards as defined by the Housing Act 2004, and must also meet the decent homes standard before the minor works are undertaken.

The assistance will act as a contribution up to the maximum allowable towards the following items:

- Replacement fencing front and rear
- Clearing out a property
- Internal redecoration
- Replacement Flooring or the cleaning of flooring
- Cleaning a property

The assistance is not intended to meet the total cost of minor works. Two estimates must be submitted for the minor works needed.

How can I apply for assistance?

You should first contact the Empty Homes team, to make an appointment for an officer to visit your empty property. The officer will discuss in detail what options are available, to bring your property back into use, as assistance may not be the only option to do this. If your property meets the aims of the initiative, and you have decided to go ahead with a refurbishment project, you will need to decide which category you fall into below.

Category one

Empty property owner or company owned property

Project managed by a surveyor or architect etc., and works to be tendered to contractors.

The assistance will cover – labour and materials

In this case you will need to arrange for a surveyor or architect to survey your property to prepare an itemised specification of works which will be tendered, and who will help you select building contractors and manage the building works on your behalf.

The specification should then be tendered to two contractors. The winning contractor's prices will be used to calculate any assistance awarded, so a copy of this should be sent to the empty homes section with or after your application form. Applications and enquiries for assistance will be dealt with in date order of receipt. On satisfactory completion and inspection of the project, you will need to send or bring in the original copies of your contractors invoice, and relevant certificates which will be copied and returned to you. This will enable the council to make the payment.

Category two

Empty property Owner, or Company owned empty property with retained builders and agents or similar

The assistance will cover – Materials only

Where you wish to use agents and contractors who are on your payroll, you will need to submit a specification with quantities of materials used throughout the scheme and their prices. On the satisfactory completion and inspection of the project you will need to provide the council with the original final summary of accounts. This must be certified by your accountant, and be on your

accountants headed paper. It should detail what the cost and type of materials were. The receipts will also need to be submitted to the council for inspection which will then be returned to you. They must also be retained by you for 7 years after, as the council may need to re-inspect the receipts during this time. The assistance will be paid on submission of the accounts and relevant certificates.

Category 3

Individual empty property owner – DIY works

The assistance will cover – Materials only

In this instance you will need to submit a specification with quantities of materials used throughout the scheme with prices. You can instruct a surveyor to do this for you. You will also need to get an accountant to prepare a final summary of accounts. You will need to keep all your receipts for the materials bought and give these to the accountant to do the summary accounts for you. The receipts will also need to be submitted to the council for inspection which will then be returned to you. They must also be retained by you for 7 years after, as the council may need to re-inspect the receipts during this time.

On satisfactory completion and inspection of the project you will need to provide the council with the original final summary of accounts. This must be certified by your accountant, and be on your accountants headed paper. It should detail what the cost and type of materials were. The grant will be paid on submission of the accounts and relevant certificates.

Category 4

Minor works

The assistance will cover only the specified types of works mentioned above

In this instance you will need to submit two estimates for the works needed. You should also complete a **Pay a third party form** if you wish the council to pay the contractor direct. On satisfactory completion and inspection of the project, you will need to send or bring in the original copies of your contractors invoice, and Gas Safety Register or Electrical certificates (where an Energy grant has also been applied for) which will be copied and returned to you. This will enable the council to make the payment.

How is the assistance assessed?

Calculations are based on the cost of eligible works or materials you provide as part of the total building works price shown on the priced specification submitted at the time of application. The calculation will also consider professional and building fees where applicable. Your contribution will be the costs of remaining building works. **You may lose all or some of the assistance, if works are not carried out by one of the companies who provided the original estimates.**

How can my application for assistance be approved?

Once all initial visits and surveys have been done, you will need to complete the empty homes grant or loan application form, and accompanying documents regarding ownership and future letting or occupation.

The Client Worksheet

To aid the council in calculating any possible assistance award, you will have to complete a spreadsheet called the Client Worksheet. The spreadsheet contains all items that the council

considers eligible for assistance purposes. You or your agent will simply need to insert the prices and quantities provided by your chosen builder into the highlighted columns, for works at your empty property that match the works listed. On the electronic version you will then at the end of the spreadsheet need to insert the amount charged for VAT where applicable. The electronic version will calculate the total for you.

On the paper based spreadsheet you will need to write down the total excluding vat, the VAT amount charged and the grand total. You will also need to input the details of your chosen builders, the second builder and your agent. The completed spreadsheet should then be emailed or posted back to the council with the application documentation. Further instructions are available on the spreadsheet. The spreadsheet can be emailed to you, or provided on a CD or be paper based. The council would prefer to send the spreadsheet by email.

Once the assistance calculation has been finalised by the council, a final approval letter will be sent to you showing exactly how much assistance you will receive. **You should not undertake any of the works on the specification before you receive this final approval letter, unless you are able to pay for them yourself. If you do these works will then not be eligible for assistance.**

How long will it take?

The application is only valid when the council has received a completed and signed:

- Application form, certificate of intended letting or occupation,
- Proof of ownership and status
- Client worksheet, specification or schedule of works, and tenders.
- Proof of your contribution and bank account details

Once a **valid** application is made, including specifications/estimates for the work, Southwark expect to formally approve grant applications within 6 weeks.

Can I carry out any works before my assistance is approved?

If you carry out any works before your application is approved **you may lose all or some** of your assistance award.

How long do I have to complete the works?

One year from the date the assistance is approved. Further time may be allowed if there have been unavoidable delays in carrying out the works. Applicants not completing the work within this time without good reason may lose all entitlement to assistance funding.

Change of builders

Where you tender out the works to at least two contractors, the winning builder must be the one used to complete the works. If due to unforeseen circumstances, this builder is unable to complete the works, **you must inform the council straight away in writing**, and let us know the reason for the change.

How the assistance is paid?

The Council will pay the assistance as a lump sum on satisfactory completion of the works. A final inspection visit will be arranged once all works including snagging works are completed. The

works will be inspected by the council's Renewal Building Surveyor, and must comply with current Building Regulations, CDM and any other health and Safety Regulations where appropriate. Following a satisfactory inspection you will need to provide the following original documents where applicable. The council will take copies and send the originals back to you:

- Gas Safety Register Certificate
- NICEIC or equivalent certificates
- Damp proof guarantees
- Final account summary or final contractors invoice
- Bank details

Bank details

Payments will be made direct to your bank account by BACS, unless you authorise that your contractors, or other third party receive the payment instead. Please ask for an **authority to pay third party form** if you wish the council to do this.

You must submit a copy of your bank statement showing the address stated on the application form (not the empty property address), account number, sort code and branch address. If a company owns the property, please forward your bank details as shown above on your companies headed paper.

If you move at any time please inform the council of your new address details in writing.

Payments in all cases will be made by BACS (Banking and Clearing System).

Third Party Payments

If payment is to be made to a third party, the council will need to receive their bank details on headed paper if the third party is a company, or a bank statement showing the parties name, address bank account details and sort code.

Reduced VAT on empty homes works

Properties that have been empty for 2 years or more qualify for a VAT rating of 5% on building and labour services. You may be able to qualify for capital allowance relief where the upper floors of shops are to be converted into residential accommodation.

Please check Her Majesty's Customs and Excise (HMRC) web site at

<http://www.hmrc.gov.uk/capital-allowances/buildings.htm>

The Energy Savings Trust

<http://www.energysavingtrust.org.uk/> or for free advice for householders - call 0800 512 012

For more information on empty homes funding contact:

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