

To:
Andrew Stunell MP
Local Government Minister
House of Commons
London
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From:
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By email only

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Dear Mr. Stunell

Re Empty homes funding and localism

I am writing on behalf of the Empty Homes Network* in response to your recent announcement about the New Homes Bonus and in particular the availability of £100million to tackle empty homes over the next four years as part of the affordable housing budget.

This letter is written in the knowledge that there have been meetings between Homes and Community Agency (HCA) staff, local authorities, Treasury, CLG officers etc to discuss the most effective way to use the money. We set out below our practical suggestions deriving from the collective experience of our members and which we believe will provide the best value-for-money and support the localism agenda most effectively

Summary of proposals

1. The funding should be managed by the HCA
2. Local authorities should be invited to bid for the funding. Such bids would normally propose further distribution within the local community via locally-designed grant and local schemes that meet local objectives and priorities.
3. The local grant and loan schemes proposed by local authorities should be assessed by the HCA to ensure value-for-money.
4. The local grant and loan schemes should be flexible, permitting funding to be distributed to any size and type of organisation able to meet the normal criteria of probity, financial soundness etc associated with councils' private sector renewal work.
5. Priority in the value-for-money appraisal should be given to maximising the number of empty homes brought back into use.
6. The best models of grant and loan schemes should be replicated and promoted
7. Funding should only be allocated once broad value-for-money parameters have been established; this is therefore an urgent task. However, further refinement can be expected over the life of the programme.
8. Grant allocation and call-down should be set up so as to balance certainty of funding for local authorities with certainty of spend for the HCA.
9. Local authorities should demonstrate a strategic approach to tackling empty homes in their area, meeting minimum standards developed by the Empty Homes Network and (if they wish to be involved) the Local Government Association.
10. A small "Action Team" needs to be set up within the HCA to shape and drive forwards the programme.
11. The frameworks, schemes and partnerships developed above can be expected to provide long-term templates for future micro-scale regeneration and renewal work.

Substantive proposals

Managing the funding:

1. We think the Homes and Communities Agency, now incorporating English Partnerships, with its substantial track record on delivering regeneration, is well placed to manage the empty homes programme. It is the natural candidate for the job in the context of the existent agencies.

Value for money

2. The target of 3000 homes, achieved at the average rate of £33,333 per home, is a very modest one indeed in the context of the number of empty homes in the country. 3000 homes across the country also suggests a programme that may lack critical mass from area to area. It is also modest in the context of the much-publicised Kent loan scheme where the cost per empty returned to use is under £3,000, offering 10 times the output. The Kent scheme is not unique. A small number of other local authorities have developed similar good-value schemes that involve loans or grants that are clawed back and re-invested in further delivery. Such schemes normally produce homes that prevent homelessness.
3. With empty homes, scattered and individual as they often are, “small is beautiful”. Homesteaders, self-help housing organisations, small builders and developers are all likely to deliver the best value-for-money in the majority of cases. We would like to see these efficient, local delivery partners being given the opportunity to make their contribution, within a framework managed by local authorities that guarantees quality and delivery.
4. Better value-for-money can be achieved by building on the most successful funding models and replicating them. The aim should be to unlock the potential of the wasted asset, helping it pay for itself. Public money should be seen as gap funding or seed-corn funding the majority of which should be recovered and subsequently re-invested.
5. A short, focused piece of work is required to evaluate the best current schemes (including Temporary Social Housing Grant) and establish broad value-for-money parameters to guide grant-giving. Unless such an exercise is undertaken, the wonderful opportunity offered by the £100million may be squandered.
6. We would expect to see small shopping-basket of schemes that can be used as templates, adapted for local needs. This “shopping basket” should be well-publicised and further developed in the light of experience gained.

Localism

7. The Kent scheme is not tied to affordable housing. But that is a local decision about what works best in Kent. Local authority empty homes schemes elsewhere are driven by local priorities and reflect local markets. This is surely appropriate in the era of localism, providing value-for-money is maintained. **Meeting housing need** e.g. by providing homes at sub-market rents for people threatened with homelessness is a typical feature of most council schemes.
8. Local councils are well-equipped with the infrastructure to manage grants and loans for private sector renewal. Councils are in a much better position to feed grant funding down to suitable local applicants than the HCA. It has been an important function for decades, related to disabled facilities grants and housing renewal grants.. Conversely, we do not think the HCA is well-equipped to undertake grant-allocation at the “micro-level” that will provide the best outcomes. The mooted idea of tying housing co-ops in with RSLs strikes us as unduly complicated as well as restricting the number of candidate organisations.
9. Local authorities should be tied to re-investing in empty homes work any funding recovered from owners via grant claw-back or loan repayment.

10. Many local authorities have insufficiently-developed empty homes strategies. The leverage offered by this funding should be used to ensure that they meet a minimum standard as a funding requirement. We have been developing such a standard which we would like to finalise in tandem with the help of the Local Government Association.
11. We know that councils will be keen to work with RSLs where these have the commitment and skills to deliver. RSLs will be on a level playing field with other delivery partners and fully eligible and able to benefit from the funding.

Ensuring success

12. Although we have identified the HCA as the natural candidate to manage this funding, we also believe that an effective programme to deliver on empty homes needs dedicated and specialist resources. The lack of such resources could seriously reduce the impact and perceived success of the programme. We would highlight here the government's recently-announced support for an "action team" hosted by the CIH to help with the £13million under-occupation programme. The issues and variety of approaches associated with empty homes are equally as challenging. A comparable resource is needed. An HCA action team on empty homes should be tasked with
 - a) Reviewing current approaches to delivery and identifying the best models, in partnership with the charity Empty Homes and the Empty Homes Network
 - b) Promoting best practice and advertising success
 - c) Processing bids
 - d) Managing the programme day-to-day (progress chasing etc).

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We hope you will be able to give the foregoing your serious consideration.

Yours sincerely



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cc. (by email only)

David Ireland, Chief Executive, Empty Homes
Dylan Grimes, Team leader, Private Sector Housing Management, DCLG
Sally Turner, Private Sector Housing Management, CLG
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Gera Drymer, Strategy Manager, HCA
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Joanne Kent-Smith, Senior Policy and Practice Officer, CIH
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* **About the Empty Homes Network:** We are a national network launched in 2001 as the *National Association of Empty Property Practitioners* with the support of the government and the Empty Homes Agency. Since 2002 we have been fully independent. Our main role is to support one another to make work in tackling empty homes as effective as possible by sharing best practice and information. Most of our members work for local authorities in private sector housing or housing enabling teams; we also have members belonging to housing associations, regeneration companies and private sector firms.