

Members' Library Service Request Form

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Originator	Head Of Housing And Environment
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Document Title	Empty Homes Loan Fund Scheme

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Cabinet

Additional information:

Authorised By	Monica Patterson
Designation	Depute Chief Executive
Date	1 October 2013

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REPORT TO: Members' Library Service

MEETING DATE:

BY: Depute Chief Executive – Partnership and Services for
Communities

SUBJECT: Empty Homes Loan Fund Scheme

1. PURPOSE

- 1.1 To inform Cabinet of the detailed operation of the Council's Empty Homes Loan Fund Scheme

2 RECOMMENDATIONS

- 2.1 Cabinet is recommended to note the contents of this Report.

3 BACKGROUND

- 3.1 East Lothian Council are currently participating in a shared services project with Scottish Borders Council, Fife Council, West Lothian Council and Dumfries and Galloway Council. The project aims to support owners of long term empty homes to bring the properties back into use.
- 3.2 In December 2012 East Lothian Council successfully secured £150,000 in funding from the Scottish Government to develop an Empty Homes Loan Fund Scheme following submission of joint bid with Scottish Borders Council and Fife Council.
- 3.3 The Scheme will provide interest free loans of up to £15,000 per property to enable owners of long term empty homes (defined as empty for six months or more for the purposes of this project) to bring properties up to a lettable standard. Loans will be repaid by applicants over a five year period and loan monies repaid to the Council will be recycled to enable further projects to come forward. Properties must be let at a mid market rent for a minimum of five years. The primary aim of the Scheme is to encourage owners to bring empty homes back into use.

- 3.4 The funding is provided from the Scottish Government to East Lothian Council as a loan. The first repayment of 60% of the loan must be made in 2019/20 with the remaining 40% repaid in 2023/24.
- 3.5 It is anticipated that approximately 60 projects could be delivered within the lifetime of the Scheme. This figure will vary depending on the availability of funding within the recyclable pot and the identification of suitable applicants.
- 3.6 East Lothian Council will secure each loan it makes by way of a standard security. This will ensure the Council has means to recover the loan should a default occur. As part of the application process a property valuation will be carried out and information on any borrowing secured against the property sought. This information will be used to assess the equity available in the property. Applications will not be approved where there is less than 20% equity. This level is considered appropriate to minimise the risk of future reductions in property prices.
- 3.7 J & E Shepherd have been appointed to carry out property valuations and Energy Performance Certificates where required on behalf of East Lothian, West Lothian and Fife Council's. This appointment was made on the basis of a competitive tender and the estimated value of the contract is not more than £6,000 over three years.
- 3.8 Officers have been working in partnership with Places for People Scotland Group (of which Castle Rock Edinvar Housing Association are a subsidiary) to establish an agreement whereby Places for People Scotland will lease properties from the owner and act as the management agent, letting to tenants who meet the maximum income thresholds applicable to their mid market rent scheme. Places for People will charge a management fee to the owner and will guarantee the loan repayment for the full term regardless of occupancy.
- 3.9 It is anticipated that the first loans will be made available during Autumn 2013.

4 POLICY IMPLICATIONS

- 4.1 The provision of loans to enable owners to carry out works to empty homes is a new policy initiative and represents a new approach to the delivery of financial assistance. The Council's Scheme of Assistance will be amended to reflect the availability of loans for this purpose.

5 EQUALITIES IMPACT ASSESSMENT

- 5.1 This Report is not applicable to the wellbeing of equalities groups and an Equalities Impact Assessment is not required.

6 RESOURCE IMPLICATIONS

- 6.1 Financial: There are no resource implications arising from the provision of loans which will be funded through a loan provided by the Scottish Government.

As part of the application process the Council will carry out a number of assessments which have a financial cost. Where the loan is approved these will be met as part of the total loan award. In the event of a loan application being turned down the cost will be met through the Private Sector Housing Budget. This cost will be in the region of £400 per application.

- 6.2 Personnel: None

- 6.3 Other: None

7 BACKGROUND PAPERS

- 7.1 Scheme of Assistance
<http://www.eastlothian.gov.uk/meetings/meeting/5261/cabinet>

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