

Perth and Kinross Council

Empty Homes Grants

Background

The Scottish Government is 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. There are around 23,000 long-term empty homes in Scotland.

In general terms, it is no longer considered appropriate to provide grants to private owners/landlords whose properties are in disrepair. An exception to this however, is where the provision of a grant enables or encourages the owner to bring the property back into use and, as a condition of the grant, the property is made available as affordable housing.

Grant Conditions

In order to qualify for an empty homes grant the property must be currently empty however there is no minimum period that the property has been empty for. Grants awards are based on the property size and the maximum available grant is £7500 per bedroom in the property (subject to cost of work required).

- **Priority areas** – whilst there is an excess demand for affordable housing in most areas of Perth & Kinross, our experience of operating the Rent Bond Guarantee Scheme and facilitating over 500 tenancies has identified specific areas where there is a strong demand for private rented accommodation, most notably in Perth itself.

- **Priority property types** – The following property types would be considered a priority in terms of this initiative;
 - One bedroom properties – a substantial proportion of the demand is from single person households
 - Two bedroom properties, especially where there is scope for flat-sharing
 - Ground floor properties
 - Large properties that can be converted into Houses in Multiple Occupation (HMO's)

- **Rent levels** – rents must be set no higher than the Local Housing Allowance (LHA) level for the period in which the Grant Conditions apply. The current LHA levels are as follows;
 - 1 bedroom (shared facilities) – £57.69 per week (£250/month)
 - 1 bedroom – £82.40 per week (£360/month)
 - 2 bedrooms – £105.94 per week (£460/month)
 - 3 bedrooms – £137.31 per week (£595/month)
 - 4 bedrooms – £183.46 per week (£795/month)

Figures correct at based on 2015/16 LHA rates but are subject to change

Scope of the Grant

- Grants provided under this initiative can only be used to bring properties up to the Repairing Standard and/or to undertake work which would be required to obtain an HMO License
- The Repairing Standard includes the following elements;
 - Accommodation must be wind and watertight and 'reasonably fit for human habitation'
 - The structure and exterior must be in a reasonable state of repair
 - Installations for the supply of water, gas and electricity must be in a reasonable state of repair and in proper working order
 - Fixtures and fittings and any appliances provided by the landlord must be in a reasonable state of repair and in good working order
 - Any furnishings provided by the landlord must be able to be used safely and for the purpose they are intended for
 - There must be a satisfactory means of detecting and warning about fire (such as smoke alarms)
- The following work will fall within the scope of the Empty Homes Grant;
 - Central Heating – install or upgrade central heating system
 - Ventilation – improve or install ventilation including the installation or upgrade of humidistat controlled extractor fans
 - Electrical – may include complete re-wiring, installation of new consumer units or mains powered smoke detectors
 - Decoration – An allowance of £500 per property will be available where this is required in conjunction with other grant-earning works
 - Other works required to comply with HMO Regulations or to convert a property into non-HMO shared accommodation
- The following items are specifically excluded from the scope of the Empty Homes Grant;
 - Payment of the HMO License fee. This fee currently ranges from £620 to £830 (depending on the proposed occupancy level of the property) and has to be paid at the point of application.
 - Payment of Landlord Registration fee. The principal fee is currently £55 plus £11 per property.
 - Gas & Electrical Safety testing is excluded but any work that is required or recommended as a result of the test may be eligible.
 - Acquisition of furnishings, appliances or other consumable items for the property.
 - Common repairs (other forms of assistance may be available from the Council for this)

Use of Properties

- Where an Empty Homes Grant is provided, the landlord must make the property available only to customers using the Council's Rent Bond Guarantee Scheme, for a period of 5 years.
- The rent charged must not exceed the relevant Local Housing Allowance rate at the point of any tenancy being created.
- In the event that the Council is unable to identify a suitable tenant within a period of 6 weeks of the property becoming available, the landlord will be entitled to make efforts to find a tenant from elsewhere. The rent setting provisions as above will still apply.
- The Council may offer services in relation to the setting-up of tenancies and/or property and tenancy management but the landlord will not be obliged to utilise such services. Any such services would be provided on a chargeable basis.
- The Council will reserve the right to require the landlord to periodically submit documentation relating to the tenancy for scrutiny.
- The Council will reserve the right to periodically inspect the property to ensure that it is being maintained to the required standard.

Claw-Back of Grant

In the event that the landlord fails to comply with the conditions relating to the use of the property or if the property is sold, the Council will require the repayment of the grant funding in terms of the undernoted sliding scale – an administration fee will also be payable;

- Within 1st year – 100%
- Within 2nd year – 80%
- Within 3rd year – 60%
- Within 4th year – 40%
- Within 5th year – 20%

Once the 5 year period has elapsed, the landlord will be free from the conditions associated with the provision of Grant funding and will be able to enjoy the benefit of improvements facilitated by the Grant without further obligation.