

## **The New Homes Bonus Relating to Empty Properties**

This information aims to provide the Washington Area Committee with an overview of the New Homes Bonus and how it will impact on the Council's empty property work:

- How the New Homes Bonus Works.
- The definition of empty properties.
- Government funding earmarked for returning empty properties back into use.
- The impact of the New Homes Bonus on empty property work.
- The way forward

### **How the New Homes Bonus Works**

- The Department for Communities and Local Government (DCLG) introduced the New Homes Bonus (NHB) in February 2011.
- It will reward local authorities for increases in its housing stock, including empty properties that have been brought back into use.
- This is calculated by subtracting the stock of empty homes in October 2010 from October 2009 to give the net change.
- The data is taken from the Local Authority Council Tax Base 2009/10 statistical releases.
- The payment is made for a six year period.

### **Worked Example for Sunderland**

Sunderland City Council 2009 - 2011

Net increase of stock is 515 of which 134 is for empty properties returned to use.

= payment for year one of £576,967 (515 x 1,120.32) or £3,461,804 over six years.

Empty properties have contributed to 134 x £1,120.32 = £150,123

### **The New Homes Bonus Definition of Empty Properties**

- Property has been vacant for more than six months.
- The property is unfurnished.
- Includes private and social properties.
- Excludes empty property with stated exemptions e.g. dwelling left empty by a person needing personal care, dwellings classed as second homes.

### **Additional Government Funding for Empty Properties**

- The Government will invest £100m to enable housing associations to support local authorities to bring over 3,000 empty homes back into use.
- Funding will be distributed through the Homes and Communities Agency.
- Funding available from 2012 – 2015 but funding available for some pilot projects in 2011/12.
- The £100m could be used for the refurbishment of empty properties but the grant could be recyclable by splitting the rental income between the owner and the HCA .

### **Proposed Gentoo/Council/HCA Project**

- Council to identify 10 long term problematic empty properties in the Coalfield, Hendon, Millfield and Castletown areas.
- Gentoo staff to train long term unemployed young people to refurbish empty properties.
- The young people to either move into the refurbished property or get a Gentoo tenancy.
- Gentoo to manage the property under a five year lease and set rent at an affordable level.
- Proposal submitted to HCA – results known in June/July

### **Impact of the New Homes Bonus on Empty Property Work**

- Financial incentive for returning empty properties back into use – more emphasis on this work.
- However, preventing properties from becoming empty (at 6 months) is equally as important.
- Working in partnership is essential to help bring additional funding into the Council.
- New Homes Bonus definition does not cover all empty properties. Council service will cover all empty properties but will the emphasis be on the properties that attract funding rather than properties that are problematic to the community?
- Everyone involved with empty properties should feed accurate information to Council Tax to ensure returns are accurate.
- Everyone involved in empty properties should be aware of what properties fall under the NHB definition.
- Demolition programmes to be carefully programmed. (Properties empty for less than 6 months).
- If additional funding is available through the NHB, may be funding for Empty Dwelling Management Orders.

### **The Way Forward and Conclusion**

- Need to monitor and review the number of empty properties monthly and track trends.
- Need to secure NHB funding to help with the work of empty properties.
- All partners to work together to secure the most funding for Sunderland and its communities.
- If successful, use the Gentoo/Council/HCA project as a pilot to return more empty properties back into use.