

# Bringing Clusters of Empty Homes into use

## Bidding guidance

April 2011

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## **Introduction**

1. Tackling empty homes is an important part of the Government's Housing Strategy, offering a sustainable way of increasing the overall supply of housing and reducing the negative impact that neglected empty homes can have on communities.
2. Laying the Foundations - a Housing Strategy for England sets out a number of tools, approaches and potential resources to support action in this area, including £50m of capital funding to tackle concentrations of empty properties.
3. This funding is available to local authorities with clusters of empty homes which have good market prospects but require an intensive approach to return them to a liveable standard. This includes refurbishing and reconfiguring homes, as well as improving the public realm. It is expected that such properties would not come back into permanent use without a coordinated street-by-street approach and additional funding.
4. Clusters of Empty Homes funding is available over the period 2012-14 and bids are invited from those local authorities and local authority/Registered Provider partnerships shortlisted following the Stage 1 Expression of Interest Round.
5. We recognise that there are a very wide range of approaches which may be used to tackle empty homes, and that different approaches are needed in different circumstances. We want to offer local authorities and their partners as much flexibility as possible to take the most effective approach locally, whilst ensuring a rigorous approach to value for money.
6. This bidding guidance sets out the requirements, assessment criteria and timetable for bids where funding is sought.

## **Clusters of Empty Homes Funding Requirements**

7. Clusters of Empty Homes funding is available for initiatives meeting the following criteria:
- A minimum of 100 empty homes brought back into use
  - Delivery is within a distinct area with over 10% of homes empty, and each cluster represents more than 25 empty homes
  - Clear and demonstrable high level strategic fit including local authority and community support
  - Commitment to providing 100% match funding

### Type of properties which may be brought back into use

8. The funding available may be used to bring empty homes and other types of property (including commercial property) into use as housing as part of a neighbourhood approach. This includes property currently in private and public ownership, although existing social housing is not eligible for funding.
9. Funding should target long term empty properties (empty for longer than 6 months) which on average have been empty for at least two years, though there will be flexibility to take account of local circumstances. These properties must have good long term prospects in terms of occupancy and demand.

### Use of properties

10. Properties may be brought into use for rent, shared ownership or owner occupation in line with local demand and the requirements of the neighbourhood.
11. This may include homesteading schemes, where residents (or future residents) contribute their labour in exchange for a reduced rent or an increase in the share they own in the property.
12. Where homes are brought back into use as rented affordable housing we would expect these to be offered at an Affordable Rent. As set out in the Framework for the Affordable Homes programme 2011-15, published on 14 February 2011, where an Affordable Rent is lower than a target rent, the target rent for the property will constitute a floor.
13. Where delivery of the property brought back into use at an Affordable Rent is by a private Registered Provider, that provider will need to add the properties to its Framework Delivery Agreement (FDA) if it has one, or enter into a Short Form Agreement (SFA) with the HCA, in order to comply with the Social Housing Regulator's Tenancy Standard on rents. As set out in paragraph 36 funding will be paid by the HCA as un-ringfenced Section 31 grant to local authorities and local authority /Registered Provider partnerships. In such cases, properties should be

added to the FDA or SFA as applicable, with the funding shown as other public subsidy.

14. In all instances bidders should ensure the schemes developed are tailored to support local strategic plans and community ambitions.

#### Bringing properties back into use

15. We do not have a fixed delivery model for tackling empty homes as we recognise that different solutions will be appropriate for different areas, or even within an area. We wish to encourage innovation and hope that this flexibility allows partners to tailor approaches to meet local requirements.
16. This could include acquisition and repairs, leasing arrangements and/or the provision of financial support such as rent guarantees. We have a strong preference for bids which encompass loans and other opportunities to recycle funding.
17. Bidders should note that the funding available is capital, to bring empty properties back into use. It can therefore be used to fund eligible acquisition, works and on-costs (where those can be capitalised in line with Statement of Recommended Practice (SORP)). It cannot be used to fund revenue posts, for example, to provide general advice about empty homes.
18. This funding is intended for refurbishment and reconfiguration to bring empty homes back into use. It is not intended for clearance or demolition.
19. Bids should set out clearly how match funding will be used to support bringing empty homes into use. That match funding could be revenue or capital, and could be applied to a wider range of activities – but there should nonetheless be a clear demonstration that it supports the overall objectives of the scheme.

#### Standards

20. It is anticipated that these will be determined locally, though bidders should be aware of the opportunities to improve energy efficiency through schemes such as the Green Deal – more information can be found at [http://www.decc.gov.uk/en/content/cms/tackling/green\\_deal/green\\_deal.aspx](http://www.decc.gov.uk/en/content/cms/tackling/green_deal/green_deal.aspx)
21. Where empty properties are brought back into use as Affordable Housing, the design and quality standards detailed in the Empty Homes Guidance for the Affordable Homes Programme (Nov 2011) will apply. This guidance is available at: [http://www.homesandcommunities.co.uk/sites/default/files/our-work/empty\\_homes\\_bidding\\_guidance\\_211111.pdf](http://www.homesandcommunities.co.uk/sites/default/files/our-work/empty_homes_bidding_guidance_211111.pdf)

### Supporting employment opportunities

22. Tackling empty homes often offers opportunities to deliver wider benefits to communities, including employment and training opportunities. We are keen to see bids which include such opportunities.

### Who should bid?

23. Bids are sought from those organisations shortlisted following the Stage 1 Expression of Interest Round.

## **Assessment Criteria**

### Strategic Fit

24. We will only support bids which have clear local authority and community support, and where proposals meet local priorities or support local strategies to tackle empty homes. In particular bidders are asked to demonstrate:
  - The issues in the area and how they will they be addressed through this investment
  - What other complementary action will be undertaken to deliver a sustainable housing market
  - A strong case that the investment will clearly result in a sustainable community, with good links to local infrastructure and economic opportunities
  - How the scheme aligns with Local Investment Plans and/or other initiatives to improve the area
  - Clear community support as demonstrated through the support of local elected Members and residents.

### Value for Money

25. All bids must demonstrate value for money. In assessing value for money we will take account of:
  - Overall costs, funding requested and the number of homes proposed to be brought back into use
  - The proposed housing outcomes
  - The length of time that properties have been empty prior to being brought back into use
  - How the total project costs will be met and evidence of match funding/ leverage
  - The capacity to generate future income and evidence of how this will be recycled
  - The impact on the local housing market including values and demand

26. DCLG modelling carried out for the business case for the Government investment in this programme assumed that the cost of refurbishment was likely to be between £12,500 and £30,000 per unit, allowing up to 4,000 empty homes to be brought back in to use.

### Deliverability

27. We will prioritise bids with a high degree of certainty of delivery and this will influence the funding allocation, if any, that we will wish to offer to successful bidders.
28. Where bids exceed the available funding, we may offer scaled allocations to those bids which meet our criteria, taking account of the degree of certainty of delivery.
29. Bidders should outline:
  - How and when they will identify and bring forward a pipeline of properties
  - What tools/ approaches will be used, including evidence that innovation has been considered against practical delivery
  - How delivery will be supported by local authority services, including for example, enforcement
  - Evidence of demand for the resulting homes, including creating/ supporting demand where needed and ensuring affordability
  - Their track record and previous experience of bringing empty homes back into use within a regeneration context. This could include a summary of previous initiatives and if these had limited success, an explanation of what will be done differently this time.

### Equalities and diversity

30. Local authorities and the HCA are subject to both general and specific equalities duties introduced by the Equalities Act 2010 from 1<sup>st</sup> April 2011. This means that we must have regard to the need to eliminate discrimination, advance equality of opportunity and foster good relations in the exercise of our functions.
31. We want to be sure Empty Homes brought back into use will meet the diverse housing needs of all sections of our communities and we expect that providers will seek to address local priorities identified and agreed by local authorities.

## **Bidding Requirements**

32. Bidders for funding through the HCA will be required to submit the following additional information which builds on the Expression of Interest and supplementary statements provided as part of Stage 1:
  - A Project Plan encompassing further information on the intended approach and evidencing how the proposal meets each of the funding and assessment criteria outlined above
  - A Stage 2 bidding template covering the Value for Money position for each 'Cluster' which can be found at:  
[www.homesandcommunities.co.uk/ourwork/clusters-of-empty-homes](http://www.homesandcommunities.co.uk/ourwork/clusters-of-empty-homes)
33. This must be supplemented by:
  - Plans for each Cluster highlighting the areas to be tackled alongside the location of empty properties; and
  - Information from council tax records on how long properties have been empty.
34. All information should be provided electronically and submitted in PDF format to [clustersofemptyhomes@hca.gsi.gov.uk](mailto:clustersofemptyhomes@hca.gsi.gov.uk)
35. Where changes have taken place since the submission of the Stage 1 Expression of Interest, these should be discussed with your local HCA contact.

## **Allocation of Funding**

36. In total £50m is available over two years (2012-13 and 2013-14) and this will be paid, by Section 31 grant determination to Local Authorities as un-ringfenced grant in two equal instalments.
37. Where a Registered Provider is the applicant they will need to work in partnership with the local authority who will act as the accountable body. This will ensure that the clusters of empty homes are tackled as part of a wider strategy for improving housing markets and regeneration in the area.
38. It is an absolute requirement of the programme that resources are committed by 31 March 2014.

## **Timetable**

39. Stage 2 applications for the Clusters of Empty Homes Programme are required by noon on 4 May 2012. Bids and supporting documentation should be submitted electronically and in PDF format.
40. Submissions should be returned via email to the following address:  
[Clustersofemptyhomes@hca.gsi.gov.uk](mailto:Clustersofemptyhomes@hca.gsi.gov.uk)

41. Bids will be assessed by Homes and Communities Agency area investment teams based on the criteria outlined above.

<b>Milestone</b>	<b>Date</b>
Invitation for full bids	11 April 2012
Deadline for submissions	Noon – Friday 4 May 2012
Assessment and moderation period	7 May – 1 June 2012
Sign off of proposed programme (HCA and DCLG – incl. Ministers)	w/c 4 June 2012
Confirmation of allocations	w/c 11 June 2012

## **Contacts**

42. The first point of contact for competition applicants is our area investment teams. Bidders are strongly advised to contact their area office to discuss their proposals and local priorities for bringing clusters of empty homes into use.
43. For general enquires about the operation of the scheme, bidders are invited to email the Agency at: [clustersofemptyhomes@hca.gsi.gov.uk](mailto:clustersofemptyhomes@hca.gsi.gov.uk) . Bidders should note that where questions raised may be of general applicability to all prospective bidders, these, and our response will be published on our website.

## Our offices

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