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Dear David,

Subject: Temporary Empty Homes (TEH)

By email only

Thank you for your enquiry of 18th April 2011.

Below I have set out the responses to your questions and hope you find these helpful.

Q1. TEH scheme/s should be included in the Template if the funding is for schemes that would complete by end March 2012. The submission deadline is 3rd May 2011.

The assessment of submissions will follow the process set out in the HCA AHP Framework. I copy the relevant section below for ease of reference from the Framework document, p.33 -34, paras 5.33 to 5.38.

Assessment and negotiation

5.33 The overall objective of the assessment and negotiation process is to agree framework contracts with providers for the supply of affordable homes that:

- meet local needs and priorities in their proposed locations;*
- offer good value for money;*
- have a realistic prospect of delivery within the programme timeframe;*
- are social housing (as defined by sections 68-71 of the Housing and Regeneration Act 2008); and*
- confirm Registered Providers should continue to meet the TSA's Standards.*

5.34 The assessment process will consider how offers meet local needs and priorities and will verify fit with the local authority(ies) in whose area new supply is proposed, particularly where firm schemes are identified.

5.35 Offers will be assessed to ascertain value for money of the costs of supply and of the requirements for new HCA funding.

5.36 The HCA will assess offers to establish that the proposed delivery of new supply provides value for money comparative to other providers. Our assessment will take account of the costs of supply (and how those compare to offers from other providers and to our current costs database) and the extent to which sources of funding other than HCA funding are available to the provider and are being applied to support delivery of new homes.

5.37 The new approach to funding, with a greater proportion of the development costs of new homes coming from sources other than the HCA, may impact loan covenants, including gearing ratios. The advice of the TSA on a Registered Provider's continued viability will be key in the HCA's decision on whether to proceed to contract.

5.38 If, following assessment, there is a need for discussion and potentially negotiation, there will be a single set of negotiations with each provider (or consortia of providers) across their proposed areas of operation, led by an HCA 'lead negotiator' team. Where offers include delivery of supply in London, a representative of HCA London will be involved in the negotiations, and will lead in those instances where the majority of a provider's offer is in London. The HCA may request providers to submit revisions to offers and/or further information before a framework contract can be agreed. ([Framework document - PDF \(473kb\)](#))

Q2. The TSA rent re-structuring & Rent Influencing regime does not apply to TEH. For properties brought back into use for homeless households or for homelessness prevention the DWP Housing Benefit and Council Tax Circular S1/2011 applies. The Circular will not apply to other products referred to in the HCA AHP Framework (Framework, Chapters 3 and 4). Further guidance on the bidding process following EoI will be issued in the summer.

Q3. The HCA does not seek to inspect the documentation on the length of vacancy of an empty property. Local authorities are responsible for monitoring of vacant properties. In the assessment of future bids, the HCA will want to ensure that funding sought to bring empty homes back into use has got local authorities' support based on the length of vacancy of minimum two years and strategic relevance.

Q4. EDMOs are a regulatory matter which we have referred to our colleagues from DCLG.

Q5. TEH funding does include the on-costs. The revised guidance is available at <http://cfg.homesandcommunities.co.uk/scheme-administration-and-data-collection.htm> Our current understanding is that the £100m funding will be available for capital costs only.

Q6. RPs may either manage a TEH property themselves or enter into a Management Agreement with a managing agency who has relevant management expertise. In the case where an LAs opts to take on the lease and the management of property in-house, an LAs would usually use the non-secure tenancy agreements, based on secure tenancies but with the security clauses taken out (as the LA does not own the property and therefore the

tenant cannot have the Right to Buy). Also, such non-secure tenancies will include information on the end date of the lease on the property and as such the tenants will be forewarned about the potential end date of the tenancy at a given address. Depending on the leasing arrangement between the owner of the property and the LA, the LAs will take steps to either extend the tenancy or move the tenant as part of the planned move. The Localism Bill Social Housing Reform proposals will have an impact on the tenancy arrangements for all providers, including LAs.

Q7. Please see answer to Q4.

Q8. The HCA Framework sets out the products that the £100m will fund. I copied the relevant section from the Framework for ease of reference (p.20, paras 4.1 to 4.4).

Range of products

4.1 Affordable Rent is expected to be the main element of the product offer from providers both for new supply and conversion of re-lets. But we want providers to respond appropriately to a range of local needs and development opportunities. We will therefore consider the inclusion of affordable home ownership in proposals, where it is a local priority and offers value for money.

4.2 Funding for social rented housing may be considered in exceptional cases.

4.3 Providers can also include or indicate that they will provide a range of other products in their proposals. These include Mortgage Rescue, hostel provision through the Homelessness Change Programme, Traveller Pitch Funding and proposals for bringing empty homes back into use (which may be through any of the product options available). Further details of these products are set out in Annex one.

4.4 We will also welcome proposals as part of provider offers for the conversion or extension of existing properties where this could meet a specific need, for example where conversions of lofts could increase the supply of family homes.

The TEH funding will be phased out from April 2012 and above will apply. The current Expressions of Interest process will inform what the future Empty Homes programme will look like.

Point re 'Concern about lease length': The length of lease is one of the criteria we will use in the VFM assessment of the proposed bids.

Yours sincerely,

Gera Drymer
Strategy Manager

cc. Fiona MacGregor, HCA / Sally Randall, CLG / David Ireland, Chief Executive, Empty Homes / Jon Fitzmaurice, self-help-housing.org / John Marr, LocalGov Group