

**EMPTY HOMES UPDATE****No Use Empty Initiative – Progress to Date**

KCC launched the No Use Empty Initiative in 2005 as part of its PSA 2 commitments. Initially the focus was on the Urban coastal areas of East Kent (Dover, Thanet, Shepway and Swale). Following the success in East Kent, the Initiative was rolled out County Wide from April 2008. In terms of the Loan Scheme only Dover and Thanet participated initially, but since 2009 Dartford, Sevenoaks and Shepway have also joined.

**Capital Fund**

Interest Free Loans from the Capital Fund are offered on a “Loan to Let” or a “Loan to Sell” basis. The maximum repayment term is 3 years unless a unit is disposed of which triggers immediate repayment.

To date £5M Public/Private Sector Leverage has been generated from loans approved, giving a total investment into the County of nearly £8.3M. This is particularly relevant in these turbulent times, where funding available to owners and developers has been restricted or lending criteria tightened.

The following table shows the activity by Financial Year, demonstrating a significant increase in activity during 2009-10 which has nearly been surpassed in the first quarter of 2010-11.

<b>Financial Year</b>	<b>Loans Approved</b>	<b>Loan Value</b>	<b>Public/Private Leverage</b>	<b>Total Project Cost</b>	<b>Total Number Of Units</b>
<b>2007-08</b>	<b>8</b>	£ 496,540	£ 2,327,404	£ 2,823,944	<b>48</b>
<b>2008-09</b>	<b>7</b>	£ 486,000	£ 416,879	£ 902,879	<b>21</b>
<b>2009-10</b>	<b>18</b>	£ 1,230,800	£ 1,532,471	£ 2,763,271	<b>54</b>
<b>2010-11 (To Date)</b>	<b>15</b>	£ 1,008,010	£ 796,679	£ 1,804,689	<b>40</b>
<b>Total</b>	<b>48</b>	<b>£ 3,221,350</b>	<b>£ 5,073,433</b>	<b>£ 8,294,783</b>	<b>163</b>

<b>Applications Issued</b>	<b>262</b>	<b>% Returned</b>	<b>22%</b>	<b>Loan To Sell</b>	<b>8</b>
<b>Applications Made</b>	<b>58</b>	<b>% Approved</b>	<b>83%</b>	<b>Loan To Let</b>	<b>40</b>

Whilst the table shows the number of units being returned as 163, it should be noted that over the same period a total of 772 units have or will be returned, based on total intervention taken by local councils who participate in the loan scheme (Dover, Thanet, Shepway, Sevenoaks and Dartford).

(See achievements section for County Wide Targets achieved to date in terms of units returned).

This means that 21% of all units returned is a direct result of those participating being able to access KCC Capital Fund.

On average the cost of each unit returned to date is £ 19.7k (Loan Value/Total Number of Units).

The cost of the interest and revenue support in the Initiative has been calculated at approximately £2,400 per unit being returned to date.

This seems to offer exceptional value for money, taking into consideration the additional leverage, wider benefits to the community and potential savings in other public expenditure headings, whilst dealing with empty properties.

Of the £2.8M allocated for 2010-11, a total of £1M has already been approved for loan support. A further £800k has already been identified with our participating partners as potential applications.

### **Key Areas of Focus**

The No Use Empty Initiative continues to support key objective areas, including Dover Town Centre and surrounding wards, whilst in Thanet, the Initiative has been very active in Cliftonville (53% of loans approved) as demonstrated in the tables below:

<b>DOVER WARDS</b>	<b>Loan Value £</b>	<b>Leverage £</b>	<b>Total Investment £</b>	<b>% of Loan</b>	<b>Units</b>
Castle	256,000	101,000	357,000	24%	11
Maxton	384,510	319,698	704,208	36%	17
North Deal	75,000	45,000	120,000	7%	3
St Radigund's	42,500	10,087	52,587	4%	2
Tower Hamlets	50,000	66,182	116,182	5%	2
Town and Pier	225,000	1,936,404	2,161,404	21%	37
Walmer	25,000	10,000	35,000	2%	1
<b>Total Dover NUEI Loans</b>	<b>1,058,010</b>	<b>2,488,370</b>	<b>3,546,380</b>	<b>100%</b>	<b>73</b>

<b>THANET WARDS</b>	<b>Loan Value £</b>	<b>Leverage £</b>	<b>Total Investment £</b>	<b>% of Loan</b>	<b>Units</b>
Birchington North	25,000	220,000	245,000	2%	1
Central Harbour	225,000	99,000	324,000	14%	12
Cliftonville West	855,000	1,564,000	2,419,000	53%	41
Eastcliff	270,000	209,000	479,000	17%	11
Garlinge	21,540	5,000	26,540	1%	1
Margate Central	172,000	335,000	507,000	11%	7
Newington	25,000	4,000	29,000	2%	1
Westgate-on-Sea	25,000	25,000	50,000	2%	1
<b>Total Thanet NUEI Loans</b>	<b>1,618,540</b>	<b>2,461,000</b>	<b>4,079,540</b>	<b>100%</b>	<b>75</b>

### **Repayment of Loans**

All Loans administered are secured as a 1<sup>st</sup> or 2<sup>nd</sup> Charge on the properties being brought back into use. There is a risk assessment process in place and a Loan to Ratio Value of 90% including any 1<sup>st</sup> Loan).

The original repayment dates for loans issued during 2006-2009 was 31<sup>st</sup> March 2011. All loans administered since this time have a repayment date of 31<sup>st</sup> March 2013, with a view that loan monies can be recycled.

To date £269k has been repaid (ahead of schedule) and a further £713k due at the end of this financial year.

There have been no defaults to date. All projects are routinely monitored.

## **Achievements to Date**

Mar 2008	PSA Target of 372 was exceeded by 31% with 487 achieved securing a Performance Reward Grant of £2.239M (Confirmed April 2009) for KCC.
Apr 2008	All 12 districts participating in the Initiative. (Dover & Thanet participate in the Loan Scheme)  Towards March 2010 target is set at bringing back into use 650 empty
Apr 2009	KCC Budget approved including the re-alignment of funding to March 2013, giving other districts who have indicated a desire to join the Loan Scheme to participate.
Jun 2009	Towards 2010 met ahead of schedule with the target being exceeded by 12% with 728 units being achieved. Target is increased to 850 units.
Sep 2009	KCC/Empty Property Initiative identified as a model of excellence in Audit Commission Report – Building Better Lives.
Nov 2009	Dartford, Sevenoaks and Shepway all now participating in the loan scheme having seen the results achieved primarily in Dover and Thanet. First loans already approved.
Mar 2010	Towards 2010 target is exceeded. Cumulative figure of 1,266 units achieved versus target of 850.

## **Current Targets**

The Initiative has a target (based on local Council's targets) to return a minimum of 200 units per annum for the next three years. The 1<sup>st</sup> Quarters results will be will be verified during July-Sep.

## **Actions Planned**

In addition to those actions planned for July-Sep 2010

Work has just commenced on providing information to feed into the Single Conversation Local Investment Plan (East Kent).

Government Office for South East (GOSE) has also requested information for Homes and Communities Agency (HCA) regarding Empty Homes Initiatives.

**Steve Grimshaw**  
**Regeneration Project Manager**