

# Empty Homes funding assistance

## Guidance notes

Southwark Council's empty homes initiative has a limited programme of loans and grants to help you bring your empty property back into use as housing. The funding is to help you refurbish your empty property to let on either the private or social housing market or reoccupation as your main and principle home.

### What types of property qualify?

- empty for at least six months\*,
- require essential repairs and improvements; and
- be more than ten years old

\*Properties left empty for less than six months may still qualify, and will be assessed according to merit, or if the property has become an eyesore.

We will consider commercial properties for conversion into residential subject to full planning approval.

### What financial assistance is available?

Empty homes grants are available if you offer the completed property to the council for a social housing scheme; please see the grant table for details.

Empty homes loans are available if you decide to rent the completed property on the social or private markets or reoccupy, as your main and principle home, please see the loan table for details.

Empty homes grant table – Social let only

Property size	Grant available
Studio & 1 bed properties	50% of costs up to a maximum of £20k
2 bed properties	50% of costs up to a maximum of £30k
3 bed & above properties	50% of costs up to a maximum of £40k

Empty homes loans table – Social or private market let or owner reoccupation

Property size	Loan available
Studio & 1 bed properties	50% of costs up to a maximum of £40k
2 bed properties	50% of costs up to a maximum of £50k
3 bed & above properties	50% of costs up to a maximum of £70k

If you have a large conversion scheme proposal, you will need to speak with the empty homes team for more advice.

### Administration fees

A small administration fee of £100 is payable for arranging an empty homes grant, which is taken out from any grant approved.

A fixed fee is added to the empty homes loan on a sliding scale basis, and up to a maximum of £2,000. This is illustrated in the loans fee table.

Loan administration fees table

Loan amount	Fee
Up to £1,999.99	£200
£2,000 - £2,999.99	£400
£3,000 - £3,999.99	£600
£4,000 - £4,999.99	£800
£5,000 - £5,999.99	£1,000
£6,000 - £6,999.99	£1,200
£7,000 - £7,999.99	£1,400
£8,000 - £8,999.99	£1,600
£10,000 +	£2,000

All loans approved are repayable in full within the specified condition period. If a breach of condition occurs both loan and grant is repayable.

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### Who is entitled to apply?

Any freeholder or leaseholder of an empty property owner. As a Leaseholder you must have at least eight years left to run on your lease and have repairing obligations.

Leaseholders who have Southwark Council as their freeholder, as well as some freeholders who own an ex-council house on an Estate, require written consent from the council prior to undertaking certain alterations as part of your condition of your lease/transfer agreement. [Read more information here regarding alterations](#)

You must also show that you are entitled to receive public funds.

### Who is not entitled to apply?

Any landlord or owner who has previously been prosecuted or has accepted a formal caution in relation to their failure to comply with notices, or been convicted of offences in relation to harassment of tenants by Southwark Council will not be entitled to apply for funding assistance.

### Are there any conditions that apply?

- Your property must not have received a prior empty homes assistance award. A property therefore can only receive one empty homes assistance award.
- If you are in arrears to the council e.g. through Council Tax or Business Rates you must ensure all outstanding balances are cleared before application, or show proof of any repayment agreements made to clear your outstanding balance.
- You must demonstrate you have adequate funding for your contribution to the building works. Empty homes assistance is payable after the works are completed and only following the council's inspection to ensure the standard of works are satisfactory.

## **Conditions relating to empty homes grants**

You will have to sign a legal undertaking to let your property on the social housing market for three years after completion of the building works.

Your property must be let and managed by the council's Social Lettings Agency, a Housing Association/Partner, managing agents or by you, if you are experienced to do so where tenants are offered directly to you by the council.

If the property is sold within three years of receiving the assistance, all assistance must be repaid in full.

We will place a local land charge on your property on payment of your grant award.

We advise you use a suitably qualified building professional such as an Architect or Surveyor to project manage the renovation works where the total works costs are above £10,000. Professional fees are an eligible expense item for assistance purposes.

## **Conditions relating to empty homes loans**

Empty homes loans are effectively an equity mortgage and a second charge mortgage where a prior mortgage charge exists.

We will register a charge on your property title at the land registry on payment of your loan award.

The amount borrowed is repayable in the event any of the following conditions, which are considered to be relevant disposals:

- On your death, or in the case of joint owners the death of the last joint owner.
- For owner-occupiers -when you cease to use the property as your sole or main residence.

- For leased properties, the property cease to be made available for rent for the relevant market.
- You dispose of the whole or part of the Property.
- An event of default outlined in the equity mortgage agreement such as bankruptcy or insolvency.

## **Early repayment of the loan**

You may make an early settlement of the amount borrowed at any time in accordance with the Consumer Credit Act 1974. The amount payable by you on any early settlement will be the balance of the amount borrowed outstanding at the date of settlement.

## **What works qualify for assistance?**

Any assistance awarded is based on a calculation of the cost of eligible building works. Eligible works are repairs that are required to make a substandard building be free of serious hazards as defined by the Housing Act 2004 and as a minimum should meet the empty property design guidelines. The assistance does not intend to meet the total cost of building works, or eligible works. Refurbishment works over these standards will be required to ensure that the property achieves a good quality standard for letting or reoccupation.

The following examples are the types of work that maybe considered for assistance, although this is not an exhaustive list:

- Serious disrepair, dampness, structural defects, lack of a bathroom or kitchen, unsatisfactory ventilation, lighting and heating, deficient drainage and water supply.
- Carrying out repairs e.g. repairs to or renewing roofs, guttering windows and external doors, re-pointing brickwork, rewiring, providing a damp proof course.

- Installing a bath or shower, wash hand basin, inside toilet and hot and cold water supplies. Providing a kitchen, bathroom and improvements to or providing increased energy efficiency.
- Conversion of properties to provide more dwellings.

The assistance will generally, be payable towards items the same as, or similar to the above lists. In both types of assistance, the refurbishment works must include a suitable package of energy efficiency works.

### **Energy efficiency works**

- The roof must be insulated to a minimum depth of 300mm or equivalent rigid insulation and to current building regulations.
- The installation of a condensing boiler and central heating system to include thermostatic radiator valves (TRV's).
- Cavity wall insulation

### **What works are not assistance fundable?**

The following works (although the list is not exhaustive) will not be considered for assistance:

- luxury fittings/fixtures
- gardening and landscaping

Your contribution to the cost of the works can fund these items. On completion you will need to have achieved the standards set out in the assistance design guidelines as a minimum and is a good quality standard for occupation.

### **How can I apply for assistance?**

You should first contact the Empty Homes team, to make an appointment for an officer to visit your empty property. The officer will discuss in detail what options are available to bring your property back into use, as funding assistance may not be the only option to do this. If your property meets the aims of the initiative, and you have decided to go ahead

with a refurbishment project, you will need to decide which category you fall into:

### **Category one - empty property owner or company owned property**

Project managed by a surveyor or architect etc., and works to be tendered to contractors.

The funding will assist towards – eligible labour and materials.

In this case, you will need to arrange for a surveyor or an architect to; survey your property; prepare an itemised specification of works which will be tendered; help you select building contractors and manage the building works on your behalf.

You must tender the specification to at least two contractors. The contractor's prices are used to calculate any assistance awarded, quotes should be emailed along with your application to the empty homes section. Applications and enquiries for assistance will be dealt with in date order of receipt. On satisfactory completion and inspection of the project, you will need to email copies of your contractors invoice, and relevant certificates. This will enable the council to make the payment.

### **Category two - empty property owner, or company owned empty property with retained builders and agents or similar**

The funding will assist towards – Materials only

Where you wish to use agents and contractors who are on your payroll, you will need to submit a specification with quantities of materials to be used throughout the scheme and their prices. On satisfactory completion and inspection of the project, you will need to provide the council with the final summary of accounts, which your accountant must be certify on their headed paper. It should detail what the cost and type of materials were. You will also need to submit

copies of your receipts this can be emailed. On receipt of your accounts and certificates, payment is processed.

### **Category three - individual empty property owner – DIY works**

The funding will assist towards – Materials only

In this instance, you will need to submit a specification with quantities of materials to be used throughout the scheme with prices. You can instruct a surveyor to do this for you. You will also need to get an accountant to prepare a final summary of accounts. You will need to keep all your receipts for the materials purchased and give these to the accountant to do the summary accounts for you. On satisfactory completion and inspection of the project, you will need to provide the council with the final summary of accounts, which your accountant must be certify on their headed paper It should detail what the cost and type of materials were. You will also need to submit copies of your receipts this can be emailed. On receipt of your accounts and certificates, payment is processed

#### **How is the assistance assessed?**

Calculations are based on the cost of eligible works and or materials. The calculation will also consider professional and building fees where applicable. Your contribution will be the costs of remaining building works. You may lose all or some of the assistance, if one of the companies who provided the original estimates does not carry out works.

#### **How can my application for assistance be approved?**

Once all initial visits and surveys are complete, you will need to complete the empty homes grant or loan application form, and submit accompanying documents regarding ownership and future letting or occupation.

Once the assistance calculation has been finalised by the council, a final approval letter will be sent to you showing exactly how much assistance you will receive.

Please note:

You should not undertake any of the works on your schedule of works before you receive the assistance approval letter. If you do these works, you will not be eligible for assistance.

#### **How long will it take?**

The application is only valid when the council has received:

- your completed and signed application form;
- your completed and signed certificate of intended letting or occupation;
- your proof of ownership and status;
- your specification or schedule of works;
- your itemised quotes or tenders; and
- proof of your contribution;

Once we have received your application, we expect to approve funding applications within six weeks.

#### **Can I carry out any works before my assistance is approved?**

If you carry out any works before your application is approved you may lose all or some of your assistance award.

#### **How long do I have to complete the works?**

Once you have received notification of the funding award, you have 12 months to complete the works. Further time may be granted if there have been unavoidable delays in carrying out the works. Applicants not completing the work within this time without good reason may lose all entitlement to funding assistance.

## Change of builders

Where you tender out the works to at least two contractors, the winning builder must be the one used to complete the works. If due to unforeseen circumstances, this builder is unable to complete the works, you must inform the council straight away in writing, and let us know the reason for the change.

## How the assistance is paid?

We will pay the assistance as a lump sum on satisfactory completion of the works. We will arrange a final inspection visit once all works including snagging works are completed. The council's Building Surveyor will inspect the works, which must comply with current Building Regulations, Construction Design and Management Regulations (CDM) and any other health and Safety Regulations where appropriate. Following a satisfactory inspection, you will need to provide the following documents where applicable, which can be submitted by email in PDF format.

- Gas Safety Register Certificate
- NICEIC or equivalent certificates
- Damp proof guarantees
- Final account summary or final contractors invoice
- Building Control Certificate where applicable
- Bank details

## Bank details

Payments will be made direct to your bank account by Banking and Clearing System (BACS), unless you authorise that your contractors, or other third party receive the payment instead. Please ask for an authority to pay third party form if you wish the council to do this.

You must submit a copy of your bank statement showing the address stated on the application form (not the empty property address), account number, sort code and branch address. If a company owns the

property, please forward your bank details as shown above on your companies headed paper. If you move at any time, please inform the council of your new address details in writing.

## Third party payments

If payment is to be made to a third party, the council will need to receive their bank details on headed paper if the third party is a company, or a bank statement showing the parties name, address bank account details and sort code.

## Useful websites and contact information

### Reduced VAT on empty homes works

Properties that have been empty for two years or more qualify for a VAT rating of 5% on building and labour services. You may be able to qualify for capital allowance relief where the upper floors of shops are to be converted into residential accommodation. Please check [here for more information on reduced VAT](#).

[Read more on capital allowance relief for conversion on upper floors of shops](#)

### The Energy Saving Trust

<http://www.energysavingtrust.org.uk/> or for free advice for householders call 0800 512 012

## For more information on empty homes funding contact:

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