

Meeting of:	CABINET
Date of Meeting:	22 OCTOBER 2024
Report Title:	TRANSFORMING TOWNS EMPTY PROPERTY ENFORCEMENT FUND
Report Owner / Corporate Director:	CHIEF OFFICER – FINANCE, HOUSING AND CHANGE
Responsible Officer:	MARTIN MORGANS HEAD OF PARTNERSHIPS & HOUSING
Policy Framework and Procedure Rules:	There is no effect upon the Policy Framework and Procedure Rules
Executive Summary:	<p>This report seeks approval to access Welsh Government’s Transforming Towns Empty Property Enforcement Fund by entering into loan agreements with Rhondda Cynon Taf County Borough Council as the Authority responsible for the management of the enforcement fund.</p> <p>Bridgend County Borough Council (Bridgend CBC) can apply to Welsh Government for approval for loan funding for an individual property or may submit a multi-project application. The purpose of the loan is to assist local authorities to fund enforcement action to bring long term empty properties back into beneficial use. Currently, Bridgend CBC has three active empty property projects which meet the criteria of the Welsh Government Transforming Towns Empty Property Enforcement Fund. Three separate applications have been submitted to Welsh Government. Two have been approved and one is pending approval. All three are subject to Cabinet approval of this report. Future applications are anticipated.</p>

1. Purpose of Report

- 1.1 The purpose of this report is to seek approval from Cabinet to accept loan funding from Welsh Government's Transforming Towns Empty Property Enforcement Fund and enter into multiple loan agreements with Rhondda Cynon Taf County Borough Council as the Authority responsible for the ongoing management of the Fund.

2. Background

- 2.1 Since 2020, Welsh Government has increasingly focused on town centre regeneration and, as part of this, tackling empty town centre properties. The Welsh Government Transforming Towns Empty Property Enforcement Fund has been created to assist local authorities in bringing empty properties back into use. The aim of the enforcement fund is to provide local authorities with financial support to undertake enforcement action on prominent town centre empty properties or residential properties in any location.
- 2.2 £15,200,000 has been awarded to Rhondda Cynon Taf County Borough Council (Rhondda Cynon Taf CBC), the appointed authority responsible for the management of the loan fund for all 22 local authorities. All local authorities in Wales can apply for loan funding. The fund is a 15-year loan programme (rolling fund), on an interest-free basis, which is repayable in full at the end of the term.
- 2.3 To gain access to this fund, it is a requirement that representatives from the local authority have attended Welsh Government training and produced an empty property enforcement action plan (a living document) for dealing with long-term empty properties through enforcement action. This training was completed in 2021 and the then Cabinet Member for Regeneration and Housing subsequently endorsed the plan. The action plan is discussed and updated on a quarterly basis by members of the Empty Property Working Group.
- 2.4 To access the loan fund, an application form will be sent to Welsh Government. They will review the application and assess each case on its own merits. The application is then approved or rejected. If approved, Welsh Government will notify Rhondda

Cynon Taf CBC of the successful application. Rhondda Cynon Taf CBC will prepare a loan agreement and send this to Bridgend County Borough Council for review and approval. Bridgend County Borough Council will be required to enter into the loan agreement with Rhondda Cynon Taf CBC as the managing authority for the fund.

2.5 There are two options available to the Authority when applying for funding:

2.5.1 **Option 1** - The Authority can make individual applications outlining its business case to Welsh Government on a case-by-case basis. There is no limit on the amount of funding that can be applied for per property.

2.5.2 **Option 2** - The Authority can submit a multi-project application for smaller amounts of work. The maximum loan is £100,000 with a maximum of £30,000 per property.

3. **Current situation / proposal**

3.1 Cabinet is requested to agree the proposal to enter into multiple loan agreements with Rhondda Cynon Taf CBC for the purpose of accessing interest free loan funding under the Transforming Towns Empty Property Enforcement Fund.

3.2 Currently, Bridgend CBC has three active empty property projects which meet the criteria of the Welsh Government Empty Property Enforcement Fund. Three separate applications have been submitted to Welsh Government, utilising option 1 as outlined in paragraph 2.5.1 above. Two have been approved and one is pending approval. These loans will not be taken forward without Cabinet approval.

Project 1 – Bridgend CBC has undertaken work in default to improve the condition of a long-term empty property. The Authority wishes to use the Welsh Government loan to pursue an enforced sale to recover the outstanding debt. This project has been approved by Welsh Government.

Project 2 – Bridgend CBC wishes to use the Welsh Government loan to fund the compulsory purchase process of a long-term empty property. This project has been approved by Welsh Government.

Project 3 - Bridgend CBC has undertaken work in default to improve the condition of a long-term empty property. The Authority wishes to use the Welsh Government loan to pursue an enforced sale to recover the outstanding debt. This project is currently pending approval by Welsh Government.

3.4 Future applications are anticipated and will be determined on a case-by-case basis.

4. Equality implications (including Socio-economic Duty and Welsh Language)

4.1 The protected characteristics identified within the Equality Act, Socio-economic Duty, and the impact on the use of the Welsh Language have been considered in the preparation of this report. As a public body in Wales the Council must consider the impact of strategic decisions, such as the development or the review of policies, strategies, services, and functions. This is an information report therefore it is not necessary to conduct an Equality Impact assessment in the production of this report. It is considered that there will be no significant or unacceptable equality impacts as a result of this report.

5. Well-being of Future Generations implications and connection to Corporate Well-being Objectives

5.1 The report contributes to the following goals within the Well-being of Future Generations (Wales) Act 2015:

- A prosperous Wales
- A resilient Wales
- A Wales of cohesive communities
- A globally responsive Wales

5.2 A summary of the Well-being of Future Generations (Wales) Act 2015 assessment is as follows:

Collaboration: Acceptance to receive funding from the Transforming Towns Empty Property Enforcement Fund will enable the Authority to tackle poor quality and unattractive properties. Accessing the funding and delivering the proposals on a case-by-case basis will require collaboration with multiple internal departments and external partners.

Integration: Accessing the funding will enable the Authority to improve properties in disrepair which will impact positively on families who live and work within communities and provide opportunities that may not otherwise be available to them.

Involvement: This funding will enable the Authority to invest and create strong and resilient communities and Welsh culture.

Long Term: The use of this funding will help to reduce the number of long-term empty properties within our communities. It will create much needed accommodation for individuals and families in our area, creating sustainable communities.

Prevention: Accessing this funding will help to reduce the number of long-term empty properties within our communities preventing them from further deterioration and neglect whilst increasing the supply of housing in the area.

6. Climate Change Implications

6.1 Utilising Welsh Government loan funding to tackle problematic empty properties contributes positively to the reduction of carbon emissions by re-using old buildings as opposed to constructing new. It minimizes the amount of land used for development and avoids wasting embedded carbon, helping to combat climate change.

7. Safeguarding and Corporate Parent Implications

7.1 There are no safeguarding implications arising from this report.

8. Financial Implications

8.1 A total of £15,200,000 has been awarded to Rhondda Cynon Taf County Borough Council, the appointed managing authority responsible for the ongoing management of the fund.

8.2 Bridgend County Borough Council has the discretion to apply for funding using either Option 1 or Option 2 as detailed in paragraph 2.5 above. This will be decided prior to making an application to Welsh Government. If the Authority opt to submit an

individual application using Option 1 as detailed in paragraph 2.5.1 above, there is no limit on the amount of funding the Authority can apply for, but each application must be supported by a strong business case which will consider the cost implications associated with the enforcement action and the process for bringing the empty property back into beneficial use. If the Authority opt to submit a multi-project application using Option 2 as detailed in paragraph 2.5.2 above, the maximum loan is £100,000 with a maximum of £30,000 per property.

8.3 This is a recyclable fund. Once a successful action has been taken and a property is brought back into use or improved, the loan funding will be repaid to Rhondda Cynon Taf CBC as the managing authority for the fund. It can then be reinvested in another project.

8.4 Loan monies will be issued to Bridgend County Borough Council from Rhondda Cynon Taf CBC to take enforcement action to bring empty properties back into use. The type of enforcement action taken will be determined on a case-by-case basis and will form part of the business plan presented to Welsh Government at the application stage. The following types of enforcement action are examples of where a loan may be used:

8.4.1 **Work in Default** - The Authority can serve an enforcement Notice requiring the empty property owner to undertake improvements within a specified timeframe. If the owner fails to undertake the improvements, the Authority can arrange for the works to be carried out in default. The Authority obtain quotes, instruct contractors and manage the work. On completion of the work, the property owner is invoiced for all costs incurred. The debt is also registered as a local land charge.

8.4.2 **Enforced Sale** – This is a legal process which allows the Authority to sell the empty property to recover the outstanding debt. This may occur where work in default has been undertaken but the owner has failed to pay the invoice.

8.4.3 **Compulsory Purchase Order** – This is a legal process which allows the Authority to take possession of the property. There is no requirement for there

to be an outstanding debt, but this must only be used as a measure of last resort.

- 8.5 If the Authority undertakes work in default and the empty property owner subsequently pays the invoice to clear the debt and there is no further action required, the loan will be repaid to Rhondda Cynon Taf CBC.
- 8.6 If the Authority proceeds with an enforced sale procedure or a compulsory purchase order, the loan will be repaid to Rhondda Cynon Taf CBC on completion of the procedure.
- 8.7 There are situations where the Authority may incur abortive costs or losses. For example, when instigating an enforced sale procedure or a compulsory purchase order the Authority will incur costs for legal advice, valuation and surveys of the property. If the owner subsequently decides to clear the debt or renovate the property prior to the completion of the enforcement action, the Authority will incur these abortive costs. In such situation, these expenses are recoverable from Welsh Government.
- 8.8 There will also be situations where the full loan amount may not be recovered, for example, where the cost of enforcement action is greater than the value of the empty property. Each loan application will be supported by a business plan. The business plan will detail the expected cost of any enforcement action, an estimated value of the property (based on a formal valuation **or** using local property sales data where a valuation is not available) and the risks to the project and the Authority. Welsh Government has provided an undertaking to transfer such losses into a grant to ensure the local authority does not lose money. Any anticipated losses will be highlighted and considered during the application stage. The Authority will only proceed where the benefits of addressing the empty property outweigh the risks associated with the project.
- 8.9 Dependent on the type of enforcement action taken, the works may be considered to be either capital (e.g. compulsory purchase order) or revenue (repairs). Any capital projects will be added to the capital programme as they are approved, to be funded from loans, revenue projects will be administered through the revenue account.

9. Recommendations

- 9.1 It is recommended that Cabinet agree to enter into multiple loan agreements with Rhondda Cynon Taf CBC for the purpose of accessing loan funding under the Transforming Towns Empty Property Enforcement Fund.

- 9.2 It is recommended that Cabinet delegate authority to Head of Partnerships & Housing in consultation with the Chief Officer - Finance, Housing & Change and the Chief Officer - Legal & Regulatory Services, HR & Corporate Policy to:
 - 9.2.1 Negotiate and arrange execution of any loan agreements with Rhondda Cynon Taf CBC as the responsible authority for managing the Transforming Towns Empty Property Enforcement Fund; and

 - 9.2.2 To enter into any further agreements which are ancillary to the purpose.

Background documents

None