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# Houses into Homes First Interim Evaluation Report



# **Houses into Homes Interim Evaluation Report**

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Views expressed in this report are those of the researcher and not necessarily those of the Welsh Government

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# 1 Summary

## The Evaluation

- 1.1 The Welsh Government has set itself the target of bringing 5,000 empty properties back into use during the current term of government (2011-2016). To help meet this target, a new empty properties initiative was launched in April 2012. The Houses into Homes scheme, conceived jointly by the Welsh Government and local authorities, makes available loans to bring privately owned empty houses or commercial buildings back into use as homes for rent or sale. A £10 million fund has been made available by the Welsh Government to support the scheme.
- 1.2 A team from the Centre for Regional Economic and Social Research, Sheffield Hallam University, has been commissioned by the Welsh Government to monitor the effectiveness, impact and added value of the Houses into Homes scheme. The evaluation commenced in May 2012 and will run through to 2015.
- 1.3 This report is the first interim output from the evaluation. It analyses delivery of Houses into Homes during the first six months of the scheme (April 2012 to September 2012). Discussion draws on insights to emerge from qualitative interviews with regional leads and a sample of local authority empty homes officers. Baseline data detailing the direct actions taken by local authorities to bring empty properties back into use is presented, alongside monitoring data detailing enquires, applications received and loans approved during the first six months of the Houses into Homes scheme.

## Local Authority Action on Empty Homes: Establishing a Baseline

- 1.4 Empty homes work is not a statutory function and local authorities are free to determine the scale, nature and focus of their approach and the resources they dedicate to tackling the problem. Little is known about how local authorities are utilising the powers at their disposal or which

approaches are most effective in what circumstances. In Wales, the best available information is provided by a report profiling the approaches employed by local authorities to tackle the problem of empty homes (Lavender and Wilson, 2012) <sup>1</sup>. This study found variation in the approach of local authorities across Wales to tackling empty homes. This included variations in the resources targeted at tackling empty homes and the methods employed to try and bring empty properties back into use, ranging from advice and persuasion through to enforcement using statutory powers.

- 1.5 National Strategic Indicator data submitted by local authorities to the Welsh Government points to an increase in the number of empty homes in Wales from 18,980 in 2009/10 to 23,287 in 2011/12. During the same period, there was an increase in the number of properties brought back into use through the direct action of local authorities, from 596 in 2009/10 (3.1 per cent of empty homes) to 1,095 in 2011/12 (4.7 per cent of empty homes).
- 1.6 In 2011/12, across Wales, there were 207 empty homes per 10,000 private sector dwellings. Three local authorities had over 300 empty homes per 10,000 private sector dwellings: Rhondda Cynon Taf, Merthyr Tydfil and Carmarthenshire. Wrexham (24 per 10,000) and Torfaen (78 per 10,000) had the lowest rates of empty homes. In the same year, Denbighshire and Neath Port Talbot reported the highest rates of empty homes returned into use (43 per 10,000 private sector dwellings). Across Wales, 10 empty homes per 10,000 of private sector stock were returned into use by local authority direct action in 2011/12.
- 1.7 In-depth data on empty homes work collected from all 22 local authorities in Wales by the evaluation team for the financial year 2011/12 recorded advice and guidance to be by far the most common direct action taken by local authorities to bring empty properties back

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<sup>1</sup> Lavender and Wilson (2012) Welsh Empty Property Initiative "Houses into Homes", The Welsh Government

into use (1,055 or 97 per cent of 1,080 brought back into use). Two other more common forms of direct action were the provision of financial assistance (92 or eight per cent of 1,080 brought back into use) and threat of enforcement action (66 or six percent of 1,080 properties brought back into use)<sup>2</sup>.

- 1.8 Thirteen local authorities provided data on the length of time that properties were empty prior to being returned into use through direct action. Over half had been empty for more than two years. Eight local authorities were able to provide data on the number of bedrooms contained within the dwellings returned to use through direct action and reported that almost 700 bedrooms had been brought back into use in 2011/12 (an average of 1.7 bedrooms per dwelling). Thirteen local authorities provided details of the number of properties brought back into use as affordable housing and reported that at least 10 per cent of the dwellings (67 out of 643 dwellings) were returned into use as affordable housing. Fifteen local authorities provided information on the number of properties returned into use that had been having a negative impact on the local area. More than one in four (27 per cent) of properties brought back into use (171 of 623 properties) were previously having a negative impact on the local area.
- 1.9 In total, 21 local authorities provided information on the number of full time equivalent (FTE) empty homes officers employed within local authorities and an approximation of associated staff costs. These local authorities reported employing 15.3 FTE empty homes officers, with nine employing one or more FTE empty homes officers.
- 1.10 The 17 local authorities able to provide an estimate reported that the additional local authority costs and financial assistance (all non-staff costs) associated with tackling empty homes in 2011/12 amounted to £1.5 million - an average of £88,000 per local authority. Eight of these

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<sup>2</sup> Actions are not mutually exclusive – more than one action might be recorded for one property.

local authorities reported no additional costs or financial assistance. Four of the 11 local authorities able to provide an estimate of private sector monies levered in to support efforts to bring empty properties back into use in 2011/12 reported that no private sector funding had been levered in. The other seven local authorities estimated that £2.1 million of private capital had been levered in to help bring properties back into use.

### **Progress on Delivering the Houses into Homes Scheme**

- 1.11 In the six months following the launch of the Houses into Homes scheme in April 2012, the infrastructure required to deliver the scheme was designed and developed. Working within a framework provided by the Welsh Government, local authorities came together into regional groupings, signed collaborative agreements that formalised roles and responsibilities, designated staff to lead on the scheme at the local authority level, marketed the opportunities provided by Houses into Homes, oversaw the application process and began approving loans.
- 1.12 All six regions now have a regional empty homes group, which coordinates delivery of Houses into Homes. This is a notable development, given that regional collaboration and group structures involving all local authorities were not common across regions prior to the launch of Houses into Homes. The regional group is typically chaired by an officer from the lead (banker) authority. Membership of the regional group varies slightly across the six regions, but the groups typically include senior managers and operational lead officers from each local authority.
- 1.13 Various barriers have been negotiated. Some local authorities have had to work through complex relations with neighbouring authorities and overcome a limited history of collaboration. Delicate issues, such as which authority should serve as regional coordinator and banker, have been addressed and resolved. Of particular note is the fact that all six

regions have a collaborative agreement<sup>3</sup>. This represents an important development. Not only does the signing of a legal agreement represent a foundation for productive collaboration in delivering Houses into Homes by providing a protocol for how local authorities will engage and work with each other, it represents one of the first examples of the enhanced cooperation between local authorities championed by the Welsh Government as a means for improving service delivery and reducing costs.

- 1.14 Most elements of the day to day delivery of Houses into Homes are locally determined. Advice and guidance has been provided, but each local authority has been free to tailor the specifics of its approach. This has involved some local authorities travelling a long way in a relatively short time. In particular, local authorities with a limited recent history of working to tackle the problem of empty homes have rapidly developed systems and processes in order to deliver the scheme.
- 1.15 A lead officer for Houses into Homes has been identified in each local authority and staff have been allocated to the tasks of marketing Houses into Homes, processing expressions of interest and supporting owners to complete and submit applications. There was general agreement across the regions that many owners will need hand-holding through the application process. In response, empty homes officers reported sending out information, meeting owners to explain the scheme and how to apply and supporting them through the application process.
- 1.16 Each region has been allocated a share of the £10 million of capital funding made available by the Welsh Government to support the Houses into Homes scheme. Three regions (Gwent, Mid and West, and Cwm Taf) have taken the decision to regard this allocation as a regional resource and to distribute funds to applicants from across the region on a first come, first served basis. In contrast, three regions (North Wales,

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<sup>3</sup> Three regions had signed collaborative agreements by September 2012 and the other three had done so by the time of publication of this report



Cardiff and the Vale and Western Bay) reported seeking to distribute funds to local authorities in accordance with a notional allocation to each authority based on the size of its private sector stock.

1.17 Regional groups have not set explicit targets beyond drawing down their full allocation of Houses into Homes funding by March 2013. There has been a first come, first served approach to applications, although some local authorities have actively targeted owners of empty properties previously identified as priorities for action. Regional leads reported that attention was also turning to considering the kinds of dwellings provided through the scheme and the extent to which they address local housing needs. Various possible future strategic priorities were identified, including responding to the challenges posed by welfare reform, for example, by supporting the provision of more one person dwellings.

1.18 Implementing the Houses into Homes scheme has not been without its challenges, but these have largely been overcome or effectively managed. By September 2012, applications were being received, loans were being approved and the regional leads reported that they would be likely to draw down their allocated funds from the Welsh Government by the end of March 2013.

### **Applications and Loans Approved (April to September 2012)**

1.19 The first applications for loans under the Houses into Homes scheme were received in summer 2012 and the first loans were approved in September 2012. It is important to note that, during this period, attention focused on putting in place the framework for delivering Houses into Homes. It was therefore expected that relatively few loans would be received and approved in the first six months of the scheme.

1.20 Standard monitoring data from each local authority are being collected on an ongoing basis. These data will support analysis of progress with

delivery and the impact of the Houses into Homes scheme, including reporting of actions, outputs, costs and savings. The first monitoring period was April to September 2012.

1.21 Analysis of Houses into Homes monitoring data returns, covering the period April to September 2012, revealed that 73 loan applications were received in this period. A total of 14 loans had been approved - four in Wrexham, three in Merthyr Tydfil, two in Blaenau Gwent and Denbighshire and one each in Gwynedd, Rhondda Cynon Taf and Torfaen. These 14 loans supported the provision of 24 residential units. In addition, 54 loans were being processed, including provisionally approved applications. One application had been rejected and 13 had been withdrawn by the applicant.

1.22 The bullets below provide headline information on 13 of the **14 approved applications** (no data were provided on one of the loans):

- eleven applications were by individuals and three were by Limited Companies.
- all of the properties had been empty for at least one year; seven properties had been empty for five years or more, including four which had been empty for 10 years or more.
- the number of units contained within the properties is proposed to increase from nine to 24; six properties will see an increase in the number of units that they contain.
- the number of bedrooms provided will increase from 24 to 51; five properties will see an increase in the number of bedrooms provided and only one will see a decrease.
- six approved applications were for properties whose external appearance had a negative impact on the local area.
- the average property value is expected to increase from £101,558 to £195,308.
- after completion of the works, the expected value of the property will be higher in 12 out of 13 cases for which data were provided; four properties are expected to more than double in value,

including one property whose value is expected to increase nearly five-fold.

- of the 13 approved applications where data were provided, 10 will provide accommodation for rent; three will be for sale.
- four empty properties (renovated to provide six dwellings) will provide affordable accommodation.
- the total value of loans agreed so far is £486,789, an average of £37,445 per application
- seven agreed loans will cover the full cost of the works and a further two will cover between 75 per cent and 100 per cent; three loans will cover less than 50 per cent of the cost of the works.

1.23 Local authorities reported a further **54 applications which were in the process of being assessed** at the end of the monitoring period. Key points about these applications include<sup>4</sup>:

- the amount of loan funding applied for was £2,432,965, an average of £46,788 among applications for which data were available.
- 39 applications had been made by individuals, 13 by limited companies and two by unincorporated entities.
- five applications were for properties which had been empty for at least six months but less than a year; in comparison, 17 had been empty for five years or more, including 10 which had been empty for 10 years or more.
- 18 applications would see an increase in the number of units provided.
- 21 applications would see an increase in the number of bedrooms provided.
- the external condition of the property was having a negative impact on the local area in 28 cases.
- after completion of the works, 42 properties would be for rent, six would be for sale and two would be for sale or rent.
- 18 properties, 38 units, would provide affordable accommodation.

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<sup>4</sup> Note that data on each of the points discussed was not available for every application

- 1.24 In addition, **520 enquiries** had been received by local authorities about the Houses into Homes loan scheme. Of the enquiries received:
- 89 said they are completing/would complete an application.
  - eight were signposted to another empty homes intervention.
  - 73 said they will not proceed any further.
  - information about applicant intentions was not known in 336 cases.

### **Emerging Benefits**

- 1.25 It is too early in the life cycle of Houses into Homes to say anything robust about the additionalities associated with the scheme. However, regional leads and local authority empty homes officers did point to a number of positive differences and unforeseen benefits that were reported to have already arisen from the Houses into Homes scheme.
- 1.26 One of the most common observations was that the scheme provides local authorities with an additional tool with which to tackle the problem of empty properties. The scheme was also reported to be supporting wider efforts to tackle the problem of empty homes by prompting the owners of empty properties to get in touch with their local authority.
- 1.27 The Houses into Homes scheme was also championed for its role in prompting local authorities with a limited recent history of working to bring empty homes back into use to dedicate greater resources to understanding and tackling the problem. This included the appointment of dedicated empty homes officers.
- 1.28 All regional leads spoke positively about the role of the regional group in providing a forum for local authorities to discuss and interpret advice and guidance issued by the Welsh Government and to determine their approach to delivering Houses into Homes. This was reported to be particularly useful for local authorities with a limited history of empty homes activity and little experience of administering loans. Through the

regional group, these authorities could up-skill quickly, utilising documentation (legal agreements, contracts etc.), copying processes and building on lessons learned by more experienced authorities. There were also examples of officers from different departments, such as legal services, meeting up to compare experiences and approaches.

- 1.29 There was a general consensus among respondents that the Houses into Homes scheme will serve to speed up the process of bringing properties back into use.

## 2 Background to the Study

### Introduction

- 2.1 According to available data, there were 23,000 empty homes in Wales in 2012<sup>5</sup>. These empty properties are a wasted resource. Bringing them back into use will help with efforts to increase supply and choice, improve housing conditions and meet housing need in Wales. It will also serve to limit the costs for local authorities of dealing with insecure, unsafe and dangerous properties and help increase the Council Tax collection rate. Bringing empty properties back into use can reduce the problems of vandalism and anti-social behaviour often associated with empty properties and local residents can benefit from an improved residential environment, making the neighbourhood a more attractive place to live and making it easier for local people to sell their property and move house.
- 2.2 In response, the Welsh Government has set itself the target of bringing 5,000 properties back into use during the current term of government (2011-2016)<sup>6</sup>. To this end, a new empty properties initiative has been introduced in a bid to reduce the number of empty properties and increase supply and choice in the Welsh housing system.
- 2.3 The Houses into Homes scheme was launched in April 2012. It makes available loans to bring empty residential properties or commercial buildings back into use as homes for rent or sale. When the work is complete, the property must be sold or rented out. The loans are interest free and must be paid back within two or three years depending on whether the property is sold or let. A £10 million fund was created by the Welsh Government to support the scheme.

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<sup>5</sup> Estimate based on Performance Indicator data submitted to the Welsh Government by all 22 local authorities in Wales (see Table 3.1).

<sup>6</sup> See <http://wales.gov.uk/docs/desh/consultation/120521whitepaperen.pdf>

2.4 An evaluation of the Houses into Homes scheme has been commissioned by the Welsh Government to monitor effectiveness, impact and added value of the scheme and to provide accountability for the use of public funds. The evaluation commenced in May 2012 and will run for the course of the programme, from April 2012 to March 2015. The evaluation is scheduled to report at a number of agreed points during the three years of the programme, as well as providing a detailed final report in advance of the Welsh Government elections in 2016. This report is the first interim output from the evaluation. It reviews delivery during the first six months of the scheme, from April 2012 to September 2012.

### **Houses into Homes**

2.5 In 2012, 1,076 private sector dwellings in Wales were recorded as returned to use as a result of the direct action of a local authority<sup>7</sup>. Local authorities have suggested that this number could be higher were it not for a lack of staffing resources, funds for enforcement and capital investment undercutting their ability to bring more properties back into use (Lavender and Wilson, 2012). These problems are perhaps inevitable in the context of funding cuts as a result of the UK Government's austerity programme. Empty homes work is also likely to suffer more than some other policy areas because it is not a statutory function. However, the Welsh Government has placed empty homes at the heart of its national housing strategy, *Improving Lives and Communities* (April 2010), arguing that demand for housing should be met, not just by building new houses, but by bringing empty properties back into use. The Programme for Government (2010) also contains a clear commitment to reduce the number of empty homes in Wales. In response, the Welsh Government has introduced various initiatives designed to tackle the problem of empty homes.

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<sup>7</sup> Based on Performance Indicator returns submitted to the Welsh Government by local authorities, which count properties that have been empty for more than six months and brought back into use as a result of a direct intervention by a local authority (see Table 3.1).

- 2.6 Working with local authorities, Shelter Cymru, the Welsh Local Government Association and other interested parties, the Welsh Government has revised guidance on options for bringing empty properties back into use<sup>8</sup>. Consultation has taken place<sup>9</sup> on the commitment made by the Welsh Government in the White Paper *Homes for Wales*<sup>10</sup> to bring forward new legislation to provide local authorities with a discretionary power to levy a higher rate of council tax on properties that have been empty for more than a year. Perhaps most significantly, the Welsh Government has also made £10 million of new capital funding available to support a new scheme designed to help local authorities in their efforts to bring empty properties back into use.
- 2.7 The Houses into Homes scheme provides capital funding for local authorities to provide loans to owners of empty properties to bring them back into use for sale or rent. The scheme is based on the *No Use Empty* scheme run by Kent County Council<sup>11</sup>, which has been adapted to the Welsh context and draws on local authority experience in Wales of providing assistance through grants and loans to bring empty properties back into use. The scheme is solely concerned with private sector properties that have been empty for more than six months. The loans are interest free and the money is made available to the owner before work starts. The loans are available to pay for work on houses and conversion of commercial buildings into good quality accommodation. This includes work that involves splitting a property into flats. Individuals, charities and companies can apply. An administration fee of between £295 and £495 is required as a contribution towards the cost of processing the application. The most that can be borrowed is £25,000 for each property, up to a maximum total of £150,000 per applicant. The loan is required to be repaid after two years if the property is returned to use for sale or three years if the property is returned to use for rent.

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<sup>8</sup> see <http://wales.gov.uk/docs/desh/publications/100922housingemptyhomesen.pdf>

<sup>9</sup> see <http://wales.gov.uk/consultations/localgovernment/ctaxemptyhomes/?lang=en>

<sup>10</sup> see <http://wales.gov.uk/docs/desh/consultation/120521whitepaperen.pdf>

<sup>11</sup> see <http://www.no-use-empty.org/>



Once repaid, the money will be made available for further loans to bring empty properties back into use.

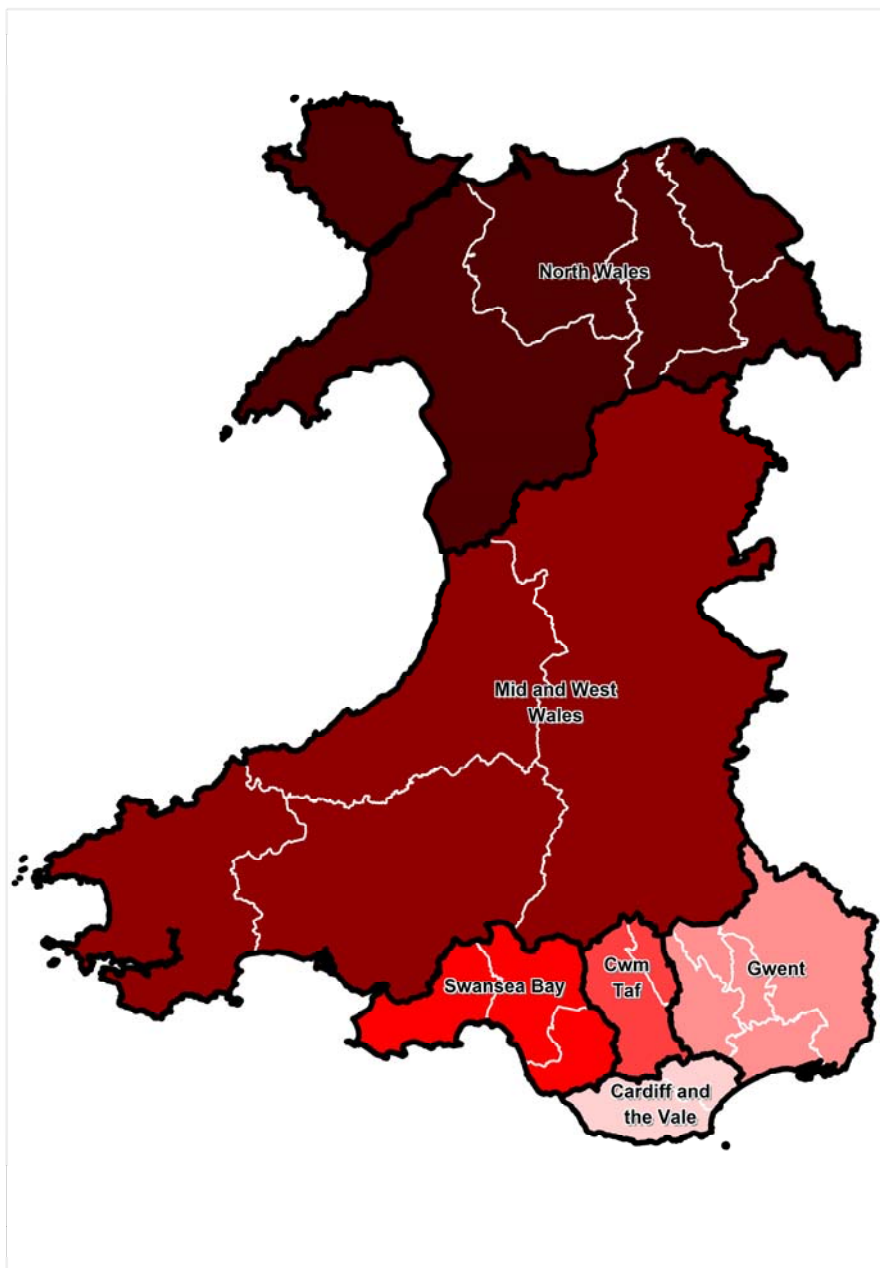
2.8 Delivery of Houses into Homes is devolved to six regional steering groups (Figure 2.1) comprising representatives of each local authority in the region (see Table 2.1). Capital funding has been allocated to regions on a pro rata basis based on the percentage of the private sector stock in Wales located within each region. Funds are drawn down by the regions on the basis of applications received from owners of empty properties. Each region has appointed a local authority as a banker, which collects information on applications received, submits these details to the Welsh Government and receives the capital funding, which is then distributed to individual authorities.

Table 2.1 Regional Groupings and Houses into Homes Funding

<b>Region</b>	<b>Local Authorities</b> (regional lead in bold)	<b>Funding</b>
North Wales	Conwy County Borough Council Denbighshire County Council <b>Flintshire County Council</b> Gwynedd County Council Isle of Anglesey County Council Wrexham County Borough Council	£2,332,532
Mid and West Wales	Powys County Council <b>Carmarthenshire County Council</b> Pembrokeshire County Council Ceredigion County Council	£1,799,534
Gwent	Blaenau Gwent County Borough Council <b>Caerphilly County Borough Council</b> Monmouthshire County Council Newport City Council Torfaen County Borough Council	£1,772,762
Western Bay	Bridgend County Borough Council <b>City and County of Swansea</b> Neath Port Talbot County Borough Council	£1,665,194
Cardiff and the Vale	City and County of Cardiff <b>Vale of Glamorgan County Borough Council</b>	£1,464,186
Cwm Taf	Merthyr Tydfil County Borough Council <b>Rhondda Cynon Taf County Borough Council</b>	£965,792

2.9 The intention was that the full £10 million of capital funding would be drawn down and allocated in the financial year 2012/13. To this end, each local authority has been given an indicative allocation, but regional groups have been granted flexibility to determine the precise allocation of funds to local authorities within the region. This allows funds originally allocated to a local authority that has failed to receive applications commensurate with its capital allocation to be reallocated to other authorities evidencing greater demand.

**Figure 2.1: Regional Groupings**



2.10 The delivery of the Houses into Homes scheme is overseen by a national steering group comprising the six chairs of the regional empty homes groups, the Welsh Government, the Welsh Local Government Association (WLGA) and Andrew Lavender, a consultant who also served as project consultant for the Kent Empty Property initiative since its inception in 2005. The Welsh Government has also supported the WLGA Improvement Project for Empty Homes, which provides local authorities with advice, guidance and training relating to the scheme<sup>12</sup>.

### **Overview of the evaluation**

2.11 A team from the Centre for Regional Economic and Social Research, Sheffield Hallam University, was commissioned in April 2012 to conduct an evaluation, focusing on the effectiveness of arrangements for delivering the Houses into Homes scheme (process evaluation) and determine the impact and added value of the scheme (impact evaluation).

2.12 The **impact evaluation** addresses key questions including how effective the scheme has been at bringing properties back into use; the additional impacts of the scheme; the (direct and indirect) beneficiaries; the sustainability of the scheme; success leveraging in additional resources; and value for money. Answering these questions requires detailed information about empty properties across Wales and direct actions taken by local authorities, information about loan applications and loans granted and outcome information about properties brought back into use. These data are being collected from local authorities across Wales on a regular basis throughout the evaluation. In addition, an ongoing survey of direct beneficiaries (loan recipients) will be undertaken to capture information about outcomes and to identify wider beneficiaries.

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<sup>12</sup> See <http://www.wlga.gov.uk/empty-homes/>

2.13 The **process evaluation** is examining the development, promotion, implementation and delivery of the Houses into Homes scheme. It is addressing key questions including the effectiveness of different approaches to delivering the scheme across Wales; difficulties and barriers encountered; and options for fine tuning the scheme to maximise efficiency and effectiveness. To answer these questions, the evaluation team are liaising on a regular basis with the nominated lead in each of the six regional groupings. This includes face to face discussions and regular telephone catch-ups throughout the duration of the programme. Discussions are also being held with a small number of local authority empty homes officers about their experiences of delivering the scheme on the ground. Interactive events will also be held at which evaluation findings can be shared with local authorities and solutions sought to emerging challenges. This report draws on insights to emerge from the first round of interviews with regional leads and a sample of local authority empty homes officers conducted in the autumn of 2012.

### **Structure of report**

2.14 The report is divided into three key sections. **Chapter 3** provides important context by reviewing the different approaches that local authorities were taking in tackling the problem of empty homes prior to the introduction of the Houses into Homes, before going on to quantify the number of empty properties brought back into use as a result of the different direct actions of local authorities in the year prior to the introduction of Houses into Homes (2011/12). This will provide the baseline against which the evaluation will measure variations in outcomes and outputs during the course of the Houses into Homes scheme. **Chapter 4** reviews the progress made in putting in place the framework to deliver the Houses into Homes scheme across the six regions, outlining the roles and responsibilities of the regional groups and individual local authorities. **Chapter 5** profiles applications received and loans approved in the first six months of the Houses into Homes

scheme (April to September 2012). **Chapter 6** reviews benefits reported by regional leads and local authority empty homes officers to be emerging from the scheme during its first six months of delivery.

### **3 Local Authority Action on Empty Homes: Establishing a Baseline**

#### **Introduction**

3.1 This chapter profiles the direct actions taken by local authorities across Wales to bring properties back into use in the year prior to the introduction of the Houses into Homes scheme in April 2012. This represents the baseline against which the evaluation will measure variations in the profile of local authority activity and the number of properties brought back into use during the course of the Houses into Homes scheme. An overview of the range of powers at the disposal of local authorities in Wales to bring empty properties back into use is also provided.

#### **Local Authority Empty Homes Work: Options and Approaches**

3.2 Empty homes work is not a statutory function and local authorities are free to determine the scale, nature and focus of their approach and the resources they dedicate to tackling the problem. The size of the problem also varies dramatically across Wales. For example, in 2011/12, while Wrexham recorded 110 empty homes, Rhondda Cynon Taf recorded over 3,000 empty homes (Table 3.1). Variations in policy and practice between local authorities are therefore to be expected.

3.3 There is currently a dearth of robust evidence about what works in tackling the problem of empty homes. Little is known about how local authorities are utilising the powers at their disposal or which approaches are most effective in what circumstances. In England, some glimpses into the scale of the problem and the situation of owners have been provided by a series of reports by the Empty Homes Agency<sup>13</sup>. In Scotland, one of the few studies on the issue of empty homes,

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<sup>13</sup> See <http://www.emptyhomes.com/what-you-can-do-2/resources/research-on-empty-homes/>

commissioned by the Scottish Government <sup>14</sup>, concluded that success in bringing empty private homes back into use depends on a persistent approach that combines initial offers of support to owners backed by enforcement powers that are actively used. It also concluded that effective action on empty homes requires a strategic approach rather than piecemeal initiative taking. It and argued that initiatives need to be embedded in a framework of objectives, policies, data, resources and action plans and integrated within a wider assessment of housing need and supply. In Wales, the best available information is provided by report commissioned by the Welsh Government, which profiles the approaches employed by local authorities across Wales to tackle the problem of empty homes (Lavender and Wilson, 2012) <sup>15</sup>.

- 3.4 All local authorities in Wales have an empty homes strategy<sup>16</sup>, but Lavender and Wilson (2012) found that nine did not have a corporate approach to empty homes, whereby all relevant departments were working together and playing their role in contributing to efforts to bring properties back into use. Discussions with regional leads as part of this evaluation revealed that two regions had a regional empty homes group prior to the introduction of Houses into Homes. Collaboration was reported to be more limited in the other four regions (see Table 4.1). The resources targeted at tackling empty homes have varied. Lavender and Wilson (2012) reported that 10 local authorities had a dedicated full time equivalent post to deal with empty homes, while 12 did not.
- 3.5 Local authorities in Wales have a range of options for tackling empty properties. These range from advice and persuasion through to enforcement using statutory powers. Typically, the starting point is to try to persuade owners or landlords that there are real advantages associated with bringing a property back into use and make them aware of the opportunities available to help them do so. This includes the

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<sup>14</sup> See <http://www.scotland.gov.uk/Resource/Doc/264862/0079319.pdf>

<sup>15</sup> Welsh Empty Property Initiative "Houses into Homes", The Welsh Government

<sup>16</sup> For examples, see <http://www.whnb.org.uk/index.php?id=195&L=0>

assistance that local authorities often provide under the Regulatory Reform Housing Assistance (England and Wales) Order 2002, such as grants and loans for repair and improvement. Local authorities can impose conditions on the assistance they give to owners, such as nomination rights. Other forms of action that can help bring properties back into use include the offer of short term leasing arrangements to landlords who might be concerned about letting their property; schemes to help people with renting or owner occupation, including support for tenants struggling to raise the bond required by a private landlord; and Homebuy schemes designed to allow people to enter the housing market who might otherwise be unable to.

- 3.6 When advice and negotiation fails, local authorities have various powers of enforcement at their disposal to tackle the blight of empty properties and to bring dwellings back into use. Often, the threat of enforcement can serve to persuade an owner to bring their property back into use. Otherwise, statutory notices can be issued under a range of legislation. Failure to comply with a notice can result in prosecution for non-compliance or the local authority undertaking the works in default and recovering the costs from the owner, for example, through an enforced sales procedure. Empty Dwelling Management Orders can be employed to take over management of properties that have been empty for more than two years. A final option when all others have failed is to use compulsory purchase powers.
- 3.7 According to Lavender and Wilson (2012), local authorities in Wales are employing different approaches to bringing properties back into use. They report that, at the time of their survey, all 22 local authorities were providing advice and guidance to empty property owners. Sixteen were providing some form of financial assistance, 11 offering grants, seven offering loans and six offering property appreciation loans, where funding is linked to an equity stake in the property. Two local authorities reported directly purchasing empty properties to bring them back into use, while 14 worked in partnership with housing associations, who



purchased empty properties with a view to making them available for rent. In addition, 17 local authorities reported operating a private sector leasing scheme, either through the local authority or a housing association. Leasing schemes frequently target empty properties, which are procured on a short term lease, providing the owner with a letting and a household in housing need with a temporary place to live.

3.8 Local authorities in Wales were willing to use enforcement powers where appropriate, although certain powers appeared more widely used than others. Lavender and Wilson (2012) found that the majority were actively using their powers to tackle dilapidated, unsafe and hazardous empty properties:

- the majority of local authorities were using powers to tackle dilapidated and unsightly properties - 16 were regularly using powers under section 215 of the Town and Country Planning Act 1990 to deal with properties detrimental to the amenities of the area while 18 were using section 79 of the Building Act 1984 to deal with properties in very poor condition.
- the majority were using their powers to force owners to make their property safe. 20 reported using powers under section 77 and 78 of the Building Act 1984 to deal with dangerous structures; 21 reported using powers under section 29 of the Local Government Act 1982 to board insecure properties; 18 used statutory nuisance provisions under the Environmental Protection Act 1990; and 21 regularly used section 4 of the Prevention of Damage by Pests Act 1949 to require the owner to keep their land free from vermin.
- the majority indicated that they were prepared to use powers to tackle a serious hazard in an empty home. 18 were prepared to issue an improvement notice and 17 were prepared to use prohibition orders under the Housing Act 2004 to deal with the

condition of an empty property, while nine local authorities indicated a willingness to issue a demolition order under the 2004 Act.

- 3.9 Lavender and Wilson (2012) found that local authorities were more reticent when it came to pursuing a change of ownership in a bid to bring a property back into use, even as a last resort. Seven local authorities indicated that they were prepared to use compulsory purchase orders to deal with empty homes, which can prove to be a legally complex and expensive option. Three local authorities reported having secured or being in the process of applying for an Empty Dwelling Management Order, which allows local authorities to take over management of long term empty residential properties. The limited use of this option is probably explained by the rather cumbersome nature of these orders. Finally, 16 local authorities indicated a willingness to enforce the sale of a property to recover an unpaid debt, with the resulting change in ownership being likely to bring the property back into use. However, although it appeared that many authorities had the policy in place, they had rarely pursued a debt in this way.

### **Local Authority Direct Actions - A Baseline of Activity**

- 3.10 Baseline data on local authority direct actions to bring empty homes brought back into use prior to the introduction of the Houses into Homes scheme provides a yardstick against which to generate the assessment of net additional impact of the Houses into Homes scheme. Baseline data has been collated from two sources: published National Strategic Indicator (NSI) data, PSR/004 at a local authority level and responses from local authorities to a common baseline template compiled especially for this evaluation. These two sources are considered in turn below.

*National Strategic Indicator data (PSR/004)*

- 3.11 NSIs provide public accountability of local authorities and measure performance at a national level on key strategic priorities<sup>17</sup>. The chosen indicators align to one or more of the Welsh Government's strategic priorities and reflect both the Government's focus on outcomes and the day-to-day work of local authorities. There is a legal duty to collect and report the results annually. To ensure consistency, both across local authorities and through time, reporting guidance has been published and a sample of the indicators are audited and validated by the Wales Audit Office.
- 3.12 Indicator PSR/004 relates to empty homes work. It requires local authorities to report the percentage of private sector dwellings vacant for more than six months at 1 April, which were returned to occupation during the year through direct action by the local authority. Additional guidance is provided on measurement, including a definition of a vacant dwelling and examples of the types of direct action that can lead to a dwelling being returned to occupation.
- 3.13 NSI data is available from the StatsWales website. Table 3.1 reports PSR/004 by local authority for the three years 2009/10, 2010/11 and 2011/12. The data shows an increase in the number of empty homes in Wales from 18,980 in 2009/10 to 23,287 in 2011/12. During the same period, there was an increase in the number of properties brought back into use through the direct action of local authorities, from 596 in 2009/10 (3.1 per cent of empty homes) to 1,095 in 2011/12 (4.7 per cent of empty homes in the private sector).
- 3.14 Table 3.1 reveals wide variations between the regions in the number and percentage of empty properties brought back into use by local authority action. Relatively high rates and numbers of empty properties were

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<sup>17</sup> See <http://wales.gov.uk/topics/statistics/about/data-collection/indicators/?lang=en>

brought back in to use in North Wales, Gwent and Western Bay. However, wide variations were also apparent between local authorities within the same region. For example, the number of empty properties brought back into use in the Western Bay region in 2011/12 varied from 13 in Bridgend to 220 in Neath Port Talbot. This reflects a broader picture of variation between local authorities across Wales in the number and percentage of properties brought back into use by direct action. For example, in 2011/12, Neath Port Talbot (220), Denbighshire (165) and Torfaen (109) each reported in excess of 100 dwellings brought back into use through direct action, whilst Pembrokeshire and Monmouthshire both recorded only one property as being brought back into use through direct action.

3.15 Table 3.1 reveals that the number of properties brought back into use has varied from year to year. For instance, Carmarthenshire reported a consistent improvement year on year, Neath Port Talbot reported similar numbers in 2009/10 and 2010/11 but then a dramatic increase in 2011/12, while Flintshire reported broadly similar numbers being brought back into use each year.

3.16 Table 3.2 shows the number of empty homes and empty homes brought back into use by local authority direct actions in 2011/12 as a rate per 10,000 private sector (owner occupation and private rented) stock in each area. Across Wales, there were 207 empty homes per 10,000 private sector dwellings. Three local authorities had over 300 empty homes per 10,000 private sector dwellings. These were the two local authorities within the Cwm Taf grouping (Rhondda Cynon Taf and Merthyr Tydfil) and Carmarthenshire. Wrexham (24 per 10,000) and Torfaen (78 per 10,000) had the lowest rates of empty homes. Denbighshire and Neath Port Talbot reported the highest rates of empty homes returned into use - both 43 per 10,000 private sector dwellings. Across Wales, an average of 10 empty homes per 10,000 private sector stock were returned into use by local authority direct action in 2011/12.

3.17 The reasons for variations across Wales in the numbers of properties brought back into use are unclear and difficult to explain, not least because of inconsistencies in the way local authorities record their activities. As Lavender and Wilson (2012) explain, local authorities typically count properties empty for more than six months brought back into use as a result of a direct intervention, such as a meeting in person with the owner to provide advice and guidance, assistance in the form of a loan or grant or enforcement action. However, some local authorities periodically send out a letter to all owners of empty properties and, if this property comes back into use, they count it as a return through direct action. In response to the inevitable doubts this raises about the comparability of NSI data, the decision was taken to collect more in-depth data on empty homes work directly from all 22 local authorities in Wales.

**Table 3.1: Performance Indicator PSR/04; The number of private sector dwellings that had been vacant for more than 6 months at 1 April which were returned to occupation during the year through direct action by the local authority**

	2011/12			2010/11			2009/10		
	Number returned into occupation	Base	Per cent	Number returned into occupation	Base	Per cent	Number returned into occupation	Base	Per cent
<b>North Wales</b>	<b>334</b>	<b>4,897</b>	<b>7</b>	<b>437</b>	<b>5,083</b>	<b>9</b>	<b>290</b>	<b>5,176</b>	<b>6</b>
Wrexham	27	110	25	27	114	24	25	130	19
Denbighshire	165	890	19	154	913	17	188	800	24
Conwy	50	1,010	5	182	1,056	17	8	1,028	1
Gwynedd	48	1,111	4	55	1,160	5	35	1,379	3
Isle of Anglesey	31	739	4	8	739	1	19	747	3
Flintshire	13	1,037	1	11	1,101	1	15	1,092	1
<b>Mid and West Wales</b>	<b>137</b>	<b>4,791</b>	<b>3</b>	<b>129</b>	<b>4,247</b>	<b>3</b>	<b>47</b>	<b>2,656</b>	<b>2</b>
Ceredigion	36	752	5	42	726	6	14	749	2
Carmarthenshire	93	2,104	4	59	1,925	3	33	1,907	2
Powys	7	840	1	26	1,446	2			
Pembrokeshire	1	1,095	0	2	150	1			
<b>Gwent</b>	<b>219</b>	<b>3,083</b>	<b>7</b>	<b>146</b>	<b>3,224</b>	<b>5</b>	<b>108</b>	<b>3,190</b>	<b>3</b>
Torfaen	109	233	47	36	380	9	2	398	1
Newport	52	1,121	5	47	1,033	5	58	1,078	5
Caerphilly	36	777	5	37	900	4	40	1,296	3
Blaenau Gwent	21	526	4	26	461	6	8	418	2
Monmouthshire	1	426	0	0	450	0			
<b>Western Bay</b>	<b>265</b>	<b>4,030</b>	<b>7</b>	<b>127</b>	<b>3,362</b>	<b>4</b>	<b>32</b>	<b>2,294</b>	<b>1</b>
Neath Port Talbot	220	1,216	18	9	619	1	9	141	6
Swansea	32	1,788	2	23	1,888	1	23	1,983	1
Bridgend	13	1,026	1	95	855	11	0	170	0
<b>Cardiff and the Vale</b>	<b>64</b>	<b>2,814</b>	<b>2</b>	<b>85</b>	<b>2,368</b>	<b>4</b>	<b>88</b>	<b>2,040</b>	<b>4</b>
Cardiff	54	2,075	3	80	1,619	5	85	1,250	7
Vale of Glamorgan	10	739	1	5	749	1	3	790	0
<b>Cwm Taf</b>	<b>57</b>	<b>3,672</b>	<b>2</b>	<b>31</b>	<b>3,682</b>	<b>1</b>	<b>31</b>	<b>3,624</b>	<b>1</b>
Merthyr Tydfil	21	617	3	15	715	2	15	725	2
Rhondda Cynon Taf	36	3,055	1	16	2,967	1	16	2,899	1
<b>Wales</b>	<b>1,076</b>	<b>23,287</b>	<b>5</b>	<b>955</b>	<b>21,966</b>	<b>4</b>	<b>596</b>	<b>18,980</b>	<b>3</b>

**Number returned into use:** The number of private sector dwellings vacant for more than 6 months at 1 April returned to occupation during the year through direct action by the local authority; **Base:** The total number of private sector dwellings vacant for more than 6 months at 1 April; **Per cent:** The percentage of private sector dwellings vacant for more than 6 months at 1 April that were returned to occupation during the year through direct action by the local authority; **Shaded data:** the auditor has qualified this data due to doubts about its reliability

**Table 3.2: Empty homes and empty homes returned into use through direct action compared with the private sector stock in each local authority (2011/12)**

	Empty homes returned into use		Empty homes		Private sector stock
	Number	Rate per 10,000	Number	Rate per 10,000	
<b>North Wales</b>	<b>334</b>	<b>13</b>	<b>4,897</b>	<b>186</b>	<b>262,942</b>
Denbighshire	165	43	890	234	37,969
Isle of Anglesey	31	11	739	265	27,877
Conwy	50	11	1,010	213	47,374
Gwynedd	48	10	1,111	223	49,795
Wrexham	27	6	110	24	45,644
Flintshire	13	2	1,037	191	54,283
<b>Mid and West Wales</b>	<b>137</b>	<b>7</b>	<b>4,791</b>	<b>236</b>	<b>202,974</b>
Carmarthenshire	93	13	2,104	301	69,977
Ceredigion	36	11	752	238	31,581
Powys	7	1	840	160	52,481
Pembrokeshire	1	0	1,095	224	48,935
<b>Gwent</b>	<b>219</b>	<b>11</b>	<b>3,083</b>	<b>154</b>	<b>200,166</b>
Torfaen	109	36	233	78	29,939
Newport	52	10	1,121	223	50,293
Blaenau Gwent	21	9	526	216	24,340
Caerphilly	36	6	777	127	61,400
Monmouthshire	1	0	426	125	34,194
<b>Western Bay</b>	<b>265</b>	<b>14</b>	<b>4,030</b>	<b>215</b>	<b>187,787</b>
Neath Port Talbot	220	43	1,216	236	51,519
Swansea	32	4	1,788	209	85,571
Bridgend	13	3	1,026	202	50,697
<b>Cardiff and the Vale</b>	<b>64</b>	<b>4</b>	<b>2,814</b>	<b>170</b>	<b>165,292</b>
Cardiff	54	5	2,075	176	117,713
Vale of Glamorgan	10	2	739	155	47,579
<b>Cwm Taf</b>	<b>57</b>	<b>5</b>	<b>3,672</b>	<b>340</b>	<b>108,111</b>
Merthyr Tydfil	21	11	617	309	19,963
Rhondda Cynon Taf	36	4	3,055	347	88,148
<b>Wales</b>	<b>1,076</b>	<b>10</b>	<b>23,287</b>	<b>207</b>	<b>1,127,272</b>

**Source:** StatsWales. The number of empty homes returned into use and number of empty homes have been taken from local authority PRS/04 returns. Dwelling stock estimates are for 2010/11

## *Responses to baseline template*

3.18 In-depth data on empty homes work was collected from all 22 local authorities in Wales for the financial year 2011/12 using a common baseline template. The baseline template collected information on:

- numbers of properties and units brought back into use by direct action;
- the characteristics of properties brought back into use by direct action;
- the length of time properties had been empty;
- how many bedrooms they contained;
- whether they would be available as affordable accommodation;
- whether the external appearance of the property had a negative impact on the local area;
- the direct actions implemented in the year;
- the direct actions which contributed to bringing empty homes back into use; and
- local authority empty homes staffing.

3.19 1,080 dwellings were reported in the baseline data collection exercise as having been brought back into use through the direct action of local authorities in 2011/12. This is slightly higher than the 1,076 reported for PRS/04. Comparison by local authority found that 15 reported the same number to both returns while a further three reported within two dwellings. Forty four per cent of dwellings returned into use through direct action were within three local authorities: Neath Port Talbot (220), Denbighshire (133) and Torfaen (125).

3.20 Table 3.3 details the direct actions taken by local authorities to bring 1,080 properties back into use in 2011/12. Advice and guidance emerged as by far the most common direct action taken by local



authorities (1,055 out of 1,080 brought back into use). The provision of financial assistance (92 out of 1,080 brought back into use) and threat of enforcement action (66 out of 1,080 properties brought back into use) were two other relatively common forms of direct action.

**Table 3.3: Direct Actions on empty properties returned into use (2011/12)**

	<b>Number</b>
Advice & Guidance(persuasion)	1055
Financial Assistance	92
Threat of Enforcement action	66
Assistance with Organising Work	24
Sale of Property	22
Private Sector Leasing / Social letting Scheme	21
Direct Purchase	18
Local Government (Miscellaneous Provisions) Act 1982	14
Housing Act 1985 / Housing Act 2004	10
Prevention of Damage by Pests Act 1949	9
Living over the Shop (LOTS) & Homes Above Retail Premises (HARP)	9
Debt Recovery	8
Environmental Protection Act 1990	6
Building Act 1984	4
CPO	4
Rent Deposit Scheme	3
Town & Country Planning Act 1990	2
Other	5
<b>Total</b>	<b>1,372*</b>

Source: Houses into Homes Baseline Template

\* More than one action can be taken against the same property

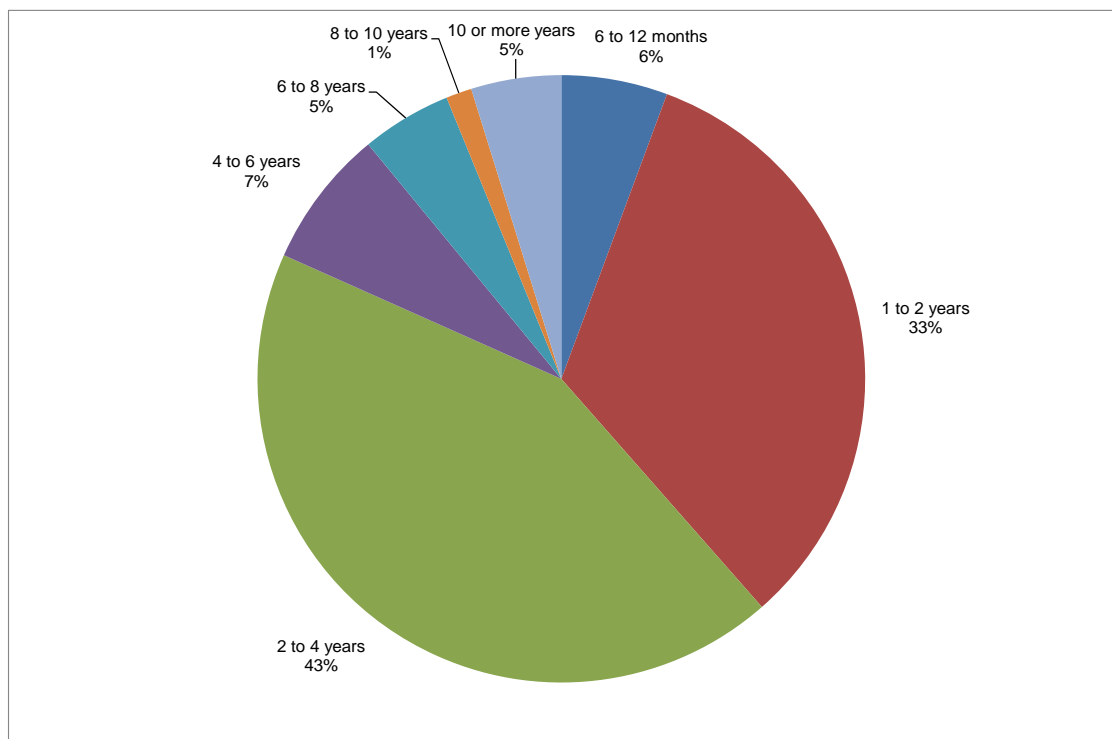
### 3.21 Key headlines regarding the properties brought back into use include:

- eight local authorities were able to provide data on the number of **bedrooms within the dwellings returned to use** through direct action and reported that almost 700 bedrooms had been brought back into use in 2011/12 (an average of 1.7 bedrooms per dwelling).
- 13 local authorities provided details of the number of properties brought back into use as **affordable housing** and reported that, in 2011/12, at least 10 per cent of the dwellings (67 out of 643 dwellings) were returned into use as affordable housing.

- 15 local authorities reported that 27 per cent of properties brought back into use had been having a **negative impact on the local area** while empty (171 of 623 properties).

3.22 Thirteen local authorities provided data on the **length of time that properties were empty prior to being returned into use** through direct action. Over half had been empty for more than two years (Figure 3.1).

**Figure 3.1: Empty properties brought back into use by time empty (2011/12)**



3.23 In total, 21 local authorities provided information on the number of full time equivalent (FTE) **empty homes officers** and an approximation of associated staff costs. These local authorities reported employing 15.3 FTE empty homes officers, with nine employing one or more FTE empty homes officer. This included three local authorities that were employing more than one FTE empty homes officer (Cardiff, Newport and Wrexham). Six local authorities reported employing less than 0.5 FTE empty homes officers.

3.24 Seventeen local authorities provided information on the **additional local authority costs and financial assistance** (all non-staff costs) associated with tackling empty homes in 2011/12. These costs were estimated to have amounted to £1.5 million in 2011/12, an average of £88,000 per local authority. However, eight of these 17 local authorities reported no additional costs or financial assistance. Four of the 11 local authorities able to provide relevant data estimated that no **private sector monies** had been levered in to support efforts to bring empty properties back into use in 2011/12. The other seven local authorities providing data estimated that £2.142 million of capital had been levered in from the private sector.

## **Conclusion**

3.25 This chapter has provided a detailed baseline against which the evaluation will measure the impacts of the Houses into Homes scheme following its introduction in April 2012. This includes data regarding the scale of the empty homes problem in Wales (at the local authority, regional and national level), the approaches taken by local authorities to tackling the problem of empty homes and the number of properties being brought back into use through direct intervention. This represents the context into which the Houses into Homes scheme was launched.

## 4 Progress with Delivery of Houses into Homes

### Introduction

4.1 This chapter highlights the progress made in developing the delivery framework for the Houses into Homes scheme. Houses into Homes is coordinated by six regional groupings, which follow the footprint set out by the Welsh Government in 2011<sup>18</sup> for regional collaboration across public service delivery (see Table 2.1). The Welsh Government required each region to nominate a local authority to serve as 'banker' for the region, drawing down and distributing capital funding to local authorities. Each region was also required to confirm a coordinator to chair the regional meetings and represent the region on the national steering group. In addition, a collaborative agreement had to be agreed and signed by all the local authorities in the region before any capital funding could be drawn down. The Welsh Government also set out the broad eligibility criteria under which loans might be granted. Beyond these requirements, the regional groupings were given autonomy over delivery of the Houses into Homes scheme. The discussion below reviews progress made in delivering against these objectives following the launch of the Houses into Homes scheme in April 2012.

### The Collaborative Agreement

4.2 By January 2013, five out of six regions had signed a collaborative agreement. In North Wales, Gwent and Cwm Taf, the agreement was signed in September 2012. In Cardiff and the Vale it was signed in November 2012 and, in Mid and West Wales, it was signed in December 2012. By January 2013, Western Bay had a collaborative agreement that had been formally approved and was awaiting signing. These timings are important when considering the profile of applications and loans discussed in Chapter 5, because regions were not able to draw

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<sup>18</sup> see <http://wales.gov.uk/docs/dpsp/publications/120329footprintreportv2en.pdf>

down Houses into Homes funding from the Welsh Government until a collaborative agreement was signed.

- 4.3 These collaborative agreements represent an important development. Not only does the signing of a legal agreement represent a foundation for productive collaboration in delivering Houses into Homes by providing a protocol for how local authorities will engage and work with each other. It also represents one of the first examples of the enhanced cooperation between local authorities championed by the Welsh Government as a means for improving service delivery and reducing costs<sup>19</sup>. Monitoring the effectiveness of the collaborations will support analysis of the role of the Regional Collaboration Areas as a means of bringing about cooperation, rendering services more efficient and improving quality.
- 4.4 The collaborative agreements are similar in form and content across the six regions, reflecting the fact that regions have often shared drafts and offered advice about content. Cardiff and the Vale, for example, reported benefiting from sight of a draft generated by Caerphilly (Gwent Region), which served to speed up the drafting process. The agreements set out the principles of collaboration, identify the lead authority responsible for drawing down funds from Welsh Government and clarify governance structures and legal responsibilities.
- 4.5 Securing approval for the collaborative agreement was reported by the majority of regional leads to have been a relatively long and drawn out process, involving back and forth discussions, sometimes over a number of months, between the legal departments of the local authorities involved. Delays in securing the collaborative agreement were reported to be a consequence of the bureaucratic nature of the process rather than wrangling over the content of the agreement, although there were inevitably some fine details that needed to be worked through, such as

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<sup>19</sup> see [http://cfps.org.uk/domains/cfps.org.uk/local/media/downloads/2012\\_07\\_20\\_wales\\_pb\\_final.pdf](http://cfps.org.uk/domains/cfps.org.uk/local/media/downloads/2012_07_20_wales_pb_final.pdf)

issues of liability. Several regions also suggested that a lack of guidance about how Houses into Homes loans should be administered and reclaimed made it difficult for empty homes officers to answer detailed questions posed by colleagues in finance and legal departments.

- 4.6 In addition to finalising the collaborative agreement, some local authorities were required to seek approval for a revised private sector renewal strategy from either the executive, cabinet or the full council before they were able to approve loans. This was necessary because the powers through which a local authority can make available financial assistance for the purposes of bringing properties back into use require that any such policy is explicitly referenced in the private sector renewal strategy. In at least one local authority, delays securing approval for the revised renewal policy were reported to have resulted in a delay in loans being issued.

### **The Regional Group**

- 4.7 All six regions now have a regional empty homes group, which coordinates delivery of Houses into Homes. This is a notable development, given that regional collaboration and group structures involving all local authorities were not common across regions prior to the launch of Houses into Homes (see Table 4.1). Beyond the need to sign a collaborative agreement, nominate a 'banker' and confirm a coordinator to chair the regional meeting and represent the region on the national steering group, the regional groups have been granted relative autonomy to determine their approach to delivering the Houses into Homes scheme.
- 4.8 The regional group is typically chaired by an officer from the lead (banker) authority. Gwent is the exception, with Newport serving as banker and an officer from Caerphilly serving as the regional lead. In the first six months of the Houses into Homes scheme, the regional

groups were reported to have met regularly to provide a strategic steer, share learning and develop a common approach to particular aspects of implementation. Responsibility for marketing the scheme and processing and approving applications has typically been devolved to the local authorities.

- 4.9 Membership of the regional group varies slightly across the six regions, but typically includes senior managers (such as the head of housing) and operational lead officers from each local authority (an empty homes officer or officer from the housing strategy or private sector renewal team who has been designated the lead on Houses into Homes). In Cwm Taf, a 'Collaborative Steering Group' has overall responsibility for the Houses into Homes scheme and also discusses broader issues associated with empty homes policies and procedures. Members include representatives from the Local Service Board and Health Authority. A separate 'officers group', comprising operational leads from each local authority, also exists and meets regularly to discuss operational issues specific to Houses into Homes. This two tier arrangement was not uncommon. In Cardiff and the Vale, for example, the regional group involves senior managers from the two authorities. The group met frequently during the first six months of the scheme to agree the specifics of the approach, but is expected to meet far less frequently, with delivery being overseen by the empty homes officers and staff delivering the scheme, who are in frequent contact and meet on a regular basis.
- 4.10 A slightly different situation was found to exist in regions with a history of cooperation and joint working around empty homes and private sector renewal. In North Wales, for example, there was a pre-existing regional forum addressing empty homes issues. This group was continuing to meet but it was reported as likely to be merged with the group formed to oversee delivery of Houses into Homes. Regional leads reported that the role of the regional group was to provide a strategic steer to the Houses into Homes scheme and to act as a forum for sharing learning

and good practice (see Chapter 6 for a discussion of associated benefits).

### **The Local Authority Level**

4.11 Since the launch of Houses into Homes in April 2012, local authorities across Wales have put in place the systems and processes necessary to deliver the scheme. For local authorities with a strong track record of working to tackle empty homes, this has often proved a relatively straightforward process. In local authorities with a more limited history of empty homes work, this represents a notable achievement.

4.12 A **lead officer** for Houses into Homes was reported to have been identified in each local authority. Determining exactly who would fulfil this role was reported to not always be straightforward, the empty homes function often stretching across environmental health, housing strategy and private sector renewal teams. For example, one local authority lead explained that environmental health are responsible for monitoring empty properties and leading on enforcement, the housing strategy team oversee the local empty homes strategy and monitor the scale and geography of the empty homes, while housing renewal have traditionally had no explicit role in relation to empty homes, but have been given responsibility for administering the loan application process because of expertise in administering grants. Similarly, a regional lead explained how in his own authority responsibility for empty homes is shared between environmental health and housing. The decision was taken that housing would be the lead department for the scheme, the view being that it is primarily a financial initiative and the housing department oversees housing related grants and loans. However, the empty property officer, who is located in the environmental health team, is providing operational support.

4.13 **Staff** have been allocated to the tasks of marketing Houses into Homes, processing expressions of interest and supporting owners to complete



and submit applications. Some local authorities have funded the appointment of additional staff (typically on a fixed term contract or via secondment) to fulfil these duties and to contribute more generally to empty homes work. This finding indicates that the Houses into Homes scheme is prompting some local authorities to dedicate more of their own resources to empty homes work.

- 4.14 Officers involved in the delivery of Houses into Homes (including legal and finance teams) have attended briefings and received information and training about the scheme. Andrew Lavender, external consultant to the Houses into Homes scheme, was reported to have been a vital source of information, advice and training. This has included training for front line staff, which was reported to have been particularly useful for local authorities with little or no experience of providing financial assistance to owners, who are progressing along a steep learning curve. Sample documents, such as loan and legal charge agreements, have been circulated and guidance provided about approving and administering loans.
- 4.15 Most elements of the **day to day delivery** of Houses into Homes are locally determined. An application form generated by Caerphilly County Borough Council, based on the application form developed by Kent County Council, was shared with all local authorities and templates for key documents were circulated, although each local authority has been free to tailor its own approach. This was more of a challenge for local authorities with a more limited history of providing financial assistance to owners of empty properties, who pointed to the work involved in putting the requisite processes in place, ensuring that legal duties are met and keeping risks in check. Some local authorities pooled resources and expertise when developing these systems and processes.
- 4.16 **Marketing** is one area where a regional collaboration was found to be more common. North Wales and Mid and West Wales, for example, both reported adopting a regional marketing strategy, using regional

branding and issuing regional (as well as locally targeted) publicity. Marketing strategies employed included targeting information at owners of empty properties already in contact with the local authority, sending mail shots to all owners of empty properties and publicising the scheme through contact with landlord forums, estate and letting agents and auctioneers. Press releases have been issued and information has been uploaded onto council websites.

- 4.17 There was general agreement across the regions that many owners will need **hand-holding through the application process**. In response, empty homes officers reported sending out information, meeting owners to explain the scheme and how to apply and supporting them through the application process. Providing this level of support was reported to be important but costly. In response, one regional group was reported to be exploring the possibility of introducing an additional charge for owners requiring more intensive support with their application and assistance managing the loan. It was recognised that any additional charge might serve to undercut the appeal of the loan scheme, but officers were reported to be spending a considerable amount of time helping some applicants through the process. One regional lead reported that up to two days of officer time can be spent supporting applications from property owners who have little experience of applying for financial products. On a related point, it was also suggested by one regional lead that some owners are likely to require help and assistance beyond the application process in terms of managing the refurbishment of their property. This is a situation that will need to be reviewed by the evaluation:

*The experience we seem to get when we do adaptations or building work in the grants sector we found that if you left people alone there are some people will cope but there will be people who fall by the wayside and nobody wins out of that so we might as well say 'we'll help you through this process, you've got to pay for it cos we can't cover it' so you act as a project manager and manage the client through the process. We think there's value in that but we'll see. (Regional Lead)*

- 4.18 **Applications** are administered by local authorities, who are also responsible for approving loans. The exception is Cwm Taf, where a regional officer group makes decisions on loan applications which are then approved by the regional 'Collaborative Steering Group'. In other regions, the regional group typically provides a forum for discussing complex cases, should a local authority request advice and guidance.
- 4.19 **Management of the financial risks** associated with the provision of loan finance is a key responsibility for local authorities. Training, guidance and advice has been provided and no major concerns were raised about this responsibility in the majority of regions. However, one regional group did report concerns about the difficulties of conducting risk assessments. The magnitude of the potential loss associated with a loan not being repaid was reported to be clear, but calculating the probability that the loan will not be repaid was reported to be difficult. In some locations, this calculation was reported to be complicated by local housing market conditions, which were reported to render development for sale a high risk option. If the owner has been unable to sell after the three years of the loan period, one option might be for them to secure a bridging loan. However, many owners are likely to struggle to secure private finance, it being reported by some regional leads and local authority empty homes officers that applicants to the Houses into Homes scheme had often already been refused credit elsewhere. The local authority might be forced to take enforcement proceedings against the owner to secure the debt. However, as well as this being a costly process, one local authority officer suggested that the courts might not look favourably on a local authority seeking to recover such a debt in the present housing market context. Clearly, this is an issue that the evaluation will need to monitor as loans begin to be repaid.
- 4.20 Some local authorities were reported to be planning to implement an inspection regime as part of the scheme. This was in response to concerns about risks associated with the quality of the works undertaken

to bring properties back into use. Firstly, there is the risk that if the works are completed to a poor standard, the property will not be brought back into use. Even if a sale can be secured (many respondents pointed to the nature of the housing market as a risk factor associated with loans for sale), the market value of the property might not cover repayment of the loan. Secondly, concern was expressed about the possibility of the local authority being liable should any problems subsequently emerge with the work following completion. One local authority reported planning to only release 50 per cent of funds up front, with the remainder being paid upon evidence of 'significant progress' with renovation works.

## **Funding Allocations and Targets**

4.21 Each region has been allocated a share of the £10 million of capital funding made available by the Welsh Government to support the Houses into Homes scheme (see Table 2.1). Three regions (Gwent, Mid and West and Cwm Taf) have taken the decision to regard this allocation as a regional resource and to distribute funds to applicants from across the region on a first come, first served basis. In contrast, three regions (North Wales, Cardiff and the Vale and Western Bay) reported seeking to distribute funds to local authorities in accordance with a notional allocation to each local authority based on the size of their private sector stock.

4.22 Respondents questioned whether some local authorities might 'lose out' in the drive to generate applications and draw down funds within the financial year 2012/13. There was a suggestion that local authorities with a track record of bringing properties back into use might have an advantage over those with a more limited track record. This was because they would have more robust data about empty properties and contact with owners; links with estate agents and auctioneers through which to advertise the scheme; staff with experience and expertise of

working to bring properties back into use; and, in some cases, prior experience of providing financial assistance to owners. As a result, it was suggested that the distribution of funds between areas could reflect the effectiveness of the local authority in generating and approving applications, rather than any measure of housing need. Whether this proves to be the case and how regions go about redistributing funds between local authorities as loans are repaid and funding recycled will be examined in subsequent phases of the evaluation.

4.23 Regional groups have not set explicit targets, beyond drawing down their full allocation of Houses into Homes funding by March 2013. The need to draw down funds from the Welsh Government by the end of March 2013 had promoted a first come, first served approach to applications. However, some local authorities have actively targeted owners of empty properties previously identified as priorities for action and recognised as potential candidates for the scheme.

4.24 A majority of regional leads expressed the view that the Houses into Homes scheme was likely to become increasingly nuanced, in terms of the applications funded. Various strategic priorities were identified. These ranged from broad objectives, such as focusing on the blight of empty homes rather than supporting the conversion of commercial premises, through to specific priorities focused on addressing deficits in the local housing stock. For example, in the wake of welfare reform, one respondent pointed to the need for more one-person dwellings:

*I think that more intelligent approach will need to be adopted when the money comes back in and we start thinking seriously about how we're meeting housing need, what our particular accommodation shortages are, we'll be right in the middle of the impact of welfare reform by then when the single room rate will have come in and we'll be needing more HMOs and do we work with planning to try and promote more HMOs? The feeling is get this money out now and then in the gap we can work on all this in readiness for ensuring we've got good plans in place next time. (Regional Lead)*

4.25 A query raised by a small number of respondents that the evaluation will need to monitor going forward is whether the marketing of the Houses into Homes scheme has raised expectations among the owners of empty properties about the availability of loan finance, which local authorities will struggle to meet after March 2013. Following the initial allocation of loan finance in the first year of the scheme, it is possible that local authorities will have limited funds available until the first round of loan recipients repay their loans, which might not be until 2015 or 2016. As a result, the scheme could fall into a cycle of peaks and troughs, as one local authority officer observed:

*we're going out now and advertising it and people I've found in relation to empty properties are notoriously slow in everything they do so I'm sure come March and April we're going to get people coming saying 'where's this money then?' and it's 'we've spent up now' 'when can I have the money?' 'well it'll be at least two years' so that's the danger, feast and famine....I suppose we're not going to get to the luxury where we have to turn people away but if we do then it's going to be 'why? 'Give us the justification' and what I don't want it to is to go in massive peaks and troughs, like if we shunt all this money out now and go away for two years and then bang here it comes again if it all comes in and we've got to go through this exercise. (Empty Homes Officer)*

## **Conclusion**

4.26 In the six months following the launch of the Housing into Homes scheme in April 2012, the infrastructure required to deliver the scheme has been designed and developed. Working within a framework provided by the Welsh Government, local authorities came together into regional groupings, signed collaborative agreements that formalised roles and responsibilities, designated staff to lead on the scheme, marketed the opportunities provided by Houses into Homes, assisted owners through the application process and began approving loans.

4.27 Various barriers have been negotiated. Some local authorities have had to work through complex relations with neighbouring authorities and overcome a limited history of collaboration. Delicate issues, such as which authority should serve as regional coordinator and banker, have

been addressed and resolved. Of particular note is the signing of the collaborative agreement. This represents one of the first examples of the enhanced cooperation between local authorities championed by the Welsh Government as a means for improving service delivery and reducing costs.

- 4.28 Some local authorities have travelled a long way in a relatively short time. In particular, local authorities with a limited recent history of working to tackle the problem of empty homes have had to rapidly develop systems and processes in order to deliver the scheme. As noted in Chapter 3, eight local authorities did not have a corporate approach to empty homes prior to the launch of the scheme and 12 did not have a dedicated full time equivalent post to deal with empty homes. Chapter 3 also highlighted how experience of providing financial assistance to owners to bring properties back into use varied, with six local authorities not providing any form of financial assistance prior to the introduction of the Houses into Homes scheme.
- 4.29 Implementing the Houses into Homes scheme has not been without its challenges, but these have largely been overcome or effectively managed. Applications are being received, loans are being approved and the regional leads reported that it was likely that they would draw down their allocated funds from the Welsh Government by the end of March 2013.

**Table 4.1: Summary of Regional Group Arrangements for the Delivery of Houses into Homes**

	<b>Active Regional Group</b>	<b>Role of regional group</b>	<b>Role of regional lead authority</b>	<b>History of 'empty homes' collaboration?</b>	<b>Local or regional delivery</b>	<b>Fund allocation</b>
<b>North Wales</b>	Yes - comprising empty home leads and managers. Soon to be merged with a pre-existing EH group	Share learning; discuss complex cases; provide strategic steer	Banker; advice; responsibility for fund allocation between LAs; representative on national steering group	Yes, pre-existing empty homes group, (still operational)	Mainly local; regional marketing	LA allocations based on the WG formula linked to size of private sector stock
<b>Mid &amp; West</b>	Yes	Share learning; strategic steer	Banker; representative on national steering group	Limited history	Mainly local; regional marketing	LA allocations on a first-come-first-served
<b>Gwent</b>	Yes - comprising heads of housing and empty homes officers	Share learning; discuss contentious applications	Representative on national steering group; not the banker	Yes, existing group reconstituted for Houses into Homes	Local	LA allocation on a first come first served basis
<b>Western Bay</b>	Yes	Share learning; provide strategic direction	Banker; representative on national steering group	No	Local	LA allocations based on the WG formula linked to size of private sector stock
<b>Cardiff &amp; Vale</b>	Yes – composed of empty homes leads and senior officers	Monitor progress; provide support; strategic steer.	Banker; representative on national steering group	No	Local but moves to develop joint working	LA allocations based on the WG formula linked to size of private sector stock
<b>Cwm Taf</b>	Yes - two groups, one with wider membership and one comprising operational lead officers	Loan decisions (officers group) and approval (steering group); strategic steer	Banker; representative on national steering group	No	Loan decisions taken regionally; local day to day administration	LA allocation on a first come first served basis



## 5 Applications and Loans Approved (April to September 2012)

### Introduction

- 5.1 This chapter profiles the applications received and loans approved in the first six months of the Houses into Homes scheme (April to September 2012). The first applications for loans under the Houses into Homes scheme were received in summer 2012 and the first loans were approved in September 2012. It is important to note that, during this period, attention was focused on putting in place the framework for delivering Houses into Homes, as detailed in Chapter 4. It was therefore to be expected that relatively few loans would be received and approved in the first six months of the scheme. However, as we will see, large numbers of enquiries about the scheme were received during this period.
- 5.2 Discussion below draws on standard monitoring data that are being collected from each local authority on an ongoing basis. These data will support analysis of progress with delivery and the impact of the Houses into Homes scheme, including the reporting of actions, outputs, costs and savings. The data are being collected on a six monthly basis. The first monitoring period was April to September 2012.
- 5.3 The monitoring template was designed by the evaluation team in partnership with the Houses into Homes steering group. The template adopted for the first monitoring period covered three main areas:
- *all empty homes work* - including information on properties local authorities have worked with and those that it has assisted in bringing back into use.

- *Houses into Homes loan application and financial data* - this covers enquiries and applications, the outcome of applications and draws on application form data to provide characteristics of successful loan applications, works to be undertaken, the amount of loan funding disbursed, repaid and written off and the number of homes brought back into use.
- *staffing* - summary data are being collected on staff input to managing the scheme.

### **Applications and Loans Granted (April to September 2012)**

5.4 Analysis of Houses into Homes monitoring data returns, covering the period April to September 2012<sup>20</sup>, revealed that 73 loan applications had been received (Table 5.1). A total of 14 loans had been approved - four in Wrexham, three in Merthyr Tydfil, two in Blaenau Gwent and Denbighshire and one in Gwynedd, Rhondda Cynon Taf and Torfaen. These 14 loans will support the provision of 24 residential units. In addition, 54 loans were being processed, including provisionally approved applications. One application had been rejected and 13 had been withdrawn by the applicant.

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<sup>20</sup> Please note that in a few instances data provided by local authorities covered longer timeframes. For example, nine approved applications were listed which were not approved until October 2012. For the purposes of this report they have been included within the analysis, hence the total in the table is 82.

**Table 5.1: Summary of applications and enquiries received (April-September 2012)**

	<b>Number</b>
<b>Loan application</b>	<b>82</b>
Approved	14
Being processed	54
Rejected	1
Withdrawn	13
<b>Enquiry</b>	<b>565</b>
Next step loan application	89
Next step other empty homes intervention	8
Not proceeding	73
Next step unknown	350
Sent information	45

Source: Houses into Homes monitoring data

5.5 The bullets below provide headline information on the **14 approved applications**<sup>21</sup>. Key points include:

- eleven applications were by individuals and three were by Limited Companies;
- all of the properties had been empty for at least one year; seven properties had been empty for five years or more, including four which had been empty for 10 years or more;
- the number of units contained within the properties is proposed to increase from nine<sup>22</sup> to 24. Six properties will see an increase in the number of units that they contain;
- the average total cost of works per unit is £41,915, based on 13 applications where data was available;
- the number of bedrooms provided will increase from 24 to 51. Five properties will see an increase in the number of bedrooms provided and only one will see a decrease;

<sup>21</sup> Please note that full details were not provided for all 14 properties. Missing data is noted in the following text. Future reporting will be based on monitoring data encompassing a greater number of applications and approved loans and will provide more detailed analysis.

<sup>22</sup> There were five fewer original units than loans approved; it is likely that these were related to commercial or other non-residential properties.

- six approved applications were for properties whose external appearance had a negative impact on the local area;
- the average property value is expected to increase from £101,558 to £195,308;
- after completion of the works, the expected value of the property will be higher in 12 out of 13 cases for which data was provided. Four properties are expected to more than double in value, including one property whose value is expected to increase nearly five-fold;
- of the 13 approved applications where data was provided, 10 will result in units for rent while three will be for sale
- four properties (six units) will be available as affordable accommodation;
- the total value of the 13 loans agreed so far where data was provided is £486,789, an average of £37,445 per application. This comprises:
  - one loan agreed for less than £5,000
  - five loans agreed for at least £10,000 but less than £25,000
  - two loans agreed for at least £25,000 but less than £30,000
  - five loans agreed for £50,000 or more.
- seven agreed loans will cover the full cost of the works and a further two will cover between 75 per cent and 100 per cent. Three loans will cover less than 50 per cent of the cost of the works;
- the 12 applications where data was available included £435,343 of personal/private sector contribution to meet the total cost of works.
- the approved loans will be repaid in the following ways:
  - five will be repaid by refinancing
  - five will be repaid by regular capital repayments
  - one will be repaid on sale of property
  - the repayment method is unknown in three cases.

5.6 Local Authorities reported that a further **54 applications were in the process of being assessed** at the end of the monitoring period. Key points about these applications include:

- the amount of loan funding applied for was £2,432,965, an average of £46,788 per application<sup>23</sup>;
- 39 applications had been made by individuals, 13 by limited companies and two by unincorporated entities;
- five applications were for properties which had been empty for at least six months but less than a year. In comparison, 17 had been empty for five years or more, including 10 which had been empty for 10 years or more;
- 18 applications would see an increase in the number of units provided;
- 21 applications would see an increase in the number of bedrooms provided;
- the external condition of the property has had a negative impact on the local area in 28 instances.
- on completion of the works, 42 units would be for rent, six would be for sale and two would be for sale or rent. No decision had been made or data was not available for four units;
- 18 properties (38 units) would provide affordable accommodation.

5.7 In addition **520 enquiries**<sup>24</sup> had been received by local authorities about the Houses into Homes loan scheme. Table 5.2 shows how this number was broken down by region and local authority. Of the enquiries received:

- 89 said they are completing/would complete an application
- 8 were signposted to another empty homes intervention.
- 73 said they would not proceed any further.
- information about applicants' intentions was not known in 336 cases

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<sup>23</sup> Please note that two applications did not record this information

<sup>24</sup> In a few instances this figure includes multiple enquiries for different properties from one individual or company

Table 5.2: Summary of enquiries by Local Authority to end September 2012

	<b>Number</b>
<b>North Wales</b>	<b>94</b>
Anglesey	56
Conwy	29
Flintshire	4
Wrexham	4
Denbighshire	1
Gwynedd	0
<b>Mid and West Wales</b>	<b>47</b>
Pembrokeshire	27
Carmarthenshire	9
Ceredigion	8
Powys	3
<b>Gwent</b>	<b>106</b>
Newport	78
Blaenau Gwent	18
Caerphilly	6
Monmouthshire	4
Torfaen	0
<b>Western Bay</b>	<b>106</b>
Neath Port Talbot	77
Bridgend	21
Swansea	8
<b>Cardiff and the Vale</b>	<b>71</b>
Cardiff	71
Vale of Glamorgan	0
<b>Cwm Taf</b>	<b>96</b>
RCT	73
Merthyr Tydfil	23
<b>Wales</b>	<b>520</b>

Source: Houses into Homes monitoring data

## Explaining the Profile of Enquires, Applications and Approvals

5.8 A key task for the evaluation, going forward, will be to reveal and explain the profile of enquiries, applications and loans granted through the Houses into Homes scheme. Analysis will explore the geographical distribution of applications and approvals across Wales, look at who is receiving loans and what works are being funded. It is not possible to provide any definitive answers at this early stage, when relatively few applications have been approved. However, discussions with regional

leads and local authority officers pointed to various issues that are worth noting and exploring in more detail in subsequent phases of the evaluation.

- 5.9 Regional leads referred to three factors deemed likely to inform **the profile of enquiries, applications and approvals across Wales**. The first was the scale of the empty homes problem, which was reported to vary within and between regions (as reflected in Table 3.1). For example, it was pointed out by one regional lead that some rural authorities have relatively small numbers of empty homes and that many of the properties that are empty are in remote locations and therefore do not represent a problem in terms of their impact on the wider community (for example, as a magnet for anti-social behaviour).
- 5.10 Secondly, some regional leads and empty homes officers suggested that local authorities with a track record of working to bring empty properties back into use are likely to receive larger numbers of Houses into Homes applications. For example, local authorities with a record of working to bring properties back into use were reported to benefit from more robust, up to date information about empty properties and ongoing contact with owners. The result might be a more receptive audience for publicity about the scheme. Established contacts with estate agents, management companies and auctioneers can be utilised in an attempt to spread knowledge and information about the scheme.
- 5.11 Thirdly, regional leads pointed to various contextual factors likely to impact on the geography of applications and approvals across Wales. Key among these is likely to be the housing market context, which was reported to militate against large numbers of applications in some parts of Wales. Despite reported problems with empty homes and expressions of interest, some areas reported receiving relatively small numbers of applications. Reasons for this were reported to include the fact that rental income will not support repayment of the loan within three years, while development for sale was, in some locations, deemed too

high risk, given the sluggish nature of the local housing market and likely difficulties in selling refurbished properties. The profile of landlords, particularly the preponderance of small landlords, who are risk averse and can struggle with the application process, was also reported to limit the number of applications. It was also reported that, in some regions, there were fewer large developers for local authorities to target, meaning that greater numbers of people would need to be contacted to generate applications against which to draw down allocated funds from the Welsh Government.

- 5.12 Comments about the likely **profile of loan recipients** highlighted the fact that developers and larger landlords may well prove better able to complete the application form and provide the supporting paperwork, including confirmation of ownership of the property, estimates of fees and valuation reports. Given that local authorities tend to be approving applications on a first come, first served basis, it was suggested by some regional leads that developers might therefore be best placed to take advantage of the scheme, at least in the short term. One local authority empty homes officer commented that developers have recognised this fact and are applying for Houses into Homes loans to support planned or ongoing redevelopment work. In contrast, there was general agreement across the regions that many owners will need hand-holding through the application process.
- 5.13 A number of regional leads and empty homes officers reported that there were obvious advantages to working with developers. The amount of officer time spent on an application is likely to be less. For example, dealing with 10 applications to bring a single property back into use is likely to be far more resource intensive than dealing with one application to bring ten properties back into use. The commitment of local authorities to working with individual owners is not in doubt, but it is important that the evaluation monitors the profile of applicants on an ongoing basis.



5.14 An important task for the evaluation will be to monitor **the nature of the works being funded**. One particular issue worthy of scrutiny is the kind of properties being brought back into use. Some respondents questioned whether the scheme should focus on bringing empty properties (commercial and residential) back into use or explicitly focus on empty homes. One regional lead reflected on this point through reference to a particular scheme that involved a number of commercial properties that had been empty since completion. The developer was submitting a Houses into Homes application to secure a loan to convert the premises into residential units. The lead officer viewed this as a quick and easy means of securing multiple applications against which funds can be drawn down from the Welsh Government. It was also recognised as contributing to efforts to increase supply. However, it was portrayed by the regional lead as only addressing one side of the empty homes equation - generating residential units but not bringing empty residential stock back into use.

5.15 It will also be important to monitor the extent to which local authorities respond to confirmation provided by the Welsh Government that paying for works in default to bring a property back into use is an appropriate use of Houses into Homes funding. Two local authorities expressed interest in utilising funds to conduct works in default, but reported that this option had not been pursued in the first year of the scheme because of initial uncertainty about whether this represented an appropriate use of funds.

## **Conclusion**

5.16 Within six months of the launch of Houses into Homes, local authorities were receiving enquiries, processing applications and had started to approve loans. As expected, the number of loans approved in this period was relatively small, reflecting the fact that attention during the

first six months of the scheme focused on developing the systems and processes required to deliver Houses into Homes. The number of enquiries received in this period suggests that significant latent demand exists for the scheme. Subsequent phases of the evaluation will monitor the extent to which this latent demand is converted into applications and approvals. The geographical distribution of applications and approvals, the question of who is receiving loans and the nature of the works being funded will also be questions that the evaluation will address going forward.

## 6 Emerging Benefits

### Introduction

- 6.1 It is too early in the life cycle of Houses into Homes to say anything robust about the additionalities associated with the scheme. However, regional leads and local authority empty homes officers did point to a number of positive differences and unforeseen benefits that were reported to be already arising from the Houses into Homes scheme. These are summarised below.

### An Additional Tool to Tackle Empty Homes

- 6.2 One of the most common observations was that the Houses into Homes scheme provides local authorities with an additional tool with which to tackle the problem of empty properties. This point is captured in the reflections of one regional lead, who referred to the scheme as providing a carrot to go alongside the stick of enforcement:

*in terms of the resource now we have something new, the carrot to add to the stick which is excellent cos of the resources issues we have in local authorities, that this money has been pumped in has been really good news for us ... it's easy going with the stick and throwing your enforcement weight around but we want to work with these people and we've finally got a carrot to dangle in front of them and it makes it that much easier to bring people on board. (Regional Lead)*

- 6.3 The scheme was also reported to be supporting wider efforts to tackle the problem of empty homes by prompting the owners of empty properties to get in touch with their local authority. This was reported by one regional lead to be a particular benefit in local authorities with a more limited history of empty homes work where contact with owners had been more limited. Contact provided the local authority with an opportunity to advise owners about *all* options open to them and to

highlight the full range of support and assistance available, as this regional lead explained:

*I think just by sending the letter out they've [owners] actually been able to respond to that and say 'I'm glad you've been in touch cos we inherited this house a couple of years ago, not really been sure what to do with it, are there any other options available to us?' that type of thing, so we can start talking about 'have you thought about just renting out, does it need any work doing on it? have you thought of selling it?' that type of thing. I think just generally bringing it to people's attention, especially if they've inherited it and they're not necessarily living in the local area, people tend to bury their heads in the sand sometimes about these things. (Regional Lead)*

## **Raising the Profile of Empty Homes Work**

- 6.4 The Houses into Homes scheme was also championed for its role in prompting local authorities with a limited recent history of working to bring empty homes back into use to dedicate greater resources to understanding and tackling the problem. This has included the appointment of dedicated empty homes officers. One regional lead reflected on how a local authority with little recent history of activity was now working to develop a better understanding of the problem and engage with owners:

*It'll be interesting to see at the end, two years ago what were local authorities doing on empties, how many were they bringing back, it'll be interesting to say what it is next year. I think that's when you'll start seeing it, you might not see much difference this year. I'm confident from our own experience that will be the case. [Local authority], for example, weren't doing anything on empty homes and now they're going out and doing a bit of research in terms of where they are and starting to engage the owners. They didn't do any of that before. It'll have a knock-on effect. (Regional Lead)*

- 6.5 In order to ascertain the extent to which benefits do accrue, the evaluation will monitor variations in the approaches employed by local authorities to tackle empty homes and any deviation from the baseline detailed in Chapter 3 in terms of the number of properties back into use..

## **Collaborative Working**

- 6.6 All regional leads spoke positively about the role of the regional group in providing a forum for local authorities to discuss and interpret advice and guidance issued by the Welsh Government and to determine their approach to delivering Houses into Homes. This was reported to be particularly useful for the local authorities with a limited history of empty homes activity and little experience of administering loans. Through the regional group, these authorities could up-skill quickly, utilising documentation (legal agreements, contracts etc), copying processes and building on lessons learned by more experienced authorities. There were also examples of officers from different departments, such as legal services, meeting up to compare experiences and approaches. The extent to which collaborative working extends beyond delivery of Houses into Homes to include other aspects of empty homes work will be explored in subsequent phases of the evaluation.

## **Bringing more Empty Homes Back into use**

- 6.7 Some regional leads questioned whether the target set by the Welsh Government of bringing 5,000 empty properties back into use by 2016 was achievable. This scepticism related not to the effectiveness of the Houses into Homes scheme, but doubts about the number of empty homes in Wales, reflecting questions about the accuracy of data on empty homes collected by local authorities (see Chapter 3). However, there was a general consensus among regional leads and the local authority empty homes officers interviewed, that the Houses into Homes scheme will serve to speed up the process of bringing properties back into use. Some respondents questioned whether there would be a reduction in the use of enforcement powers and compulsory purchases, given that they tend only to be used in extreme cases where all other options have been exhausted. This particular point - and the other

issues of additionality - will be explored in more depth as the evaluation progresses.

# Sheffield Hallam University

*Houses into Homes: First interim evaluation report*

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