
Welsh Empty Property Initiative

“Houses into Homes”

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Background

- Manifesto commitment
- Included in the Programme for Government
- £10 million recyclable loan fund (Revolving Fund)
- Promote collaborative working – 6 regions
- LAs expected to use all tools at their disposal to maximise numbers
- Government Target set – 5,000 brought back into use by end of Government term



Supported by Scheme

- **Empty for more than 6 months** or creation of new dwellings / conversion of commercial buildings e.g. LOTS/HARP (not new build per se)
- **Loans to sell** – renovate a property with a view to selling (Repayment period max. 2 years)
- **Loans to rent** – renovate a property and rent out (Repayment period max. 3 years)
- **Partnership fund** “works in default” to facilitate enforced sales procedure (Not CPO, EDMO etc)
- **National Steering Group** – consider and agree other proposals or options



National Loan Scheme

- Loans £25,000 per unit, maximum of £150K per applicant
- Secured as 1st or 2nd charge against a property
- Lend up to 80% Loan to Value, including any existing lending
- Properties expected to meet a reasonable standard on completion (No Cat 1 hazards, lettable standard, loose interpretation of WHQS)
- Do not offer loans where property will be occupied by applicant
 - other schemes available
 - ability to refinance in time scale (3 years)
 - possible negative PR (if recover debt- repossession)
 - compliance with mortgage guidance for 1st charges
- Valuation of security property based on a case by case basis



Loan Scheme (Application Process)

- Meet on site to discuss the viability of scheme
- Available funds including any Homes into Homes e funding (cash or equity available in relation to another property) – LTV 80% max
- Ownership arrangement (individual, joint, company or trust)
- Vat and tax strategies,
- Other possible options i.e. Private Sector Leasing / Social Lets , Auction etc
- Planning and Building Regulations in place
- **Try not to send application form out unless you consider the project viable**

If a viable project

- Application, loan agreements forms, loan booklet sent out to applicants
- Supported by LA (No debts owed to LA or poor previous conduct (prosecution) & area of housing low demand



Application Received

Application submitted

- Application fee £295 to £495 & £50/£70 Land Registry charge

Cost of works

- 2 quotes for the cost of the works or RICS surveyor costings (discuss)
- Low cost of works (1 quote may be acceptable) or work to LA schedule of rates (market tested)
- Overriding factor: reasonable price for the job

Consents

- Check Planning and Building Regulations are in place
- RICS valuation (value in current condition) (dispense with in certain cases)
- Local land charges search – LA provide free, dispense with or insurance route

Money Laundering & IDs

- Ensure Land Registry title matches full name and address on application form
- Meet all applicant in person and see original Photo ID passport / driving licence)
- Utility bill less than 3 months old (not mobile)



Application Received

Mortgaged Property

- If there is an existing mortgage against the property, then will need a letter of consent from Mortgage Company (deed of priority – Legal Services)

Cost of works exceed loan (works £50K – loan £25K)

- Evidence of adequate finance to make scheme viable (shortfall)
- Bank statement or mortgage offer

Credit check

- Basic check - www.insolvency.gov.uk - individual
- Application form - consent to credit check (Experian, if needed)
- **Company – 3 year accounts or not? (next slide)**



Church Conversion to Residential



Loan to Sell

Loan amount £140,000

PS Leverage £250,000

1st lender Max 60% LTV

HH - works to 80% LTV

Bank agreed to refinance
on completion

9-12 month development

Outcome

Six houses - 2 & 3 beds

High specification



Enforcement & Loan to Rent



Approach

- Unregistered Land
- No Known owner
- Imp Notices HA 2004
- Charge service of notice
- Enforced Sales LPA 1925
- Sold in Auction

Loan to Rent

Loan amount £25,000

PS Leverage £17,000

Social Letting Scheme



National Steering Group

- National Steering Group
 - Welsh Government
 - Welsh Local Government Association
 - 6 Regional Representatives
 - Project Consultant & Project Evaluation Team
 - Potential to extend to other groups in due course
- Six Regional Steering Groups
- £10 million recyclable loan fund, money “allocated” on a pro rata basis based on percentage of private sector stock
- Flexibility within regional groups to ensure spend.



Six Regional Groups

- Regions to set their own priorities and methods of working (principles terms of loan scheme are the same)
 - First come first serve
 - Allocation per Local Authority
 - Low demand areas (not appropriate) / ensure no conflicting products (grants)
- Each region appoints a banker – who collects info on applications received. Puts these into a claim, gets the money from us and distributes it to individual authorities
- Grant to be paid to regional bankers on basis of **applications received**
- Once repaid the money is then recycled into fresh loans based on priorities established by region.



Development of Scheme

- Hope the £10 million will be allocated this year – only 400 loans at maximum loan amount.
- National Steering Group maintains overview and monitors delivery
- Welsh Government provides support, co-ordinated by the Welsh Local Government Association
 - Media
 - website development
 - Project Consultant support



Review of Welsh LAs Approaches

Welsh Empty Property Initiative
“Houses into Homes”



Lavender & Wilson
Housing Training & Consultancy Ltd
June 2012



Llywodraeth Cymru
Welsh Government

- A study, prepared for and funded by the Welsh Government, provides a broad review of how local authorities in Wales are tackling empty homes
- <http://www.wlga.gov.uk/english/housing-publications/welsh-empty-property-initiative-houses-into-homes/>
- Empty Homes Good Practice Guidance



Llywodraeth Cymru
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Evaluation of Project

- Evaluation of the project by Sheffield Hallam University
- Programme evaluated from the start - 3 year contract
 - Loan Scheme
 - Loans processed (amount), processing time, default rate
 - Private sector leverage secured
 - Level of affordable housing provided
 - Types of intervention & private sector leverage secured)
 - Advice and guidance
 - Enforcement
 - Private Sector Leasing / Social Lettings / Lease and Repair
 - Reduced auctioneer/Solicitor fees, Home Improvement Agency
 - Customer/ client experience



Any Questions?

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