



# **Social Impact and Social Value: Evaluation Report for 2014-15**

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## 1. Introduction and Background

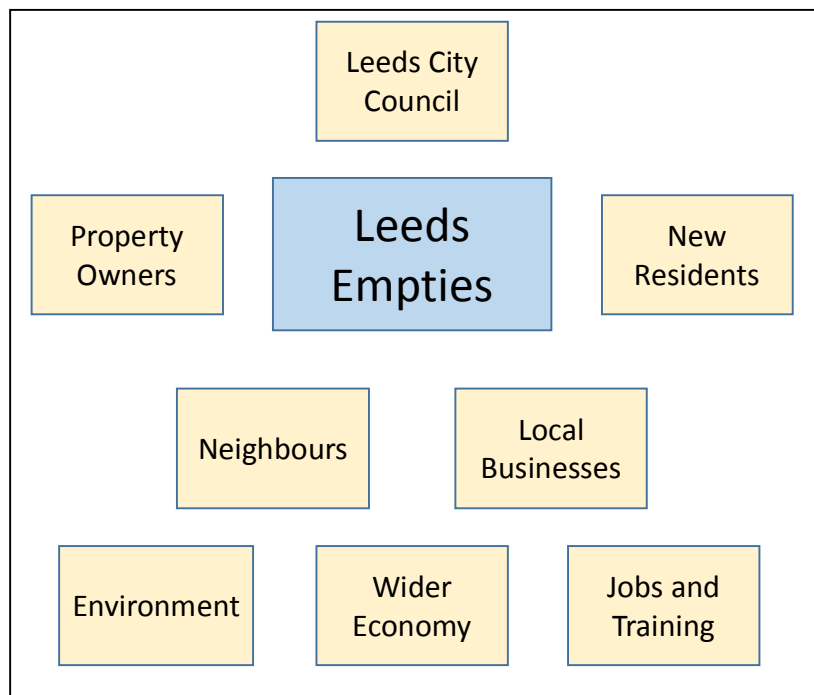
This report presents an independent evaluation of the work of Leeds Empties over the year April 2014 to March 2015. It builds on a previous social impact reports produced in March 2014 and October 2014, and identifies the achievements of Leeds Empties in three main areas:

- a) value delivered to Leeds City Council, in return for its funding of Leeds Empties
- b) value to the owners of empty properties whom it assists
- c) the wider impact and social value it delivers for the community of Leeds as a whole

Leeds Empties has been operating since 2013, and is committed to bringing empty properties back into use as homes, using a range of fresh and innovative approaches. These focus on its Empty Homes Doctor service, which provides personalised support to owners of empty properties, and publicity through its web site and social media. Leeds Empties is delivered by Social Business Brokers CIC, a social enterprise established in Leeds in 2010.

Leeds Empties has been funded mainly by Leeds City Council, which currently gives a grant of £100,000 in return for Leeds Empties achieving a target of 50 empty homes returned to use in 2014-15. Leeds Empties has also been supported by in-kind donations from the Deloitte Social Innovation Pioneers Programme. It has also received £5,000 from the RSA, £1,800 from the University of Leeds Careers Service to support a summer internship, £2,000 from The Nationwide Foundation to produce a short film, £5,000 from the Technology Strategy Board for an open data project and around £1500 in commission from businesses which have secured work via the Empty Homes Doctor service. Excluding in-kind support, this comes to around £115,300 in total for the year.

As identified in previous reports, Leeds Empties' work affects many different groups and individuals: Leeds City Council, property owners, new residents, local businesses and others. Whilst the Council has specific targets for bringing empty homes back into use, Leeds Empties' wider social impact includes the difference it makes to other 'stakeholders'. These stakeholders are summarised in the diagram below – those shown closest to the project being the most significant.



This report has been prepared by Andy Bagley of Real-Improvement, and includes recommendations for further development as well as demonstrating achievements to date. Data used in the report, including the text of the case studies in the Annex, has been compiled by Leeds Empties itself, recorded on its Zoho Customer Relationship Management (CRM) database and supported by staff knowledge of individual cases. Further information has been supplied by Leeds Council's Empty Homes Team, and by former owners interviewed by the consultant.

## 2. Leeds Empties: Key Numbers

Leeds currently has around 4700 empty homes, 90% of them privately owned. This figure has gradually reduced over recent years, thanks to the efforts of Leeds City Council's Empty Homes Team together with Leeds Empties. This section covers some basic data on what Leeds Empties has achieved over the past year.

In 2013-14 Leeds Empties worked with 127 empty home owners and brought 26 properties back into use against a target of 25. In 2014-15 its target was increased to 50, and Leeds Empties achieved 59 by 31 March 2015, working with 114 property owners over the period. The properties concerned had previously been empty for varying lengths of time, from six months to – in one case – twelve years. The average length of time empty is a little under 2½ years. Between them, these 59 properties had a total of 159 bedrooms.

Of the 59 properties brought back into use, 38 were let, 15 sold through an estate agent and 4 sold at auction (in the other 2 cases, the owner moved back or registered a change of use). This represents a ratio of roughly 2:1 rented to sold, which Leeds Empties believes is fairly typical. It is likely that many of the houses sold through estate agents and at auction have entered the rental market – as empty homes are often bought by investors who seek to rent out the property.

In addition to this, Leeds Empties identified 53 properties that were incorrectly shown as empty on Leeds City Council's database. Whilst these required no further action by Leeds Empties, they still count towards the New Homes Bonus that the Council receives from central government, and hence represent extra income for the Council.

Bringing empty homes back into use is not a quick process. The length of time from first contact to Leeds Empties completing their work varies considerably:

- 24% - 3 months or less
- 36% - 4-6 months
- 29% - 7-12 months
- 11% - over a year

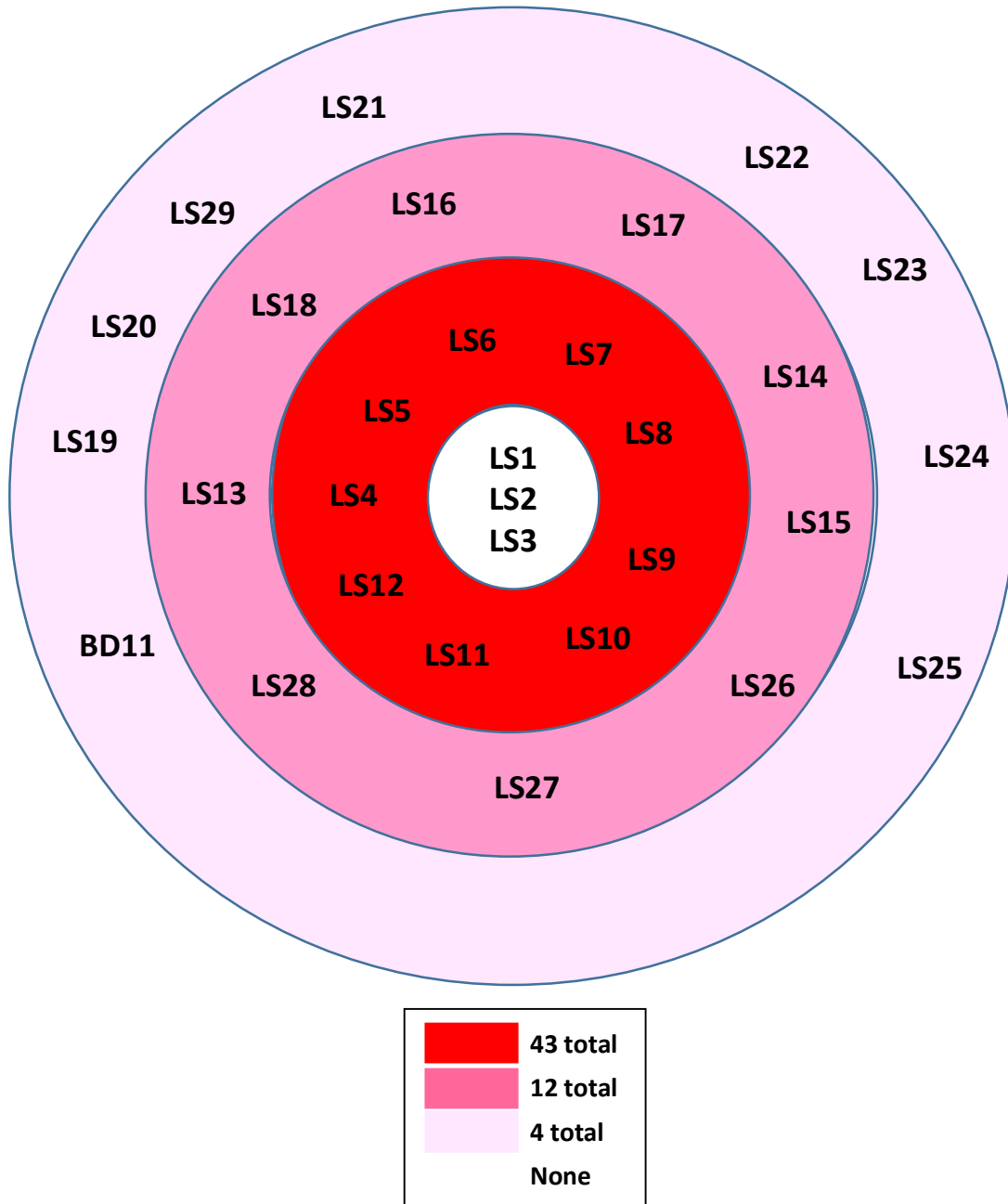
This is not unique to Leeds Empties however. The Council's Empty Homes Team also finds that bringing empty properties back into use takes time, especially when they use compulsory purchase.

For 2014-15, Leeds Empties agreed with the Council a strategy whereby the Council's Empty Homes Team would concentrate on inner-city parts of Leeds, whilst Leeds Empties would focus its efforts on some of the outer suburbs. This strategy has had some success, although there is evidence that Leeds Empties effectiveness is based more on owners in particular situations than on where their empty property is based (see Section 4).

The table below shows the number of properties Leeds Empties brought back into use for each Leeds postcode:

Postcode	No. of properties	Postcode	No. of properties	Postcode	No. of properties
LS11	14	LS7	3	LS6	1
LS12	8	LS13	2	LS28	1
LS9	7	LS4	2	LS27	1
LS8	4	LS25	2	LS19	1
LS14	4	LS15	2	BD11	1
LS10	4	LS16	2		

The stylised diagram below shows Leeds postcodes in terms of how far away from the city centre they are, and compares this with the number of properties Leeds Empties has brought back into use. It shows that most of its successes have in fact come from postcode areas fairly close to the city centre, rather than suburban areas further away.



### 3. What Leeds Empties Achieves for the Council

This section examines the outcomes that Leeds Empties achieves from the perspective of its principal funder, Leeds City Council. Whilst this focuses primarily on the Council's Empty Homes Team, other parts of the Council and its wider strategy also benefit from Leeds Empties' work.

The work of Leeds Empties complements that of the Council's own Empty Homes Team, and in some respects is quite similar. Both organisations try to bring back into use as many empty properties as possible, liaising with their owners to develop the best solution in each case. There are two major differences however:

- The Council is able to take enforcement action, including notices for repairs, carrying out repairs and charging the owner, and ultimately compulsory purchase if necessary. Leeds Empties does not have these powers.
- Leeds Empties is able to give more personalised support to home owners, "handholding" and working on behalf of owners in situations where the Council could not. Some owners may also perceive Leeds Empties to be more approachable than the Council.

Since its inception, Leeds Empties' relationship with the Council has developed so that each service currently targets areas of the city in which their respective approaches are believed to be most effective. Generally, the Council focuses on inner-city areas of high density housing, whilst Leeds Empties concentrates on suburban areas further from the city centre.

This is not an exclusive arrangement however. Leeds Empties' publicity draws enquiries from all parts of the city, and the Council has referred individual cases to Leeds Empties from inner-city areas where it believes that Leeds Empties can help. This strongly suggests that it is the nature of the owner's situation, rather than purely the geographical area, which determines where Leeds Empties' approach is most likely to succeed. This is followed up in the recommendations in Section 7.

Through helping to bring empty properties back into use, Leeds Empties has a positive impact on the Council in a number of ways:

- It supports Council strategy on reducing the number of empty homes, in order to maximise the amount of accommodation available in Leeds and enhance the overall appearance of the city. This in turn supports the Council's 'best city' strategy, aiming to make Leeds an attractive and prosperous place for people to live and work.
- It helps to bring additional income to the Council through the government's New Homes Bonus scheme. The amount awarded to each Local Authority is calculated by DCLG through a complex formula, but equates to approximately £1000 per year over a 6 year period, per empty property brought back into use.
- It provides the Council with more accurate data, for example when it finds that properties are incorrectly recorded as empty on the Council's database. This 'data cleansing' aspect involves relatively little effort for Leeds Empties, but still benefits the Council financially through the New Homes Bonus.
- It enables the Council to collect arrears or debts it is owed when these properties are sold or transferred. These arrears may accrue from a number of sources including Council Tax, enforcement notices, deferred works, and in some cases payment of residential care home fees by Adult Social Care. Whilst in principle the Council should eventually collect these debts

(through a charge on the property if nothing else), this could take a considerable time. There is the risk that such debts could eventually total more than the property's value, in which case the Council would lose out.

- It has a very modest impact on homelessness and the Council's housing waiting list. The number of properties it deals with is tiny compared to overall numbers on the waiting list, but some homes are made available for high-priority cases (see Case Study E in the Annex). As noted previously, the majority of empty homes Leeds Empties have worked on this year have entered the private rented sector.

There may also be wider benefits to the Council and city generally, in terms of enhanced profile and reputation through the publicity that Leeds Empties has achieved. The impact of this is very difficult to assess, although could eventually result in the Empty Homes Doctor model being adopted by other cities.

Set against this are two potential negative impacts for Leeds City Council:

- The Council charges 150% Council Tax once a property has been empty for two years. It will always expect to collect such charges eventually (with the rare exception above if the debt exceeds the property's value), hence bringing such properties back into use will reduce this aspect of Council income. Council policy nevertheless prioritises bringing empty homes back into use, and in any case only a minority of Leeds Empties' cases fall into this category.
- There is a cost to the Council in staff time spent liaising with Leeds Empties. This is a notional cost as the Council does not employ any extra staff for this purpose, and it should in any case be offset by a reduction in housing enquiries to the Council from the public.

The effect of these issues is very small compared to the New Homes Bonus that Leeds Empties helps to generate, so they have not been included in the calculations in Section 6.

Over the full year 2014-15, Leeds Empties has brought 59 empty properties back into use, significantly exceeding its target of 50. This also represents a significant increase on its total of 26 for 2013-14, as Leeds Empties' working methods have become established and longer-outstanding cases have been resolved.

However, it is not clear whether this increasing trend will continue, as the nature of Leeds Empties work means that it will tend to deal with more complex cases. Section 7 recommends how this should be addressed in terms of future work allocations, targets and information exchange.

In addition, Leeds Empties has also identified some 53 properties that were incorrectly recorded as empty on the Council's database. This "data cleansing" activity, whilst involving minimal work from Leeds Empties, should still contribute towards the Council's New Homes Bonus. (These cases are recorded separately rather than as part of Leeds Empties target.)

Leeds Empties succeeds because it is able to complement the Council's own services, achieving results where the Council would find this more difficult, or less economic to manage. Whilst the basic options are similar, Leeds Empties has the flexibility to provide a more personalised and in-depth approach. It can work with the owner and their property over a period of time, breaking down problems into manageable chunks and using its strong network of contacts to develop solutions. This type of service would not be practical for the Council itself to operate, and lies at the heart of the Empty Homes Doctor approach.

## 4. What Leeds Empties Achieves for Owners

There are many reasons why a property, having initially become empty, may remain so for a significant time. These reasons include:

- Owner has an unrealistic expectation of sale price (or sees it as an investment, hoping its value will increase)
- Negative equity perceived as precluding sale
- Disputed or unclear ownership, including probate situations
- Owner has a use in mind, but hasn't yet managed to do it
- Original or previous use (e.g. rented) no longer viable
- Owner intended to live in the property part-time, or keep it as a second home, but this hasn't worked out (this includes situations where the owner is unsure if their move elsewhere will be permanent)
- Owner cannot afford the investment needed to bring the property back to habitable standard
- No-one is able to make decisions on property (e.g. owner in care and no Power of Attorney)
- Inertia: owner doesn't know what to do (or what the options are) so does nothing

Overall, the main reasons for homes becoming empty are that the owner has died, moved into care, moved away from Leeds or had some other change in circumstances, or that a buy to let investment has gone wrong.

Leeds Empties can help in many of these situations with practical support to help owners implement their chosen solution. Whilst not all cases that Leeds Empties tackles are successful (some owners either decline its advice or simply will not communicate) property owners – and in some cases their relatives – benefit from Leeds Empties' work when their properties are brought back into use in a number of ways:

- Their property is either sold or is rented/leased. Either way, an asset that they previously could not access becomes a source of capital or income.
- Moreover, in almost all cases owners were having to pay to maintain an asset that they could not realise. This relates at least to Council Tax, whether at the standard rate or at 150% if the property had been empty two years. It could also relate to insurance, and to other forms of maintenance needed on the property, including any enforcement notices from the Council.
- Where the owner owns another home as well as the empty property, the outgoings on two properties can be considerable. Case Study D in the Annex gives an example of a property owner forced to sell the house she was living in because of expenses arising from the empty property.
- The strain can sometimes be emotional as well as financial. Some empty property owners report stress and anxiety from their situation, which is only relieved when Leeds Empties helps them to find a solution.



## Feedback from Property Owners

As part of this evaluation, the consultant interviewed a sample of six owners whom Leeds Empties had successfully helped over the past year. Their (former) empty properties were in many different parts of Leeds. The following points summarise their feedback:

- They had heard about Leeds Empties in a variety of ways including:
  - Leeds Council Empty Homes Team correspondence, including Leeds Empties leaflets enclosed (this correspondence sometimes contained several information leaflets, of which Leeds Empties was one)
  - Internet – either Leeds Empties own website or via the Council’s
  - Word of mouth from relatives who had seen other forms of publicity
- Whilst their individual situations differed widely, a common theme was that all of them wanted to bring their empty property back into use, but personal circumstances made it very difficult for them to do so. Some owners now lived far away; others simply lacked the contacts or experience to know what to do, and had found other professionals (e.g. estate agents, solicitors) unhelpful.
- Without Leeds Empties, most owners believed their property would still be empty, or at least that it would have taken much longer to bring back into use.
- There was no indication that the location of their property (e.g. inner or outer Leeds) made any difference to Leeds Empties’ ability to assist.
- All were very appreciative of the help they had received from Leeds Empties. They particularly commended the personal nature of the service and the way that the Leeds Empties team would "go the extra mile" in supporting them. This included such things as visiting or inspecting the property when the owner was not able to do so, and making direct contact with estate agents, letting agencies and other professional services on the owner's behalf.
- Whilst all owners thought of their empty property as a problem or source of concern that they were pleased to resolve, none of them said it caused them any serious mental health issues.
- No one cited any problems or difficulties in working with Leeds Empties.

The consultant also asked these owners two further questions:

1. Whether they would have been prepared to pay Leeds Empties a fee or commission (e.g. small percentage of sale price or rental income) for the service they received? Answers here were mixed; some said yes, others were less certain, the main difficulty being that they did not know at the outset what results Leeds Empties would be able to achieve on their behalf.
2. Why, in their view, Leeds Empties did not receive more direct enquiries from people in their situation (wanting to bring the property back into use but not able to do so)? Not everyone offered a view here; those that did felt the main reason was lack of awareness, in that Leeds Empties current publicity did not reach everyone who needed its help. Two owners specifically suggested that advice from Leeds City Council’s Council Tax Department (as distinct from its Empty Homes Team) would help raise awareness.

Both of these points, together with other feedback from owners, are followed up in the recommendations in Section 7.

## 5. What Leeds Empties Achieves in Wider Social Value

This section considers wider outcomes that Leeds Empties achieves, beyond those for the Council and owners. These other 'stakeholders' are broken down into the various sub-headings below.

### New Residents

It is not practical for Leeds Empties to record exactly how many people move in to the properties they help bring back into use. However, we can safely assume that the number of people or families moving in is at least equal to the number of cases completed (more where the property is multi-occupied, although this does not apply to many Leeds Empties properties).

We can also assume that most of them gain at least some benefit from moving – otherwise they would not have done so. Exceptions to this may occur at the lower end of the private rented market where landlords sometimes move people on, but in most cases new residents benefit by moving to a new home more suited to their needs.

In some cases where a property changes hands, the new owner or leaseholder may derive additional value from further investment in the property, for example through refurbishing and renting it out. Case Study E in the Annex gives an example of a property taken on by a social enterprise, which can in turn generate a range of wider social benefits for the people it works with as well as new tenants.

### Local Businesses

The businesses that benefit directly from Leeds Empties' work include:

- Estate agents and letting agents involved in selling or letting properties
- Solicitors who provide services for house sales and purchases
- Others who may be involved in the sale process, such as surveyors and EPC providers
- Local tradespeople (e.g. builders, plumbers, electricians) who may be involved in work needed to bring an empty property back to the standard needed to sell or let.

Whilst a few of these services (e.g. conveyancing) could be provided remotely, most will be delivered by local businesses in Leeds, bringing financial benefits to the area. The value of the extra business that Leeds Empties generates for them can be counted directly and is shown in Section 6.

### Jobs and Work Experience

Leeds Empties has created a new permanent post during the current year. Whilst paid for from core Council funding, this still provides a social impact that at least matches the person's salary.

Beyond this, the extra income that Leeds Empties generates for local businesses can reasonably be expected to create a small number of new jobs, which in turn reduces government welfare spending.

Leeds Empties also provided a summer placement for a student from the University of Leeds. Whilst not directly related to his degree course, the student found the placement valuable in gaining wider experience of the business world and of social enterprise in particular. He gained a mix of entrepreneurial and social enterprise skills, and as a result wants his future employment to have social as well as financial benefits. Leeds Empties has also found the experience very valuable, and is considering year-long internships for the future.

## Neighbours

One of the most difficult things to establish for this evaluation has been what impact, if any, empty properties have on neighbours or local communities. In principle, empty properties could have a negative impact on near neighbours for various reasons:

- empty properties can attract vandalism, or become places of drug and alcohol use (one of the owners the consultant interviewed said her empty property had been broken into and used as a cannabis farm)
- the possibility that damp in an empty building could seep through to neighbouring properties
- the general environment of the area – lived in rather than semi-derelict, and consequent impact on property values

Agencies often describe empty homes as “a blight on local communities<sup>1</sup>”. In practice however, hard evidence of such impact is very limited. When asked directly whether they would prefer a neighbouring empty house to be occupied, many people respond along the lines of “it depends who moves in”. From another study that the consultant has been involved with in Leeds, evidence is that most local people regard empty houses nearby as a minor issue; they are much less concerned about empty properties than about issues such as noise, antisocial behaviour, dog-fouling or litter.

Nevertheless, there is evidence of some empty properties causing problems for neighbours. Leeds City Council receives several hundred complaints each year from neighbours, although this is still a small figure compared to the number of empty properties in Leeds. Analysis also indicates that complaints arise almost entirely from properties that are ‘visibly’ derelict (i.e. boarded up or in a poor state of repair).

The conclusion is that Leeds Empties work benefits neighbours in a small proportion of cases (estimated as around 10%) where:

- a) The property is visibly derelict or very poorly maintained; and
  - b) This is out of keeping with the local area (i.e. it is not in a blighted area with many such properties), and hence may affect the value of neighbouring properties or cause other nuisance
- In these few cases Leeds Empties’ work should have a positive impact on immediate neighbours; in others there is no real evidence of significant impact (local people may talk about it being “a waste” rather than a significant nuisance).

## Others – Secondary Impact

The analysis of who benefits from Leeds Empties work could be taken further by considering further implications such as:

- The wider environment, where refurbished homes meet higher ‘green’ standards
- Fuel poverty: some families may be brought out of fuel poverty through better housing
- Suppliers and subcontractors to the primary businesses listed above
- Other Social Enterprises, such as LATCH (see case study E in the Annex) may generate further social value through the work they do
- Business and employment levels can have wellbeing benefits, as well as direct financial benefits, for those gaining employment.

The limitations of this evaluation, as the principle of not over-claiming, mean that these factors have not been analysed in detail or costed in Section 6. They may be reconsidered in the future however.

<sup>1</sup> DCLG: *New Homes Bonus: final scheme design*, February 2011

**Income for the Project**

Leeds Empties' ability to attract funding other than from the Council is not a social impact in its own right, but does demonstrate the viability of its operation and ability to generate further value. Some achievement has already been noted here, including RSA, Leeds University, Technology Strategy Board, The Nationwide Foundation and commission-based funding, and there may be opportunities to extend this further.

Leeds Empties has also been successful in generating interest in the work of empty homes social enterprises in the city. With support from the Nationwide Foundation they produced a short film about the achievements of Latch, Canopy and Gipsil, and they also were featured on BBC Look North and Made In Leeds TV.

## 6. Estimating the Social Value Achieved

This section explains how social value has been estimated from the data in Sections 3 to 5. In some cases there are direct financial benefits; in other cases social benefits have been given a proxy financial value as explained below. (NB: Social value in this context includes the value Leeds Empties achieves for all stakeholders, including property owners and public bodies such as the Council.)

### Leeds City Council

The value to Leeds City Council from the government's New Homes Bonus scheme is approximately £6000 for each empty property brought back into use. This is made up of around £1000 per year over a six-year period, but for simplicity the social value for each property is counted once only in the current year (NB: This assumes that the New Homes Bonus scheme will continue in its present form, although this seems likely as it has been designed on a long term basis.)

This is offset by reduced Council Tax income, from 150% to 100%, when properties empty for over two years come back into use. Based on a Council Tax band B property, this comes to around £45 per month, or £540 per year. However this only applies to cases where the property has been empty more than two years, which accounts for about 25% of the cases that Leeds Empties deals with.

Total value to the Council from 59 properties is estimated at £354,000, using a New Homes Bonus figure of £6,000 per property – just above the Band A rate as most Leeds Empties cases are in this Council Tax bracket, with a few higher. From this a deduction of £540 has been made for 15 of the properties as explained in the previous paragraph. This gives a net value to the Council of £345,900 (NB: This does not include the added New Homes Bonus from 53 properties that Leeds Empties found incorrectly recorded as empty).

Costs in terms of the Council's liaison time have not been estimated, as there are both positives and negatives to this (see Section 3). Whilst not strictly a factor in terms of social value, it is also the case that Leeds Empties helps the Council to recover outstanding debts quicker than it otherwise would (see case studies E and H in the Annex).

Whilst the Council acknowledges the wider social benefits that Leeds Empties achieves, it does not fund Leeds Empties for this purpose. Hence, this wider social value is detailed in the subsections below rather than as a benefit to the Council.

### Property Owners

Leeds Empties has developed a calculation showing that a typical empty home costs an owner £650 per month<sup>2</sup> - £7,800 per year. (This includes mortgage payments, and hence does not take account of the asset value of the property.) For the 59 cases completed during 2014-15, this comes to a total of £460,200 per year.

This is purely a financial calculation and does not include relief from stress and anxiety. Whilst the property owners interviewed confirmed this was a factor, their feedback does not indicate it is a serious mental health issue. For this reason it is not considered appropriate to attribute any financial valuation to this aspect.

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<sup>2</sup> Calculation explained at <http://www.leedsEmpties.org.uk/leeds-empty-home-owners-stop-wasting-money-and-talk-to-the-doctor/>

## New Residents

Those who move into a previously unoccupied property must have a reason to move, and therefore usually benefit in some way from moving. This is a social value rather than a direct financial benefit, and can be valued in a number of ways. The simplest assumptions are:

- Owner occupiers benefit by at least the cost of moving house (all expenditure excluding the sale price of the property). The figure used is an average for such expenditure: £1,385<sup>3</sup> per move.
- Most tenants can be assumed to have improved their situation from where they were previously living (we have estimated that this applies in 75% of cases). The value of this is estimated using published data on the difference in compensation value between 'poor' and 'average' private rented accommodation: £700 pa<sup>4</sup>.

Based on the proportion of final outcomes between these two categories, the estimate of value achieved here for 2014-15 is £42,825.

## Local Businesses

Income to local businesses is estimated as follows, based on typical transactions:

- Estate agents: an average of £2,000 per property sold (a total of £30,000 for the 15 properties sold through estate agents)
- Auction houses: an average of £2,000 per property sold at auction (£8,000 for the 4 properties sold in this way).
- Letting agents: an average of £600 per year per property let (this could be an ongoing income but depends on how often the property is actually let and for how long, so has been taken as a one-off figure here). For the 38 properties brought back into use in this way, this comes to £22,800.
- Others who may be involved in the sale process, e.g. solicitors, surveyors, EPC providers and removal firms. An average figure quoted here is £1,385 per move (see New Residents above) – so £20,775 for the 15 properties sold privately.
- Local tradespeople: Leeds Empties has tracked 34 of the cases completed in the current year, where spending on refurbishment totals £260,000. (This indicates an average of £7650 per property, although this is probably an underestimate, as work may well have been done on other properties that Leeds Empties is unaware of.) This is a substantial figure that represents valuable income for local businesses.

Adding the estimates above, Leeds Empties has brought business worth over £340,000 to the Leeds area over the 2014-15 year.

<sup>3</sup> Source: [reallymoving.com](http://reallymoving.com), 2013

<sup>4</sup> Source: *The Social Impact of Housing Providers*, HACT/Fujiwara, 2013

## Neighbours

This can only be a very rough estimate, but evidence from Section 5 suggests that four neighbours (two on each side) from each of five properties that Leeds Empties worked on might experience some benefit from it being brought back into use. The valuation used here of £436<sup>5</sup> per person per annum is based on facing vandalism as a local problem; assuming 20 neighbours affected the total is £8,720.

## Effect on Jobs

The extra post created by Leeds Empties during the year has been given a notional value of £26,500<sup>6</sup>.

Because value to local business is already covered above, including value to employees in terms of their salary would be double-counting. However, if businesses take on new employees, there should be an impact on central government from reduced welfare payments. (This does not assume that businesses recruit directly from the unemployed, but anticipates at least some 'knock-on effect' on unemployment levels.)

The relationship between business and employment levels is complex; there is no simple formula that relates economic growth to job creation. However, we can reasonably suppose that the added income of over £340,000 has some effect, and have assumed that it leads overall to the creation of 5 new full-time-equivalent jobs. Based on JSA payments and average housing benefits, this comes to £165.38<sup>7</sup> per week, or £8,600 per person per year – £43,000 if we assume 5 new jobs.

## Social Value in Total

Adding all the above figures gives a total estimate of £1,244,245 for the overall social value created by Leeds Empties over the course of 2014-15. Compared with the total investment of just over £115,300, this gives a benefit-cost ratio of about 10.8:1 – almost £11 for every £1 invested.

### Note on social value calculation:

This is a cost-benefit analysis rather than a full Social Return on Investment analysis. In calculating the ratio, investment by property owners in refurbishment, and by central government in funding the New Homes Bonus, has not been counted. This is because these investments are recovered through an increase in asset value and achievement of policy objectives respectively.

All benefits have been counted for the current year only, except for the New Homes Bonus, which is counted as a single figure although payment is spread over six years.

<sup>5</sup> Source: *The Social Impact of Housing Providers*, HACT/Fujiwara, 2013

<sup>6</sup> This is the UK national average earnings figure, before tax and NI

<sup>7</sup> Source: DWP JSA rate for a single person age 25+ = £72.40pw; average weekly housing benefit in payment at November 2014 = £92.98pw

## 7. Conclusions and Recommendations

Leeds Empties has shown itself to be a highly successful social enterprise, and has made significant progress beyond the achievements of its first year. Over the year 2014-15 it has brought 59 empty properties back into use, an increase on its first year and exceeding the Council's target of 50. It has also generated substantial benefits for owners, new residents, local businesses and others.

Leeds Empties has achieved this through its new and innovative ways of working. It collaborates with the Council's Empty Homes Team and, whilst the options it offers owners are similar, it can reach and engage people in situations the Council finds more difficult. It also offers highly personalised support and advice that owners appreciate, and can deal with very complex situations. Whilst some of these cases can be time-consuming, Leeds Empties has learned from experience and refined its working methods to operate more efficiently.

This section summarises Leeds Empties' achievements, and makes some recommendations for further strengthening its ways of working.

### Working with Leeds City Council

Leeds Empties has successfully achieved its target from Leeds City Council for the year, bringing 59 properties back into use against a target of 50. The benefit to the Council in terms of New Homes Bonus exceeds the cost of the contract with Leeds Empties – so the Council is 'in profit'.

Whilst this does not in itself prove that the Council could not make a better 'return on investment' by employing more of its own staff, the real benefit lies in the way that Leeds Empties brings empty properties back into use in ways that Leeds City Council cannot. This is best illustrated by describing four types of situation that characterise empty property owners<sup>8</sup>:

1. Owners who bring their empty properties back into use by themselves, with no prompting.
2. Owners who can bring their empty properties back into use by themselves but need a "nudge" (this could be just a reminder letter, the increase to 150% Council Tax, or something in their personal circumstances that prompts them to take action).
3. Owners who want to bring their empty property back into use but who cannot, for a variety of reasons, do it by themselves. These owners are the ones that Leeds Empties is best able to help, particular where the owners' problems are difficult or complex ones.
4. Owners who will do nothing until enforcement action is taken – these cases can only be dealt with by the Council.

Leeds Empties works most effectively in Category 3 because it is able to provide practical support for empty property owners in ways that the Council cannot. These include direct contact with estate agents, lettings agencies, auction houses, solicitors and other professionals, and the ability (with permission) to act directly on the owner's behalf in a wide range of situations.

**Recommendation 1: Leeds Empties should continue to strengthen its collaboration with Leeds City Council's Empty Homes Team, so that the Council quickly identifies and refers suitable Category 3 cases, and Leeds Empties promptly refers Category 4 cases as soon as it recognises these.**

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<sup>8</sup> The consultant thanks Leeds CC Empty Homes Team for suggesting these categories



The present 'division of labour', which has Leeds Empties targeting outer Leeds areas whilst the Council focuses on inner-city areas, has not proved effective. The postcode breakdown in Section 2 shows that the majority of the properties Leeds Empties has brought back into use are in areas close to (though not actually in) the city centre. Feedback from owners also confirms that the owner's situation, rather than the location of their property, is key to determining where Leeds Empties is best able to help.

**Recommendation 2: The current division of work with the Council, based on outer Leeds and inner Leeds, should be discontinued in favour of the above division of roles based purely on the owner's situation.**

Collaboration between the Council's Empty Homes Team and Leeds Empties also has an element of competition at the moment, because their work can overlap, and because each team has its own separate targets. There is potential for better collaboration and greater overall achievement by combining these targets, so that everyone is incentivised to bring the maximum number of empty properties back into use.

**Recommendation 3: Targets for the number of empty properties brought back into use should be set jointly between Leeds Empties and the Council, based on the best way to use their combined resources to tackle as many empty homes as possible**

Finally, accuracy of Council data on empty properties has been raised, both in terms of 'data cleansing' and for Leeds Empties to obtain the information it needs. This is an issue that the Council is actively working to improve, although constraints of data protection and reliance on owners themselves to provide information mean that the situation will never be perfect.

**Recommendation 4: Leeds Empties should continue to liaise with the Council on future enhancements to its information systems and availability of data for Leeds Empties**

### **Working with Owners**

With around 4700 empty properties in Leeds, the proportion of owners who have made use of Leeds Empties services remains small. Given that the service is free, has no drawbacks and clearly delivers substantial benefits to owners, it is hard to see why more owners do not make use of it. Whilst no analysis of the numbers of owners in categories 1 to 4 above is feasible, common sense suggests that there must be many more in category 3 than Leeds Empties has worked with to date.

Feedback from owners suggests that lack of awareness is the main reason, and it is hard to see what other reason there might be. Leeds Empties could address this by continuing to broaden its publicity messages, particularly bearing in mind that many empty property owners will be older people less likely to use the Internet or social media.

**Recommendation 5: Leeds Empties should continue to develop its publicity to target owners in Category 3 situations, especially those who do not use the Internet or social media. In particular, Leeds Empties should liaise with the Council so that Council Tax services for empty property owners includes information about Leeds Empties.**

Since owners benefit substantially where Leeds Empties succeeds in helping them, potential for making the service chargeable one has been explored. On balance, this is not recommended because:

- a) the prospect of a fee or commission would almost certainly deter some empty property owners, particularly as Leeds Empties cannot guarantee at the outset what results it will achieve
- b) Leeds Empties works alongside the Council's Empty Homes Team, which provides some similar services (although not as extensive) at no charge.

**Recommendation 6: Leeds Empties should not charge for its services to owners, but should continue to pursue the option of commission from third parties where this is appropriate.**

### **Wider Social Impact**

Leeds Empties is a social enterprise that aims to have a positive impact on communities in Leeds. This is most evident in the extra business it has brought to local tradespeople – builders, plumbers, electricians and others involved in refurbishing empty properties – which may well exceed the £260,000 from work that it is aware of. Solicitors, letting agencies, estate agents and others involved in property transfer also benefit from increased business, and the vast majority of all of these benefits will accrue in the Leeds area. The amount involved almost certainly means a positive impact for jobs in the area as well.

Benefits to neighbours and the local environment are less evident, because most empty properties do not cause any inconvenience. There are a few cases though where derelict properties do blight an area, and here local residents will certainly be pleased to see the property returned to use.

## Annex: Case Study Examples

This annex uses case study examples to highlight the impact of Leeds Empties' work. These case studies cover a range of situations across different parts of the city, explaining how Leeds Empties has worked with owners to develop solutions, and the results achieved. These results are shown in relation to the different stakeholders – Leeds City Council, owners and others – that they affect.

### Case Study A

Mrs H inherited her back-to-back terrace property in April 2011. She hired a contractor to begin renovations on the property, with the hope of letting it out once the work had been completed.

Mrs H felt compelled to contact Leeds Empties when she received a letter from Leeds City Council outlining the service. At the time she was having great difficulty with her contractor who had disappeared along with her money, having not completed the work.

Leeds Empties spoke to the Engage Partnership who, at the time, had funding from the Homes and Communities Agency. The funding allowed Engage to take out long term leases on properties, renovate them and then let them out to people on the local Council housing waiting list.

Unfortunately, Engage felt that the project would be too expensive for them to take on and also confirmed fears that the contractor had mis-sold Mrs H a cellar conversion, which had never been completed. Faced with a huge hole in the front garden and a contractor who had absconded, the financial pressure was beginning to mount for Mrs H.

Leeds Empties discussed all the options available to Mrs H who decided that the best thing for her to do would be to sell at auction.

The house was sold at auction in March 2014 and achieved £17,000 more than the estimated valuation. Mrs H was very happy with the eventual sale. In the space of a few months, Leeds Empties helped her understand the options available and made it easy for her to make the decisions that led to a successful outcome. At the time of writing, the property is undergoing extensive refurbishment so that it can be lived in once again.

Who Benefits	How They Benefit
Leeds City Council	Another long term empty property back into use as a home, and a contribution towards the Council's New Homes Bonus allocation
Owner (Mrs H)	Asset value of property realised from sale (more than expected) No longer paying 150% Council Tax or other outgoings on the property. Relief from the stress and anxiety that the property was causing her
New owner	A property to develop and bring back into use as a home following refurbishment
Auction House	Commission value of the sale
Local tradespeople	Value to new contractor(s) of building work needed to bring the property back into use.

## Case Study B

Mr L has Power of Attorney for his uncle, who went into care in 2007. His uncle's property, a 2-bed semi-detached house became empty at that time and had remained so for six years. Mr L received a letter from the Council detailing Leeds Empties' service and got in contact with them in November 2013 – at the time unsure of what he wanted to do with the property.

Although he had access to funds for renovation work, Mr L was also considering selling the property – on which he was now paying the 150% long-term empty Council Tax premium. Leeds Empties helped Mr L explore all of the options available to him and put him in touch with Let-Leeds, a local lettings agency. Let-Leeds gave him an estimate for the renovation work that would be required to bring the property up to letting standard, along with a quotation of what he could expect to achieve in rental income following the completion of the this work.

Mr L decided to proceed with the renovation work through Let-Leeds, and this work was completed in April 2014. His property was snapped up immediately on the letting market and is now in use as a family home. Leeds Empties were delighted that Mr L's property was renovated to such a high standard and that his uncle is now benefiting from the rental income it is generating.

This case highlights how Leeds Empties is able to work with third parties on behalf of the property owner, provided they give consent. In this respect Leeds Empties is able to offer support beyond that which Leeds City Council is able to offer.

Who Benefits	How They Benefit
Leeds City Council	Another long-term empty property back into use as a home, and a contribution towards the Council's New Homes Bonus allocation (In some cases like this, residential care home fees being met by Leeds CC Adult Social Care could be recovered – not known if this is the case here.)
Owner (Mr L's uncle)	Income from property rental helps to pay care home fees No longer paying 150% Council Tax or other outgoings on the property.
Relative (Mr L)	Maximising the value from his uncle's estate, some of which he may eventually inherit Satisfaction from seeing a family home back in use
New tenant	A new family home, more suited to their needs
Let-Leeds	Rental management fee
Local tradespeople	Value to contractor(s) of building work needed to bring the property to a standard suitable for letting

## Case Study C

Mrs S moved away from Leeds in 2009, leaving empty the spacious three-bed property she owned and had previously lived in. Prompted into action by a letter from Leeds City Council outlining Leeds Empties' service, she first got in contact in January 2014.

Not only without power or water, the property had also been broken into by squatters and was in complete disrepair. It was in need of a complete renovation. Mrs S felt that she was unable to oversee renovation work on the property herself as she no longer lived in Leeds.

Mrs S's property was in an area which experiences problems with underpinning, meaning many people are unable to obtain mortgages. Owing to this and the condition of the property, Mrs S decided that the best option would be to auction the property. Leeds Empties arranged for two local auction houses to meet them at the property and offer their estimations.

Auction House sold Mrs S's property in July 2014, for substantially more than Mrs S expected. Leeds Empties was able to deal with a lot of the work on behalf of Mrs S as she was unable to make regular visits to Leeds. Leeds Empties were able to make the process a lot easier and more manageable, and prevented the property from remaining empty – which it undoubtedly would have done without their intervention.

Who Benefits	How They Benefit
Leeds City Council	Another long-term empty property back into use as a home, and a contribution towards the Council's New Homes Bonus allocation
Owner (Mrs S)	Asset value of property realised from sale (more than expected) Resolution of the financial and other problems that the empty property was causing her – no longer paying 150% Council Tax and other outgoings
New owner	A property to develop and bring back into use as a home (The property has been bought by an investor who plans to extensively renovate it)
Auction House	Commission value of the sale
Local tradespeople	Value to contractors of the building and refurbishment work that will be needed to bring the property back into use
Neighbours	This is an example of a derelict property in an area where many are owner-occupied. As well as being an eyesore it could well affect local house prices, so neighbours will be pleased to see it back in use.

## Case Study D

Mrs H purchased her first buy-to-let property in 2005, which was at the time divided into six fully tenanted units. Problems began when within four weeks of Mrs H buying the property all of the tenants moved out. Mrs H later found out that the tenants had in fact been paid to live there during the sale – which made the property seem a much more attractive investment opportunity.

Faced with paying Council Tax on six empty units, Mrs H arranged for property to be converted once again from six flats to one home. Mrs H arranged for a new central heating system to be installed at the property, which was then stolen within twenty-four hours of it arriving at the property. The final straw came when the replacement central heating system was again stolen within the first day of being installed. Deciding that there was no option but to cut her losses, Mrs H boarded up the house and it remained empty for the following eight years.

Prompted into action again when another break-in landed Mrs H with a large bill from the Council to board up the basement, she contacted Leeds Empties for assistance. They arranged for the property to be boarded at a much cheaper rate and started the wheels in motion to get the property back into use. Due to financial pressures, Mrs H had no option but to sell her family home and move in with relatives – her empty property forcing a drastic change in her personal circumstances.

Leeds Empties helped Mrs H explore all of the options available to her before she decided that the best option for her would be to renovate the property to let. Contacting local suppliers, they helped her to undertake a complete renovation of the house – organising a new central heating system, kitchen, bathroom, flooring and redecoration throughout. They also sorted out the damp problem that was present throughout the property – a result it being empty for so long.

Mrs H's property was finally let in July 2014. Having been Leeds Empties' of our greatest challenges, this case highlights the great stress owning an empty home can cause a family, both personally and financially. It also highlights the extent to which Leeds Empties is able to help property owners in difficult situations.

Who Benefits	How They Benefit
Leeds City Council	Another long-term empty property back into use as a home, and a contribution towards the Council's New Homes Bonus allocation
Owner (Mrs H)	Income from property rental No longer paying 150% Council Tax or other outgoings to maintain the property Relief from financial and emotional stress that the property was causing her
New tenant	A new home, more suited to their needs
Letting agency	Rental management fee
Local tradespeople	Value to contractor(s) of building work needed to bring the property to a standard suitable for letting

## Case Study E

Mrs L's 2-bed terrace house had been empty since she moved into sheltered accommodation more than six months previously.

Mrs L contacted Leeds Empties in March 2013 after receiving a letter from the Council on behalf of Leeds Empties, explaining their service. At the time, Mrs L saw her property as a 'safeguard' – she felt secure knowing that it would be there should she ever need it.

At the time, the Homes and Communities Agency ran a scheme which made money available to local social housing providers to take empty properties on to long-term leases. These providers then brought to a good standard and rented them out to people on their waiting lists. In Leeds, these social housing providers were LATCH, Canopy, Fresh Horizons and Connect Housing, working together as The Engage Partnership.

For Mrs L, the scheme was perfectly suited to her circumstances, as she had no mortgage and was happy to agree to a long-term rental contract. LATCH agreed a lease on the property and began renovation. The cost of the work will then be repaid to them through a percentage of the monthly rental income, until it is fully paid off.

Mrs L was happy to see her empty property brought back into use in this way, whilst also being able to retain ownership of the property. The Engage Partnership's scheme suited Mrs L as she could benefit from a share of the rental income, but she didn't have to manage the renovation work herself, or pay any contribution to it up-front.

Leeds Empties are able to give information on schemes that people may not otherwise be aware of. In this case they were able to offer Mrs L a solution that brought her empty property back into use in a way that perfectly suited her needs.

Who Benefits	How They Benefit
Leeds City Council	Another long-term empty property back into use as a home, and a contribution towards the Council's New Homes Bonus allocation Housing provided for someone who is high priority on housing list
Owner (Mrs L)	Part of income from property rental (some of which goes towards the cost of refurbishment) Able to retain her property as a long-term asset, knowing that it will be properly managed and has been renovated to a high standard No longer paying Council Tax on the property
New tenant	A home for someone who is high-priority on the waiting list
The Engage Partnership (LATCH for this property)	Part of income from property rental (some of which goes towards the cost of refurbishment and LATCH running costs) Contribution to their objectives on housing, training and future employment
Local tradespeople	Some of the building work needed to bring the property to a standard suitable for letting (where this is not done by LATCH volunteers)

## Case Study F

One reason is that homes become empty is that owners move away from Leeds and find it difficult to deal with the practicalities of bringing the home back into use. One such owner got in touch with Leeds Empties in August 2014. Mr A owned a flat near the centre of Leeds, which he had lived in until he moved abroad for work a year ago. He had planned to rent it out but struggled to deal with all the practicalities whilst living abroad.

He got in touch with Leeds Empties during a brief visit to Leeds. Leeds Empties arranged to meet him the day after he got in touch, as it was clear that they needed to move quickly in order to progress things whilst he was in the country.

During the initial phone conversation it became clear that the owner wanted to rent the flat out, so Leeds Empties arranged for letting agents to meet them at the flat at the same time. They were able to offer feedback on work that would need to be carried out in order to rent it out, and they also gave guidance on how much it would rent for. Mr A also agreed to leave keys with Leeds Empties so that they could deal with practicalities whilst he was out of the country.

After the visit Leeds Empties produced a detailed Empty Homes Doctor report. They discussed details via email over the next fortnight, and as a result Mr A agreed to invest in renovating his flat, using contractors who work with local letting agent Let Leeds.

Let Leeds liaised with Mr A to arrange for the work to be carried out, including replacing carpets throughout, and new furniture. Let Leeds then marketed the flat, and a rental was agreed within a week of it going on the market.

After over a year empty, this two bedroom flat was occupied again within four months of Mr A getting in touch with Leeds Empties.

Who Benefits	How They Benefit
Leeds City Council	Another long-term empty property back into use as a home, and a contribution towards the Council's New Homes Bonus allocation
Owner (Mr A)	Income from property rental which more than covers the cost of refurbishment and his ongoing costs as an owner.
New tenant	A new home near the centre of Leeds, suited to their needs
Let-Leeds	Rental management fee
Local tradespeople	Value of redecoration work and new furniture needed to bring the property to a standard suitable for letting

## Case Study G

Sometimes Leeds Empties' role involves talking with the owner of a house that has been For Sale for a while, and exploring with them and the estate agent what can be done to give the home a better chance of selling.

Mr P, who owned a long-term empty home in east Leeds, got in touch in October 2014. He moved out of the house in 2008 when he found work in the Midlands, and had rented out the house since then. But when his long-term tenant moved out in late 2013, he decided to sell.

He put the house on the market with a local estate agent early in 2014 but there had been little interest. Mr P got in touch with Leeds Empties to ask for help, and after meeting him at the property he agreed that Leeds Empties could talk with his estate agent – one whom they had worked with in the past.

The agent explained that they had encouraged Mr P to lower the asking price, as similar houses nearby were selling at a slightly lower price. Mr P had been reluctant to do this, but when Leeds Empties gave him this feedback and explained how much money he was spending each month that the home was empty, he agreed to reduce the asking price.

Leeds Empties asked the agent to take new photos of the house, and to re-launch it with an open-viewing weekend. The house sold at the new asking price within weeks of it being re-marketed.

This story demonstrates that whilst many of the cases Leeds Empties works on are complicated and can take 6 months or more to resolve, there are some where a simple intervention – such as helping the owner and the agent to negotiate a way forward – can result in a long-term empty home coming back into use.

Who Benefits	How They Benefit
Leeds City Council	Another long-term empty property back into use as a home, and a contribution towards the Council's New Homes Bonus allocation
Owner (Mr P)	Asset value of the house realised through sale, and the burden of ongoing running costs removed.
New owner	A new home at a good price, suited to their needs
Estate agent	Commission value from sale, and a long-outstanding property sold



## Case Study H

Homes sometimes remain empty when an older person moves into long-term care. For a range of reasons, the person themselves and their family can be unsure what to do about their home, and as a result it can remain empty for a long time.

In July 2014, the Council's Empty Homes Team contacted Leeds Empties about a long-term empty property in north Leeds. The person responsible had asked to get in touch, and the Council felt that Leeds Empties could help.

Mr W replied to a letter and Leeds Empties met him later that week at the property. It was a large six-bedroom detached house in a highly sought-after neighbourhood in north Leeds. It had been empty nearly ten years, after his mother had gone into long-term care. It was in a poor state of repair and had recently been occupied by squatters.

Leeds Empties worked with the family to help them to explore all the options that were available to them. We invited several estate agents, letting agents and auctioneers to view the property, to give the family a range of opinions on the best way forward. It became clear the best way forward was to sell the property, as it would be very attractive to developers who would split the house into flats. It was also clear that the family did not have the money to develop the house themselves, although they had been keen to do this in the past.

The family decided to work with Manning Stainton and Auction House West Yorkshire – thus giving the house maximum exposure and the opportunity for a sale either via an agent or via auction. Sadly, Mr W's mother, who had been ill for some time, died a few weeks before the house was to go to auction. We liaised with Auction House to postpone the sale, and worked with Mr W to obtain a Grant of Probate so that the house could be sold at the next auction.

There was great interest in the property due to its location, and it sold at a higher than expected price. The sale completed in October 2014 and a planning application was then submitted to Leeds City Council by the new owner to convert the house into three flats. There was also a charge against the property for care home fees for Mr W's late mother, lodged by a neighbouring local authority who had managed her care. This charge was repaid to the local authority as part of the sale.

After nearly ten years empty, the home was sold within 4 months of Mr W responding to Leeds Empties' offer of help.

Who Benefits	How They Benefit
Leeds City Council	Another long-term empty property back into use as a home, and a contribution towards the Council's New Homes Bonus allocation
Owner (Mr P and relatives)	Income from the sale, and removal of ongoing costs on the house, including 150% Council Tax on a high-band property.
Developer	Rental income from three flats which more than covers the costs of redevelopment
New tenants	A new home in a popular part of Leeds, suited to their needs
Auction House	Commission value from the sale
Local tradespeople	Value of substantial rebuilding and refurbishment work to convert a six-bedroom detached house into three flats suitable for letting
Other local authority	Care home fees recovered
Neighbours	A long-term empty property in poor repair, which could have affected their property values, is no longer a problem