



Llywodraeth Cymru
Welsh Government

RESEARCH, DOCUMENT

Evaluation of Leasing Scheme Wales: interim report (summary)

This report details the findings from the first year of the evaluation of the National Leasing Scheme Wales. The findings focus on fieldwork with local authorities and property owners.

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Research aims and methodology

Leasing Scheme Wales (LSW, or ‘the scheme’) seeks to support Local Authorities in discharging their housing duties (particularly Part 2 Housing (Wales) Act 2014 duties) to help people who are experiencing homelessness (Section 73) or are at risk of homelessness (Section 66) by improving access to affordable and good quality homes in the Private Rented Sector (PRS) for those in receipt of benefits, through the removal or reduction of risks that property owners may perceive as likely to arise during a tenancy. The scheme also aims to expand the choice of good quality and affordable housing options available to prospective tenants. Good quality housing will be achieved through the provision of grants to bring LSW properties up to an agreed minimum standard (as defined by the Welsh Housing Quality Standard), and affordable housing by setting rent payable by the Local Authority to the property owner at the level of the applicable Local Housing Allowance (LHA) rate for the term of the lease.

Alma Economics was commissioned by the Welsh Government to undertake a 3-year evaluation of Leasing Scheme Wales. The aim of the evaluation is to understand how it has been operating as a national scheme, including identifying what is working well and what challenges there have been to implementation, its expected impacts on stakeholders (Local Authorities, property owners and tenants), and its contribution to the government’s overarching housing goals. The evaluation will inform a set of recommendations put forward to the Welsh Government regarding the scheme’s operation in the future.

The first two phases of the evaluation – scoping (January 2023 to April 2023) and baseline process evaluation (April 2023 to February 2024) – have been completed, key findings of which are presented within this Executive Summary of the interim report. Research for these two phases included: i) 25 Local Authority representatives interviewed across 13 of the 16 Local Authorities participating in LSW at the time of the research, ii) 45 scheme-participating

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property owners completing a survey specific to those leasing through the scheme, with another 6 scheme-participating property owners attending interviews or focus groups, iii) 1,535 non-scheme-participating property owners completing a survey exploring awareness of and interest in LSW, with another 21 non-scheme-participating property owners attending interviews or focus groups, iv) 6 scheme-participating tenants completing a survey specific to those housed under the scheme, with one scheme-participating tenant interviewed, and v) 1 non-scheme-participating tenant completing a survey exploring awareness of and interest in LSW.

Table 1.1 Numbers of stakeholders participating per stakeholder group and activity

| Stakeholder group | Individuals participating through interviews or focus groups | Individuals participating through surveys |
|---|---|--|
| Local Authority representatives | 25 | Not applicable |
| Scheme-participating property owners | 6 | 45 |
| Non-scheme-participating property owners | 21 [Note 1] | 1,535 |
| Scheme-participating tenants | 1 | 6 |
| Non-scheme-participating tenants | 0 | 1 |

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[Note 1] Includes 1 individual who submitted their experiences and thoughts in writing via email.

Main findings

Input from local authorities

Local Authorities identified that demand across the scheme is highest for 1-bed properties and 5 to 6 bed, family properties, though most properties coming onto the scheme are 2 to 3-beds. Most commonly, property owners were said to be accidental owners and/or own their property outright.

Feedback obtained by Local Authorities from property owners included the latter being pleased with their lease including guaranteed rent, covering non-structural repairs, and more broadly the hands-off management approach. Property owners had however also expressed to Local Authorities concerns over rent being set at the LHA rate, lease lengths being too long, and grants offered under LSW not being a draw when properties are in good condition.

In terms of housing tenants, Local Authorities stressed the importance of matching the right tenants to the right properties to ensure sustainable tenancies. Tenancy support was said to be mostly provided in-house and to be dependent on individual tenants' needs.

The majority of Local Authorities were managing properties in-house, with some being stock-holding authorities and others tapping into resources from their other housing schemes. Property surveying was also delivered in-house and was said to work well, though some Local Authorities mentioned issues of bottlenecks and not being able to find contractors.

Overall, Local Authorities were pleased with the level of support received by the

Welsh Government for implementing the scheme. They were further content that through LSW they could provide much needed affordable housing and new Optimised Retrofit Programme (ORP) funding, improve property standards and bring empty properties back into use.

In terms of improvements going forward, Local Authorities suggested increasing funding to have more staff working exclusively on the scheme (rather than across local housing schemes as tends to be the case currently), reducing time-consuming administrative tasks, having more support with mortgage lenders not allowing properties onto the scheme, and reconsidering the competitiveness of LHA rental rates against market values.

Input from property owners

Of non-scheme-participating property owners, only a small minority (about 1 in 4) were aware of the scheme before joining the research, whereas less than half of scheme-participating property owners had heard about the scheme through their Local Authority.

Common motivations or attractive features of LSW between both scheme-participating and non-scheme-participating property owners were: (i) guaranteed rent payments, (ii) management of the property by Local Authorities, (iii) the property being returned in the same condition as when onboarded, and (iv) helping those in need.

The main barrier to joining LSW for non-scheme-participating property owners was said to be the rent offer being too low and being able to secure better rent in the private market, an issue also echoed in discussions with scheme-participating property owners.

Future improvements suggested across scheme-participating and non-scheme-participating property owners included making rent more competitive,

establishing better communication channels with Local Authorities, and focusing the scheme on onboarding empty properties.

Input from tenants

A low number of tenants participated in this phase of the research, not surprising considering the early stages of the scheme's implementation. Engagement with tenants will be prioritised in subsequent phases of the evaluation.

The most commonly perceived advantages of LSW among scheme-participating tenants who participated in the research included tenancy support and the affordability of rent. More than half of scheme-participating tenants contributing to the research felt that the scheme had met their housing needs, and more than half felt that renting through the scheme had a positive effect on their wellbeing.

In terms of housing quality, half of the scheme-participating tenants who participated in the research were neutral, whereas about 1 in 3 reported being very satisfied. The vast majority of tenants reported being content with the tenancy support received on the scheme.

Recommendations and considerations

A set of recommendations deriving from the findings of the baseline process evaluation can be found below. Note, however, that to decide on their feasibility and applicability, these will have to be benchmarked against the wider housing policy landscape in Wales as well as capacity across Local Authorities. Therefore, the recommendations below are provided for further consideration and not as applicable steps that are ready to follow.

Enhancing communication and information made available on the scheme,

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including through: i) making the scheme more widely known, with selling points for interested property owners showcasing how its strengths outnumber its perceived weaknesses, ii) identifying key points of contact within each Local Authority (participating and non-participating) and making this information clearly available in the public domain so interested property owners know where to address enquiries, and iii) raising awareness within PRS property owners about what good quality housing means and more specifically the required property standards under LSW.

Increasing resources and support for Local Authorities, in particular by: i) providing Local Authorities with more guidance and tools to handle the legal aspects of the scheme, ii) supporting Local Authorities with ready-made tools that can streamline having properties onboarded and tenanted across Wales, and iii) increasing funding for staff within Local Authorities to be working exclusively on the scheme's implementation.

Upscaling incentives for interested property owners, including through: i) targeting recruitment to owners of vacant properties, as leasing these properties through the scheme can lead to personal as well as societal benefits, and ii) providing alternative incentives for property owners whose properties do not require improvements and therefore do not make use of the grants offered under the scheme, such as exploring the potential to offer a rent rate above the LHA and whether the LHA top-up can be subsidised by the Welsh Government.

Contact details

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

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