

Repair and Lease Scheme

aka Temporary Social Housing Grant

Presented by
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and Justin Manion**



What is it and where do I get it ?

- Funding to improve / convert non RSL owned properties to increase the amount of affordable housing
- TSH available from the HCA
- Part of the NAHP – but not top sliced
- Matched by RSL funds.
- Regional priorities and variations
- VFM an issue so you need to make the case

Overview

- Historical issues has made it unpopular
- RSL's often made big loses on the schemes
- More labour intensive than new build
- It is less attractive to RSL's
- These problems can be overcome
- Particularly useful to tackle
 - Properties without significant loan repayments
 - Properties left empty because owners cant sell, or cant raise finance to improve ?

How does it work ?

- RSL organises the repairs and renovation works to the property
- They then lease the property from the owner for fixed length of time (2 – 29 years)
- They sub lease the property to a tenant on a Assured Shorthold tenancy
- Owner gets a significantly below market rent but the benefit from the increase in value



Historical Problems

- Voids
 - Who is responsible for finding tenants ?
- Sustainability of tenants
 - Financially it's a higher risk scheme therefore is the tenant appropriate ?
- Owners expectations
 - Robustness of the agreement
- Role of LA
 - As it is labour intensive LA need to invest time and energy
 - Lack of shared risk
- Standard of property
 - Caused more problems that worth



What's in it for owners ?

- Catch up repairs and improvements
- Increase in the value of the property
- Hassle free - no need for involvement for the property for the period of the lease
- RSL repairs all damage done by tenant
- Reduced liability to owner



Convincing RSL's !

- Replaces the gap left by the reduction in new build development
- Diversifying their development skills
- Lessons learnt from previous experiences
- That there is buy in and support from the LA (practical or and financial ?)
- Clarify the strategic fit – e.g. delivery of the EP Strategy
- Market conditions are right for its use



What's in it for LA's ?

- Can be used on CPO properties or other difficult voids owned by the LA
- Valuable tool to help with deliver of the Empty Property Strategy
- Increases the supply of affordable housing
- Maximises the use of existing properties
- Contributes to the housing building targets

Lease and Repair

- Where is the catch
 - There isn't one, but it comes with historical baggage
 - Here is a couple we made earlier
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Over to Justine

Case Study - Langley

'What you gonna do about those empties?'

by
Justine Manion
New Business Manager



'The Place is a disgrace'



'Good homes' gone to waste'



TSH – What's the deal?

- Partnership
- Proposal
- Private Finance



Deal Breaker?



- Lease
- Break clause
- Freeholder rent
- Looking after your interest



Project Cost

- Works £832,000 + 5% VAT
- SHG £538,200 (£20,700 pu)
- TSC £990,826 (£38,109 pu)
- Loan £452,626
- Rent £75 (within HCA target rent)



Risk

- Rent Collection
- Voids
- The Unforeseen
- Developer goes bump



Benefits

- Partnership
- Providing homes
- Opportunity
- Sustainability



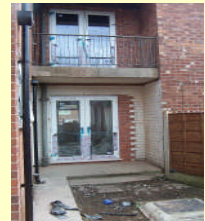
Success ?



Success?



Success?



Success?



Yes!



Any Questions?

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