



An Roinn Tithíochta, Pleanála,
Pobail agus Rialtais Áitiúil
Department of Housing, Planning,
Community and Local Government



Circular: Housing 8/2018

1 February 2018

To: each Chief Executive

Cc: each Director of Service (Housing)

Improvements to the Repair and Leasing Scheme

Dear Chief Executive,

I refer to the Repair and Leasing Scheme (RLS) which is a key action under the Government's Rebuilding Ireland: Action Plan for Housing and Homelessness. The RLS is one of a number of initiatives in Rebuilding Ireland specifically focused on utilising existing vacant housing stock throughout the country and has the potential to deliver significant social housing delivery in the coming years.

The operation of the RLS pilot on a national basis since February 2017 has facilitated an on-going appraisal and review of the scheme and has provided an opportunity to assess any operational issues that have arisen during the first 6 months of operation. This appraisal was carried out in the context of the ongoing review of Rebuilding Ireland and, in consultation with local authorities, examined all opportunities to enhance the operation of the scheme and ensure increased take-up and delivery.

The review of the scheme has now been completed and on foot of that review, a range of improvements to the existing scheme were announced by the Minister for Housing, Planning and Local Government, Mr. Eoghan Murphy T.D., at the second Housing Summit on 22 January last. These changes, set out below, will be implemented and take effect from **1 February 2018**.

1. Extension of the scheme to Rental Availability Arrangements

The type of lease agreement permitted under the scheme will now be extended to include Rental Availability Arrangements (also known as RAAs or RAS type arrangements). As such, a property owner under RLS may now choose whether to enter into-

- a) a direct lease arrangement, or
- b) an Rental Availability Arrangement,

with a local authority. This option will appeal to owners who want a shorter lease term and are prepared to take on landlord responsibilities in return for the additional 12% in rent compared to the rental rates for direct leases (i.e. 92% compared to 80%).

2. Reduction in the minimum lease term from 10 to 5 years

The minimum lease term required under RLS has been reduced from 10 years to 5 years. This minimum term will apply both where an owner chooses to enter into a direct leasing arrangement or an RAA. This change to the scheme will appeal to property owners who are interested in the scheme but who are deterred by the minimum lease term of 10 years. However, where a shorter term agreement is entered into, this will mean that the capital outlay must be repaid over a shorter period. Therefore, where relevant, local authorities should therefore ensure that the duration of the agreement, and level of repayments, are agreed having regard to the financial return to the property owner over the shorter period. In that context, short term agreements may be more suited to areas with high rents or in circumstances where the cost of repairs is at a low level.

3. Additional funding permitted where the property is a former bedsit

Where the vacant property being brought into the scheme is a “bedsit” type dwelling being brought into line with the Standards for Rented Houses Regulations, approval may be sought from the Department to increase the funding available from the current limit of €40,000 (incl. VAT) to €50,000 (incl. VAT). The Department is aware that significant works may often be necessary in respect of these units and will make additional funding available in these circumstances. These applications will be dealt with on a case by case basis and where funding of over €40,000 is required, Departmental approval must be sought.

4. Extension of the RLS scheme to unfinished properties in limited circumstances

Local authorities may use now RLS funding where applications are made in respect of new, vacant (for minimum 12 months) but unfinished dwellings. The funding may only be used for the purposes of bringing the dwelling into line with the Standards for Rented Houses Regulations and may not be used for other development works such as common areas, entrance roads etc. Applications to fund these works on unfinished dwellings are not covered by the delegated sanction model and will require Departmental approval on a case by case basis.

5. Apportionment of funds between one or more dwellings

Where a property owner is bringing more than one dwelling into the scheme, the funds available i.e. €40,000 (incl. VAT) per dwelling, may be apportioned between a number of dwellings once total funding for all dwellings doesn't exceed €40,000 per dwelling. So for example, if 6 dwellings are being brought into the scheme, total

funding for the 6 properties may not exceed €240,000 (incl. VAT). This will allow owners to bring multiple dwellings into the RLS scheme even where the cost of repairs on one of these units exceeds the funding limit of €40,000. This is subject to a minimum spend on each dwelling, which may be determined by the local authority taking the overall level of funding into account.

Note: There is no change to the requirement that a property must be vacant for a period of 12 months or more to be accepted into the scheme.

Transitional Arrangements

The Department is aware that local authorities may already be in negotiations with property owners in respect of properties entering into the scheme. Where no agreements (i.e. Agreement for Lease or Lease) have been signed in respect of the property, the negotiations may proceed on the basis of the expanded scheme and additional lease options. Where agreements have already been signed by the parties, it is a matter for each local authority as to whether they wish to renegotiate those agreements; however, there is no obligation on the local authority to do so.

Targets and delivery 2018

In June 2017, local authorities were set individual RLS targets on the basis of a national target of 800 vacant properties being brought back into use under the scheme in 2017. In addition, local authorities were given delegated sanction to enter into contracts for that number of units, with funding of €32m being made available.

While the Department acknowledges that this was an ambitious target, delivery under the scheme for 2017 was disappointing and remains well short of what could have been expected. However, having consulted with local authorities in the context of the review of the scheme, and taking into account that RLS is now established and operating nationwide, it is expected that the changes outlined above will result in increased delivery in what will be the scheme's first full year of operation.

Individual social housing delivery targets were issued to all local authorities on 5 January 2018; these targets include delivery under RLS and while the Department does not intend to set specific RLS delivery targets for local authorities in 2018, it is expected that delivery under RLS in 2018 will significantly exceed that in 2017. The delegated sanction model, unless otherwise specified in this Circular, will continue to operate in 2018.

The Department continues to gather data on applications and delivery under RLS from all local authorities. Please note that this data is published quarterly on the Department's website at the following link: <http://www.housing.gov.ie/housing/social-housing/social-and-affordable/overall-social-housing-provision>

Further support and guidance

The changes being implemented to the scheme have been carefully considered with a view to enhancing the operation of the scheme and facilitating increased take up and delivery. The Housing Agency, in conjunction with the Department, will update the scheme documentation, including Guidance and template legal agreements, which will be available to AHBs and local authorities on the Housing Manual. The Department and the Agency will

provide ongoing support and assistance to local authorities and AHBs on the continued implementation of the scheme.

The Rebuilding Ireland website continues to feature a link to each local authority's RLS section on their website, which has been provided to the Department by the RLS point of contact in each local authority. It is important that each local authority ensures that the RLS section on their website is up to date and includes contact details for those dealing with RLS so that property owners who are interested in the scheme can easily make contact with the appropriate person or section. The RLS material on the Rebuilding Ireland website can be found at: <http://rebuildingireland.ie/repair-and-leasing-scheme/>

The Repair and Leasing Scheme (RLS) is a key action under the Government's Rebuilding Ireland Action Plan for Housing and Homelessness. The targets set under the RLS are ambitious and as such, the Department is fully committed to supporting local authorities to successfully deliver the scheme. To that end, the Department has prepared a national print advertising campaign which will advertise the scheme to owners of vacant properties and raise the profile of RLS nationwide. This will take place in the week beginning 5th February 2018, bringing the scheme to national attention and helping LAs source properties. Local authorities may wish to consider advertising the scheme locally to coincide with this campaign.

A dedicated website www.vacanthomes.ie is available for members of the public to anonymously log possible vacant properties. Local authorities can then follow up with the owners of the vacant dwellings to see if they can quickly be brought back into use in order to provide for families and individuals with a housing need. The website, apart from assisting local authorities, also provides useful information for vacant home property owners as to what steps are needed and how they can bring their vacant unit back into use.

Contact Details

For queries and further information on the RLS, please contact Catherine Higgins, Anthony Sinnott, Richard Franklin or Suzanne Gough at RLS@housing.gov.ie

Updated guidance documentation and template legal agreements will be available on the Housing Agency Housing Manual - <https://www.housingagency.ie/login.aspx>.

Yours sincerely,



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