



Rialtas na hÉireann
Government of Ireland

Repair and Leasing Scheme

Guidance note for use by Local Authorities
and Approved Housing Bodies

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[gov.ie/housing](https://www.gov.ie/housing)

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RLS Guidance – October 2021

1. Introduction

The Repair and Leasing Scheme (RLS) is targeted at owners of vacant properties who cannot afford or who do not have access to the funding required to bring those properties up to the standard for rental property.

The Local Authority (or AHB) pays for the repairs upfront (to a maximum of €60,000 per unit, including VAT) and the home is taken into social housing stock by way of lease for at least 5 years. The cost of the repairs carried out is offset against future rent.

The Government's Housing Policy Statement, *Housing for All*, committed to placing a renewed focus on Repair and Leasing.

2. Updates to RLS

The Repair and Leasing Scheme was rolled out nationwide in February 2017 following an initial pilot scheme in Carlow and Waterford local authorities. The scheme continues to be a key action under *Housing for All* with delivery targets of 120 units for 2022.

This guidance has been updated in October 2021 to reflect changes to the scheme, including:

- an increase in maximum capital advance from €40,000 to €60,000 per unit;
- a requirement for local authorities to notify the Department on a quarterly basis of new signed agreements for lease or rental availability agreements and of other data on the scheme;
- removal of delegated sanction for delivery of more than 4 units and
- new targets for delivery.

3. Objective of the Scheme

The principal objective of the Repair and Leasing Scheme (RLS) is to deliver social housing quickly by targeting owners of vacant properties who cannot afford or who do not have access to the funding required to bring those properties up to the standard for rental property. The Local Authority (or AHB) pays for the repairs upfront and the home is taken into social housing stock by way of lease for between 5 and 25 years.

RLS tackles vacancy as well as having additional benefits in terms of regeneration, employment and investment in local areas. RLS delivers across a range of dwelling types, including over the shop properties, former bedsits, city centre terraced houses and one off rural dwellings.

The scheme minimises the State's capital outlay. The upfront capital investment required to fund the cost of works is offset against reduced lease payments to the property owner, and therefore has a neutral cost to the exchequer.

Pathway 4 of *Housing for All*: Pathway to Addressing Vacancy and Efficient Use of Existing Stock includes Repair and Leasing as one of its options. It recognises that many areas of cities, towns and villages have vacant properties, which, if brought back into use, could add real vibrancy to towns of all sizes around the country, and new accommodation in both urban and rural areas. RLS operates in tandem with a range of other measures under *Housing for All* aimed at tackling vacancy and better utilisation of existing housing stock. *Housing for All* recognises that there are a range of complementary approaches required to achieve this ambition. In parallel with RLS, the 'Buy and Renew' funding scheme supports local authorities and AHBs to purchase and renew housing units in need of remediation and make them available for social housing use.

RLS serves as an attractive package for the owners of vacant properties to look afresh at the potential of their properties.

Properties may or may not be known to local authorities. The properties may come to the attention of local authorities from self-identifying property owners, media campaigns, local knowledge or using accessible databases of vacant properties (e.g. www.vacanthomes.ie; An Post *Geodirectory* data and the CSO). Properties must be vacant for at least 1 year, and property owners and contractors engaged under the scheme must provide tax clearance certificates on request.

The ideal units targeted under RLS will require a low level of investment to bring them to the required standard for renting. The majority of works will involve items such as new flooring, low grade plumbing or heating works, energy efficiency upgrades; window and door upgrades or replacements; insulation and painting and decorating. It is not envisaged that any significant structural works will be required. In the majority of cases no planning permissions will be required and desk based evaluations will determine at a very early stage the relative viability of a proposal. In the majority of cases, the timeline for delivery of units under RLS represents a fraction of the time involved for any other capital acquisition or construction projects. In essence, the scheme is ideally placed to deliver high quality units for low level investment and time in comparison to new build projects.

4. Eligibility- terms and conditions

- Local authorities will retain overall responsibility for the operation of the scheme, and for oversight of the administration of the scheme, including by AHBs, in their administrative areas.
- Local authorities and AHBs must satisfy themselves that there is sufficient proof that the property has been vacant for at least one year.
- Targeted at owners of vacant properties who cannot afford or access the funding needed to bring their properties up to the required standard for rental property.
- Local authorities and AHBs must satisfy themselves that contractors engaged, either directly by local authorities, by AHBs or by property owners, under the scheme have up to date tax clearance certificates before payments can be made. Property owners must be notified of this requirement at the outset.
- Eligible expenditure under the scheme is limited to the cost of essential works required to bring properties into compliance with the Housing (Standards for Rented Houses) Regulations 2019. Where works that are in excess of these essential works are undertaken, these should not be included in the €60,000 per unit and must be paid for by the property owner outside of the scheme. Where all works are being completed on a single contract, non-essential works costs must be itemised.
- All direct leases must be for duration of between 5 - 25 years. No shorter terms will be eligible.
- All Rental Availability Arrangements must be for duration of between 5 and 10 years. No shorter terms will be eligible.
- Properties are required to be furnished as per the Guidance Note on the furnishing of leased properties.
- Unfinished Properties: RLS funding may be made available in respect of empty, unfinished units for an owner to finish the units and return them to the market. Applications in respect of these properties should be made on a case by case basis and are subject to approval by the Department outside of the delegated sanction model.
- Where an owner has multiple units in a single development, approval may be given to apportion funding between the units subject to a minimum spend on each unit - to be determined by the local authority taking into account the total number of units and total funding level and subject of the overall limit of €60,000 per property delivered under the scheme. So for example, if 6 dwellings are being brought into the scheme, total funding for the 6 properties may not exceed €360,000. This allows an owner to bring multiple dwellings into the scheme even where the repairs on one of those units exceed the permitted €60,000 per unit limit.

5. Projected Delivery 2022 to 2026

Targets for delivery for RLS units under *Housing for All* are:

	2022	2023	2024	2025	2026
Units	120	130	130	140	140

6. Role of various bodies

6.1 Local Authority Role

Local authorities play a key role in the operation of this scheme.

The local authority must determine the eligibility of a property for the scheme having regard to the location and the suitability of the property for social housing. Not all properties offered will be suitable.

The starting point for the local authority is a rigorous assessment of housing need. Local authorities, as housing authorities, must determine that housing units brought into use under the scheme are required for social housing in their areas.

Local authorities are asked to have up-to-date information on RLS on their websites; they may also choose to advertise the scheme locally or through promotion of renovated units. Proactive identification of potential units is also suggested e.g. use of the databases such as www.vacanthomes.ie; carrying out of surveys on vacant properties.

On receipt of an expression of interest or identification of a potential unit, the local authority should engage promptly with the property owner to determine if the unit is suitable for RLS. Where a unit is not deemed suitable, the local authority should contact the owner and indicate that the unit is not currently suitable for RLS and indicate the reason why.

Where a property is deemed initially suitable, the local authority should provide the property owner with the option of the local authority organising for the works to be carried out or the property owner carrying out the work themselves. The flow-chart in Section 8 illustrates the steps to be taken.

All properties transacted under RLS must be in accordance with the terms of the scheme and only eligible expenditure¹ incurred will be recouped.

¹ Eligible expenditure is defined in Section 11

6.1.1 LA role in AHB RLS

In all cases, local authorities have responsibility for ensuring that housing units brought into use under RLS are required and fulfil social housing demand in their areas. It is very important that there is a clear understanding between the local authority and the AHB about the extent and nature of housing need in a particular area.

Local authorities have full nomination rights for units delivered through AHB led mechanisms.

6.2 Approved Housing Body Role

The type of property and works involved presents a significant opportunity for the AHB sector to build on the knowledge and experience gained on social housing acquisitions and leasing over the past number of years. AHBs have significant expertise in relation to contract management, knowledge of the standards required for rented properties, execution of works in timely manner and the subsequent ongoing tenant management and property maintenance. In addition, AHBs are experienced in Payment & Availability (P&A) leasing arrangements and in negotiations with property owners. Many AHBs have a portfolio of demonstrated work to evidence their capacity to deliver and manage. For larger AHBs with existing construction focused delivery programmes, these programmes can be expanded to incorporate RLS units also. In addition, there are a range of regional AHBs, who are not focused on new builds or acquisitions, which have the capacity and the local knowledge needed to contribute to social housing delivery under the RLS.

The following operating principles should apply to ensure that there is clarity on roles and responsibilities, as well as clarity and administrative efficiency from the property owner's perspective.

1. A local authority may select AHBs to engage with the relevant property owners to avail of RLS subject to agreement of property owners.
2. AHBs may contact property owners directly and should inform the relevant local authority that they are making contact with the property owner. They should not contact or continue engagement with the property owner where they become aware that the local authority or another AHB has been in discussions with the property owner in relation to the scheme.
3. AHBs may advertise on their website that they are seeking properties under the scheme.
4. Any public advertisements by AHBs should only be done in consultation with the relevant local authority and, where appropriate, should be done in conjunction with other AHBs in that local authority area. A local authority may take the lead on advertising for the scheme in the area.
5. An AHB may not enter into contractual arrangements on any unit without prior confirmation of demand and approval to proceed from the relevant local authority.
6. All properties transacted under RLS must be in accordance with the terms of the scheme and only eligible expenditure² incurred will be recouped.

² Eligible expenditure is defined in Section 11

7. When finalising arrangements, local authorities will need to satisfy themselves that basic due diligence has been completed by the AHB, including that the properties have been inspected by the AHBs and comply with the property requirements and works agreed.

6.3 Housing Agency Role

The Housing Agency, in conjunction with the Department hosts documentation including guidance and template legal agreements on the Housing Manual which are available to AHBs and local authorities. The Agency provides support and assistance to local authorities and AHBs on the practical implementation of the scheme. A suite of documents, including legal agreements, is available on the Housing Manual see section 15: Resources (page 19) for further information.

6.4 Role of the Department of Housing Local Government and Heritage (DHLGH)

DHLGH is responsible for the overall policy underpinning the scheme, as well as oversight of the implementation. Departmental approval is required where greater than 4 units are being acquired in one building / estate and for unfinished units. The Department is also responsible for recoupment of the capital advance payment and ongoing leasing costs.

Local authorities are required to complete RLS0005 to enable the Department to monitor progress under the scheme. The Department reports on the scheme quarterly.

7. Approval Process

In the majority of cases, local authorities have delegated sanction to acquire units which comply with the terms of RLS. Prior approval must be sought from the Department for unfinished units and projects delivering more than 4 units.

Local authorities are responsible for ensuring that all properties sourced comply with the terms and conditions of the scheme, that the accommodation sourced is appropriate to meet identified housing need in the area and that appropriate discounts off market rent have been secured. Financial commitments and delivery performance will continue to be monitored closely by the Department.

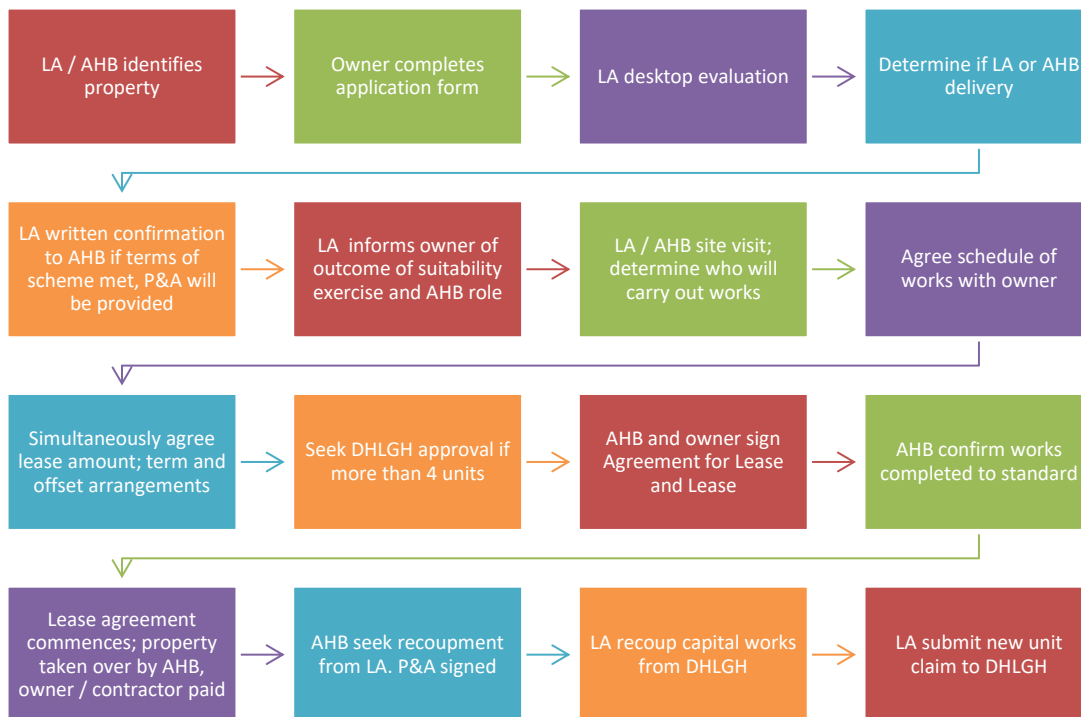
8. How the Scheme operates in practice

The following two flow charts set out the steps to be taken in (i) LA delivery and (ii) AHB delivery. Further details on the steps set out in the flow charts are provided in the text below.

8.1 Flowchart (i) – LA delivery



8.2 Flow chart (ii) – AHB delivery



8.3 Identification of property

For the purposes of the scheme it is recommended that each local authority coordinates and maintains a register of all properties under consideration. Properties may be sourced through a variety of mechanisms including local authorities or AHBs advertising; targeting of known suitable vacant units and AHBs identifying units and bringing them to the attention of the local authority.

8.4 Application form (RLS002)

A template application form is available on the Housing Manual. It is recommended that all property owners whose properties are being considered for the scheme, complete the form. The local authority / AHB may provide assistance in completing the form.

8.5 Desktop evaluation

Confirmation of demand and suitability of a property for the scheme rests with the local authority. All properties, regardless of whether delivery will be local authority or AHB led must be routed through a local authority evaluation process to determine whether the proposed units are suitable to meet local housing need and that the objectives of sustainable communities are being met (i.e. that there is not already an over-concentration of social housing in the area).

The Department recommends that local authorities adopt an initial desk based evaluation process to make this determination. The desktop evaluation screens potentially viable and non-viable properties at the earliest stage based on an application form (**Form RLS002**) including photographs provided by the property owner. The local authority should be able to make a reasonable determination at this stage on demand, condition and suitability for the scheme.

8.6 LA or AHB delivery?

Where a property is considered potentially viable, the local authority should determine whether to progress the property through direct local authority engagement or through an AHB led model. Where the local authority is offering properties to AHBs for AHB led delivery, there should be written confirmation at this point from the local authority to the AHB confirming that once the terms of the scheme are met the local authority will fully commit to taking the unit under a Payment and Availability Agreement (P&A) once the works are complete.

8.7 Notification of property owner

Property owners should be notified in writing about whether their application is being actively considered or unsuitable at this time. Reasons should be provided in cases where the unit will not be progressed. For properties being progressed, the local authority should clearly set out the next steps in the process, including whether an AHB has been identified to take on the property. The terms and conditions of the scheme should also be made clear to the property owner at that time.

8.8 Site visit

A site visit should be organised to confirm the condition of the property, using the standards required for leasing (See Template **RLS003**). This site visit should be carried out by either the local authority or the AHB, as appropriate.

If it is discovered during the site visit that the property is not suitable for the scheme, the property owner should be notified in writing by the local authority with reasons provided. Where the AHB conduct the site visit and determine that it is not a viable unit, a report should be returned to the local authority who will then notify the property owner in writing.

8.9 Agree responsibility for works

If the unit is considered viable, the local authority/AHB should determine in conjunction with the property owner who will take responsibility for bringing the property to the standard required and clearly outline the works that are eligible and ineligible under the scheme.

See also section 11 which sets out furnishing requirements for leased properties.

8.10 Agree schedule of works

Where the property owner is managing the works, they will be responsible for the preparation of a schedule of works and seeking quotes from contractors. When a property owner has obtained the quote from their preferred contractor, the local authority or AHB must confirm that the quote is within the terms of the scheme before entering into any contractual arrangements. (The local authority or AHB should only agree quotes on the basis of quotations that it considers reasonable. In general, 2 written itemised quotations from contractors should be provided, indicating the cost of the work required. If a property owner cannot get a second quotation, or in cases of hardship, the local authority/AHB may accept a single quotation.)

Where the AHB or local authority is managing the works, they will be responsible for the preparation of a schedule of works and seeking quotes from contractors. The property owner must be consulted on the final schedule of works and quote before entering into any contractual arrangements.

8.11 Agree lease amount, term and offset arrangements

Property owners may choose to enter either into a-

1. Direct Lease Arrangement, or
2. A Rental Availability Arrangement.

Both the direct lease and the availability agreement are subject to a minimum term of 5³ years, which is considered the minimum period within which the property owner could repay the funds.

In negotiations with the owner as to the type of agreement to be entered into, local authorities should have regard to the level of funding sought, the level of repayments and the duration of the agreement. Local authorities will need to ensure that the lease payments to the owner are of a level that will ensure repayment of the original funding over the term of the agreement. The owner will also need to take any tax liability into account when considering the level of repayment. It may be that shorter term agreements are only suitable in areas with higher levels of market rent or where the cost of repairs is at a lower level.

The benefits of the RLS in conjunction with the long-term lease arrangement to the property owner include -

- Guaranteed rent on a property that has not been generating an income;
- Upgrade of property that might otherwise become derelict;
- No loss of rent during vacant periods;
- No dealing with tenants and day-to-day maintenance;
- No need to collect rent or find a new tenant;
- Avoid advertising costs;
- The property will be returned to the property owner at the end of the term in good repair order and condition, save for fair wear and tear.

The benefits of the of the RLS in conjunction with the rental availability arrangement to the property owner include

- Guaranteed rent on a property that has not been generating an income;
- Upgrade of property that might otherwise become derelict;
- No loss of rent during vacant periods;
- No need to collect rent or find a new tenant;
- Avoid advertising costs;

³ The minimum term was reduced from 10 years to 5 years on foot of a review of the scheme, effective from 1 February 2018.

The main differences between the two contracts are that under a rental availability arrangement, the owner retains responsibility for day-to-day property maintenance and is the landlord to the tenants. Under a rental availability arrangement the owner must also register the tenancy with the RTB. Under this type of arrangement, the owner receives approximately 92% of current market rent. This may vary and rents will be agreed through negotiation with the local authority. An availability arrangement can only be entered into with a local authority; it is not available to AHBs.

The benefits of each type of arrangement form the basis for discussion and negotiation on the terms and conditions of the scheme. The negotiation with the property owner will include discussion on the appropriate market rent to be discounted under scheme and then the further offset of the capital advance. Market rent is to be determined having regard to the most recent quarterly RTB published data. Where agreement cannot be reached on this basis, an independent valuation may be used, subject to the agreement of the local authority.

The maximum rent to be agreed under the terms of social leasing will be-

- Under the long term lease arrangements - 80% of current market rent (85% in the case of apartments with a service charge⁴), and
- Under the Rental Availability Arrangements – 92% of current market rent (95% in the case of apartments with a service charge).

Rent reviews will usually take place every three or four years. Rent review periods of less than 36 months should not be considered.

The cost of the repairs shall be offset against the agreed rental payment until the value of the works is repaid. The local authority/AHB will agree the appropriate offset period with the property owner on a case by case basis. These arrangements may include scenarios whereby the offset is by way of a rent-free period; a consistent reduction over the duration of the lease or for example, a term which is scaled against the duration of the lease as in the table below.

This table is for illustrative purposes only

COST OF REPAIRS	Duration of Lease	Offset to be cleared by
€12,000	5 years	Year 5
€26,000	10 years	Year 8
€35,000	15 years	Year 12
€60,000	25 years	Year 20

⁴ Owners may be paid up to 85% of market rent when the property is subject to a significant service charge. For example, up to 85% of market rent may be paid when the home is a unit in an apartment block where the annual service charge is equivalent to, or above, one month's rent. In all other cases, owners can receive up to 80% of market rent.

A Lease Calculator is provided to assist local authorities and AHBs with the offset calculations. This can be found on the Housing Manual together with detailed Process Maps which set out the suggested operation of the scheme.

RLS is modelled on direct lease and rental availability options under the Social Housing Current Expenditure Programme (SHCEP). Where a local authority is collaborating with an AHB in the context of a long term lease agreement, the same terms and conditions will apply. The Payment and Availability (P&A) payment to the AHB will be based on 80% (85% for apartments with a significant service charge⁵) of market rent and net of the additional offset agreed.

8.12 Agreement for lease / agreement for rental availability agreement signed

The agreement for lease / agreement for rental availability agreement is signed between the local authority / AHB and the property owner, as appropriate, following agreement of the schedule of works and the lease amount, term and offset arrangements. Template documents are provided on the Housing Manual. See Appendix 1 for a list of the relevant documents required for each model of delivery.

Local authorities are required to notify DHLGH on a quarterly basis of the number of agreements for lease / agreements for rental availability agreements that have been signed, using **RLS005**.

8.13 Completion of works and payment

8.13.1 LA delivery - property owner managing works:

The property owner provides the invoice from the contractor for the completed works to the local authority. The local authority will then arrange for a second site visit to check the property against the checklist for properties under the leasing scheme (**RLS003**). If all is in order the local authority will simultaneously sign the Lease or Availability Agreement with the property owner and release the funds agreed under the contractual arrangement. The property owner must provide a receipt from the contractor within 10 working days.

8.13.2 LA direct engagement - LA managing works

On completion of the works the local authority will request the property owner to confirm the works and sign the Lease or Availability Agreement. The local authority will settle the invoice with the contractor directly.

8.13.3 AHB led - property owner managing works

The property owner provides the invoice from the contractor for the completed works to the AHB. The AHB will then arrange for a second site visit to check the property against the checklist for properties under the leasing

⁵ As above, 85% of market rent may be paid when the property is subject to a significant service charge. For example, up to 85% of market rent may be paid when the home is a unit in an apartment block where the annual service charge is equivalent to, or above, one month's rent. In all other cases, 80% of market rent is the appropriate figure.

scheme (**RLS003**). If all is in order the AHB will simultaneously sign the Lease Agreement with the property owner, take the keys for the property and release the funds agreed under the contractual arrangement. The property owner must provide evidence in the form of a receipt from the contractor within 10 working days.

The AHB may seek recoupment from the local authority on evidence of payment to the contractor and confirmation of signed Lease Agreement. The P&A will be signed at this time also.

8.13.4. AHB led - AHB managing works

On completion of the works the AHB will request the property owner to confirm the works and sign the Lease Agreement. The AHB will take possession of the unit and settle the invoice with the contractor directly. The AHB may seek recoupment from the local authority on payment of contractor and confirmation of signed Lease Agreement. The P&A will be signed at this time also.

When finalising agreements, housing authorities will need to satisfy themselves that basic due diligence has been completed by the AHB, including that the properties have been inspected by the AHB and comply with the description in the schedule and are in a lettable condition.

9. Recoupment of costs from DHLGH

Local authorities may seek recoupment of capital expenditure for RLS units from the Department once the payment has been made to either the contractor, the property owner or the AHB. The local authority must submit **Form RLS004**; invoices, itemised schedule of works and proof of payment to the contractor, property owner or AHB. This form is available from the RLS section in the Department and on the Housing Manual. Payments to local authorities will be made within 10 working days of submission of completed claim form and all necessary documents.

The lease payment, or Payment and Availability payment in the case of AHB units, can be claimed quarterly by the local authority through the existing SHCEP scheme using a New Units claim form. Given the nature of the financing of the housing, it is very important that monies are paid to AHBs in a timely manner so as to ensure they do not default on their requirements. Authorities are requested, therefore, to make sure that payments are not delayed to AHBs, provided that they are in compliance the terms of the legal agreements.

10. Reporting Requirements

To enable the Department to monitor delivery of units and projection of expenditure, local authorities are required to complete a proposal template form – **RLS005**, on a quarterly basis, indicating the number of agreements to lease or agreements for rental availability agreements that have been agreed between property owners and the local authority. Details will include the term of the proposed lease, cost of repairs, rental value and whether there is a rent free period agreed.

Local authorities are also requested to submit data on proposals that do not progress to completion. All proposals that have not proceeded should be recorded in Section 3 of **RLS005**, identifying the stage the unit was withdrawn – e.g. initial request, post survey, and the reason it did not proceed e.g. not tenable due to

the location, withdrawn due to higher investment costs required and any other reason. This information will be used to monitor and review the scheme.

Information supplied will be collated to provide regular updates for government and will be published on the Department's website. Delivery under the programme will be reported as part of the quarterly reporting under *Housing for All*. Individual property details, such as addresses, are not published as part of the regular reporting framework.

11. Furniture and fittings

As per the Guidance Note on the Furnishing of Leased Properties, which is available on the Housing Manual, all properties that are leased under the leasing scheme must be furnished and include certain appliances. Market rent is typically agreed on the basis of a furnished property. The furnishings and appliances provided within a property are a factor in agreeing the market rent level. Over the period of a long-term lease, typically 15 to 25 years, it is likely that furnishings and appliances would have to be repaired and upgraded. Property owners who enter into a direct leasing agreement with a Housing Authority or Approved Housing Body (AHB) will avoid any on-going responsibility for furnishing the property or for maintaining or repairing any furniture or appliances that are initially provided. Under a Rental Availability Agreement, the owner will retain responsibility for day-to-day property maintenance.

Property owners can factor in these cost savings over the course of their lease arrangement and make provisions for a refurbishment when the lease expires. When entering into a direct leasing agreement, property owners accept that, at the end of the lease term, furnishings and appliances may not be returned. Any furniture and appliances that are left in the property will revert to the ownership of the property owner and are not subject to the requirement to have them in the same condition as at the outset of the lease, subject to fair wear and tear.

In recognition that the units coming through the RLS scheme may have been vacant for a period and therefore in need of new furniture, the costs of providing the furniture required under Appendix 2 of the above listed Guidance Note may be included as eligible expenditure, provided the local authority or AHB are satisfied that the expenditure is vouched and reasonable having regard to the particular property. The cost of furniture must be included in the maximum cost of €60,000.

12. Other Funding available

Property owners **may** be able to qualify for complementary funding for the works done to bring their properties to the required standard. While a local authority and AHB may be able to provide information in relation to other funding opportunities, it is the responsibility of a property owner to consider, contact and apply for same.

13. Taxation

It is a matter for individual property owners to satisfy themselves that they are meeting their tax obligations, particularly in relation to rental income received under the lease arrangements. However, in general the position is as follows:

- Under RLS funding is provided by the local authority to the property owner to carry out works necessary to bring the property up to the required standard for letting. As such, the capital sum received from the local authority is not subject to income tax in the year received. There is no additional taxable benefit conferred by the status of the funding as being interest free.
- Once the property is let the income tax treatment of the rent is that the amount of rent taxable is the amount of rent payable under the lease without allowing for a deduction of the amount recouped by the local authority in respect of the up-front payment. These recoupments are by way of repayments of a capital sum and are not allowable under the general principle which prohibits the deduction of capital payments against income. Where the repairs are recouped by the local authority by way of a rent-free period the rent chargeable will be the notional rent or rent foregone by way of repayment.
- Section 13 of the Finance Act 2017 inserts a new section 97A into the Taxes Consolidation Act 1997. The new section 97A provides that expenses incurred on a vacant residential premises prior to it being first let after a period of non-occupancy are authorised as a deduction against rental income from that premises. The section applies to expenditure on a property which has been vacant for at least 12 months and which is then let between the date of the passing of the Finance Act 2017 and 31 December 2021. The expenditure must have been incurred in the 12 months before it is let as a residential property. The deduction authorised shall not exceed €5,000 in respect of each vacant premises.
- Once the lease agreement has been signed, a landlord can claim capital allowances from Revenue, known as 'wear and tear allowances' or 'depreciation' as an expense to be deducted from the rental income of the property. These are based on the cost of furniture and fittings for the rental property. The current rate for these allowances is 12.5% of the cost, which is spread over eight years.

14. Early exits from the scheme

A clawback provision is included in the Lease Agreement to provide for a full repayment of any outstanding capital owing with interest. Local authorities and AHBs will be obliged to ensure that this condition is pursued. It is recommended that rate of at least 4% should be inserted into the lease agreement under the clawback clause. If a local authority seeks to include a rate higher than 4%, cognisance should be taken not to exceed the interest rates of current market comparables for home improvement loan products from leading lending institutions at the time of lease.

15. Resources and Templates

The Housing Manual contains a suite of additional materials which should be used, as required. In addition to the documents in the appendices, the following documents are available on the Housing Manual:

Templates:

- Application Form – RLS002
- Site visit checklist based on minimum standards for rented accommodation – RLS003
- Offset calculator
- Recoupment form for LA to DHLGH – RLS004

Useful Information:

- Long term leasing guidance
- Guidance note on Furniture

Appendix 1

- List of legal templates available and appropriate to models

Appendix 2

- Indicative Cost Framework

Appendix 3

- RLS005 quarterly data returns

Appendix 1

Template legal agreements are available on the Housing Manual for each delivery model. The list below sets out the documents required under the various models.

1. **LA direct engagement - Property owner managing works** (2 legal documents required)
 - **RLS Agreement to Lease** or **Agreement for Rental Availability Agreement** signed at the point of agreement on works quote & offset arrangement.
 - **RLS Long Term Lease Agreement or Rental Availability Agreement** - signed at the point of works completion and payment of capital cost to owner.

2. **LA direct engagement - LA managing works** (2 legal documents required)
 - **RLS Agreement to Lease (LA contracting works)** or **Agreement for Rental Availability Agreement (LA contracting works)** - signed at the point of agreement on works quote & offset arrangement.
 - **RLS Long Term Lease Agreement or Rental Availability Agreement** - signed at the point of works completion.

3. **AHB led - property owner managing works** (3 legal documents required)
 - **RLS Agreement to Lease** - signed at the point of agreement on works quote & offset arrangement.
 - **RLS Lease Agreement** - signed at the point of works completion and payment of capital cost to owner.
 - **Payment and Availability Agreement** - also signed at point of works completion between LA and AHB.

4. **AHB led - AHB managing works** (3 legal documents required)
 - **RLS Agreement to Lease** - signed at the point of agreement on works quote & offset arrangement.
 - **RLS Lease Agreement** - signed at the point of works completion.
 - **Payment and Availability Agreement** - also signed at point of works completion between LA and AHB.

Note: The template legal documents have been carefully prepared by the Department and the Housing Agency and are provided with editing restrictions. The templates have been proof checked and are based on existing templates for leasing arrangements with the required modifications for RLS. Any additional amendments must be cleared through the Department/Housing Agency. The intention of the templates is to minimise the need for the local authority/AHB or property owner to incur costs associated with obtaining separate legal advice.

Appendix 2

Indicative Cost Framework for Repair and Leasing Scheme (RLS)

POTENTIAL WORK MEASURES	INDICATIVE ALLOWANCE
	€
Insulation upgrade	
Attic insulation	1,500
Cavity wall or dry lining	1,500
Extra over for external wall insulation	8,000
Services	
Replacement boiler	2,300
Replacement pipework and radiators	1,500
Replacement cylinder	1,000
Work to wastes	500
Upgrade electrical installations including smoke alarms	2,500
Rainwater	
Replacement of rainwater installations	1,000
Windows & Doors	
Replacement of external windows & doors	5,500
Roof and Chimney Repairs	
Works generally	2,500
Internal Upgrades	
Upgrade kitchen	2,300
Upgrade bathrooms	2,000
Damp-proofing	900
Plaster repairs	1,500
Painting and decorating	3,500
External works	
Works to garden and boundaries	2,500
	<hr/>
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Appendix 3

RLS005

Quarterly data return form for Repair and Leasing Arrangements by LAs

Please complete this form and e-mail it to: RLS@housing.gov.ie

Section 1: DETAILS OF LOCAL AUTHORITY (LA)	
Name of LA:	Click or tap here to enter text.
Contact Name:	Click or tap here to enter text.
Address:	Click or tap here to enter text.
Direct Telephone No:	Click or tap here to enter text.
Email address:	Click or tap here to enter text.

Section 2: KEY INFORMATION						
Address of unit	Date of signature of Agreement for Lease /Availability	Length of Agreement	Projected Delivery Date	Cost of Repairs	Monthly market rent less discount applied*	Length of repayment period for offset

*Discount of 92%-95% or 80-85% where applicable.

Section 3: Withdrawn proposals**			
No. of withdrawn proposals	Stage of withdrawal	Reasons for withdrawal	
		No social housing need in area	<input type="text"/>
		Not suitable	<input type="text"/>
		€60,000 insufficient	<input type="text"/>
		Proposer misunderstood scheme	<input type="text"/>
		Delivered through different scheme	<input type="text"/>
		Other – please specify below	<input type="text"/>

Reasons for withdrawal if not listed above

**This data is required for statistical purposes only.

Signed:	
Print Name:	Click or tap here to enter text.
Grade (SEO or above):	Click or tap here to enter text.
Date:	Click or tap here to enter text.
Contact Number:	Click or tap here to enter text.

This Guidance is an iterative document and may be updated and changed from time to time as required.

