

Long Lease

Achabeag, Lochaline

2013



Long-lease tenure model

Narrative description of model / introduction

Change in legislation by SG which allowed Rural Housing Bodies to enter into leases of over 20 years thereby enabling access to private finance.

Lease agreements

- AEC Ltd enters into a 21 year lease with CHT for £1,000 per property per year
- CHT lets the properties on a SSAT under the terms of their allocation policy
- Rents are set between Social and Mid-Market Rents
- At end of 21 year lease period AEC Ltd repays CHT's initial investment of £70,000 and takes full ownership of the properties.



Achabeag example

- Agreement between CHT and Ardtornish Estate securing 6 plots under Section 75 agreement
- Made use of change in legislation to apply a long-lease scheme to one plot
- Planning Officer took a flexible and innovative approach to allow CHT to use one of the plots to provide 2 units for rent under the lease scheme
- Scottish Government Innovation Fund Award granted for partnership bid on long lease arrangement
- Total Development costs fixed and Partnership Funding package agreed
- Template Lease and Minute of Agreement agreed between partners (SLE legal services advised CHT)
- Replicable model developed which can be used with estates and businesses

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Partnership development finance

Innovation and Investment Fund Grant (IIF) (Scottish Government)	£50,000
Ardtornish Estate Company Limited Share	£100,000
Communities Housing Trust's share (repaid at year 21)	£70,000
Total project costs for 2 homes	£220,000
(Highland Council Development Loan provided temporary funding)	£110,000

Partnership development finance

Design & Build contract	£200,000
Total partner costs	£20,000
Total development costs	£220,000



Project management

RJ Architects were employed to design and oversee the project. As an opportunity to exhibit their versions of affordable houses and to promote the suppliers they used in the construction they secured donated materials and services to the value of £40,000 to each unit.

Tenants

Homes were allocated to people in housing need locally, living and working in the area. This allocation policy will continue to apply into the future.

