

**HOUSING INVESTMENT GUIDANCE NOTE****The Scottish  
Government****To: Rural Landowners****Subject: Rural Homes for Rent Pilot  
Scheme****Ref No: HIGHN 2008/04****Page: 1 of 33****Issued by: Housing Investment Division****Issued: May 2008**

This guidance note provides information for rural landowners on the Scottish Government's Rural Homes for Rent Pilot scheme. Specifically, it is intended for rural landowners who would like to submit an expression of interest to take part in the Pilot. Further guidance will be provided at detailed application stage.

If you have any questions or points you need to clarify specifically to allow you to submit an expression of interest, please contact Louise McCubbin by email at [Louise.McCubbin@scotland.gsi.gov.uk](mailto:Louise.McCubbin@scotland.gsi.gov.uk) or telephone 0141 305 4099 before Tuesday 17 June. Any additional guidance resulting from these enquiries will be published on the Scottish Government website at:

<http://www.scotland.gov.uk/Topics/Built-Environment/Housing/investment>.

Scottish Government Area Offices can also be contacted for local information (see contact details in Section 10). You should note however that since grant will be awarded through competitive selection, Area Offices cannot give direct support to individual applicants

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## Section 1: Introduction

1. The Scottish Government's Rural Homes for Rent Pilot scheme will fund additional new build housing for affordable let in rural Scotland. Grant funding will be targeted at landowners in pressured rural housing markets where registered social landlords have been constrained in meeting local housing and homelessness need.
2. The Pilot scheme will enable selected rural landowners to provide housing on their land for affordable rent.
3. Rural Homes for Rent grant is aimed at assisting those who are identified in the local authority's local housing strategy as being in housing need to access affordable housing for rent in rural communities.
4. Housing funded through the Pilot scheme must be available for affordable rent according to scheme requirements, for at least 30 years. The maximum level of grant subsidy payable on each project will be up to 55% of total development costs, provided grant limits in Annex D are not exceeded. Grant limits will vary depending on the average size of the houses in each project. As an example, the grant limit for a 3-person house is £60,000. Further information is available in Section 7.
5. While this Pilot scheme is restricted to rural landowners who are not registered social landlords, our aim is to ensure that the Pilot scheme provides the same quality of housing in order to meet need in the same way that registered social landlords and local authorities do. We also want to ensure that tenancy conditions, where appropriate, match those offered by registered social landlords and local authorities.
6. The Pilot scheme will operate initially for three years with a budget of up to £5m. It is expected to produce 100 new build homes for let. Projects will be chosen using the two-stage selection process set out in Sections 5 and 6. A summary of timescales and the process involved is contained in Section 2.
7. An independent evaluation of the Pilot will be carried out before any further expansion of it is considered.

## Section 2: Summary of Process and Timescales

### How Projects will be Selected for Funding – Summary of Process

<b>Stage 1</b>	Invitation of Expressions of Interest	May 2008
	Expressions of Interest Submitted	July 2008
	Assessment of Expressions of Interest by the Scottish Government in consultation with local authorities. Results of Stage 1 Assessment notified to those expressing interest (either rejected, with reasons, or invited to submit detailed bid).	July / August 2008
<b>Stage 2</b>	Invitation of detailed bids	September 2008
	Detailed bids submitted	December 2008
	Assessment of detailed bids by the Scottish Government in consultation with local authorities	February 2009
	Recommendation to Ministers	March 2009
	Approval and offers of grant for selected Pilot projects	March / April 2009
	Site starts	From April 2009

### Section 3: Eligibility

8. The grant will only be approved in rural areas. Rural areas are determined using the Scottish Government definition; namely, settlements with a population of less than 3000. A map showing the 6-fold urban rural classification can be accessed at: <http://www.scotland.gov.uk/Publications/2006/07/31114822/4>. The 6-fold classification distinguishes between urban, rural and remote areas within Scotland and includes the following categories:

<b>Scottish Government 6- Fold Urban Rural Classification</b>	
1 Large Urban Areas	Settlements of over 125,000 people.
2 Other Urban Areas	Settlements of 10,000 to 125,000 people.
3 Accessible Small Towns	Settlements of between 3,000 and 10,000 people and within 30 minutes drive of a settlement of 10,000 or more.
4 Remote Small Towns	Settlements of between 3,000 and 10,000 people and with a drive time of over 30 minutes to a settlement of 10,000 or more.
5 Accessible Rural	Settlements of less than 3,000 people and within 30 minutes drive of a settlement of 10,000 or more.
6 Remote Rural	Settlements of less than 3,000 people and with a drive time of over 30 minutes to a settlement of 10,000 or more.

9. A more detailed classification by area can be accessed on [www.sns.gov.uk/AnRep/AreaMap.asp](http://www.sns.gov.uk/AnRep/AreaMap.asp) and by searching by urban rural classification. Areas which have a rating of 5 or 6 using the above definition would be classed as 'rural' for the purposes of the Pilot scheme. Detailed instructions on how to check by individual area can be found at Annex A.
10. Grant applicants must have the legal capacity to enter into a contract with the grant provider and must be financially viable.
11. Grant applicants must own the land and they must also demonstrate that they have a long-term stake in the area concerned. Private developers with no long-term stake in the area are therefore ineligible.
12. Grant applicants must have the necessary skills, experience and capacity to develop and manage the proposed project, either directly or through a management agent. Landowners need not own any rented housing at present to apply to the scheme.
13. Grant applicants must also have confirmation from the local authority that there is a housing need in the area which is not otherwise being met and that the site would otherwise meet their criteria for a social housing development.

14. Grant applicants are required to participate in accreditation schemes where they are available.
15. Registered social landlords and non-registered subsidiaries of registered social landlords are not eligible to apply, as registered social landlords already have access to Housing Association Grant.

## **Section 4: Housing Standards & Tenancy Conditions**

16. The target tenants are those identified as being in local housing and homelessness need, as identified in the relevant local authority Local Housing Strategy (LHS). Projects should be discussed with the local authority to ensure that they reflect local housing and homelessness need.

### **Equal Opportunities**

17. The Scottish National Core Standards and Good Practice Guide for Private Landlords (2006) state that 'in letting and managing accommodation, a landlord must ensure that no person or group of persons is treated less favourably than any other person or group of persons because of their race, colour, ethnic or national origin, sex, disability or sexual orientation' and that 'the landlord should not discriminate against a tenant or prospective tenant because of their entitlement to Housing or other Benefit, and should not advertise vacant properties in a manner that could be described as discriminatory'.
18. Grant recipients are required to comply with the Scottish National Core Standards in this regard, along with adhering to Registered Social Landlords Guiding Standard 2.1 which states: 'Equal opportunities: we embrace diversity, promote equal opportunities for all and eliminate unlawful discrimination in all areas of work'.

### **Allocations and Nominations**

19. The allocations policy and nomination agreement must be agreed with the relevant local authority before grant funding is approved. We would normally expect at least 50% of new lets and re-lets to be let to nominees from the local authority waiting lists or homelessness referrals. A model allocations policy will be developed by the Scottish Rural Property and Business Association (SRPBA).
20. The grant recipient will maintain the right to make final allocation decisions without invalidating the nominations process only if the nominations provided by the local authority do not comply with the criteria set out in the nominations agreement.

### **Tenancies and Grant Period**

21. Properties must be let under a short assured tenancy agreement. It will be a condition of grant that each tenant is provided with a clear written tenancy agreement in terms satisfactory to the Scottish Government.

22. Our objective is to provide tenants with a secure long term lease, similar to that enjoyed by Scottish secure tenants in the social sector. Section 8 of the Land Tenure Reform (Scotland) Act 1974 prevents the granting of a lease of residential property for longer than 20 years. Initial tenancies must therefore be provided for the maximum allowable 20 year period. It will be a condition of grant however that properties are kept available according to the scheme requirements for 30 years. This means that if a new tenant is allocated a property in year 15, a minimum 15 year short assured tenancy must be offered. When a tenant reaches the initial 20 year limit, and therefore there is still 10 years of the grant conditions outstanding, we would expect a further tenancy to be granted to that tenant.
23. There are two ways to renew a short assured tenancy. The first way would be through a process called 'tacit relocation'. This means that the tenancy would continue for the same period as the original term until one of the parties brought it to an end, in this case 20 years. The second way would be for the landlord to offer a new short assured tenancy.
24. After the 30 year period, there will be no obstacle under the conditions of grant to the landowner pursuing an alternative use for any property including selling it and realising its capital value, with no repayment of subsidy.
25. Grant recipients would be expected to use the model tenancy when letting properties. This will be provided (as Annex B) as soon as possible. Any alternative tenancy agreements outwith the model will have to be assessed by the Scottish Government, and will need to contain information on:
  - the term (duration) of the tenancy;
  - the rent payable;
  - procedures for rent review;
  - the grant recipient's responsibilities for repairs and maintenance - covering structure and interior, installations, access and insurance;
  - the tenant's rights of succession, where applicable, and procedures for ending the tenancy; and
  - the tenant's rights to information and consultation.

## **Rents**

26. As the Pilot scheme aims to help people in local housing and homelessness need, rents must be affordable to this client group. Rents must therefore be set initially at a level equivalent to the rents charged by registered social landlords or local authorities for comparable houses.
27. Annual rent increases will be capped at RPI+1% over the 30 year period covered by grant; and any increase above this level will constitute default requiring repayment of grant. The relevant RPI data is the annual figure that includes mortgage payments, and can be found on the website of the Office for National Statistics – <http://www.statistics.gov.uk>.

28. It is for the grant recipient to be satisfied that, within these parameters, rents charged take account of the cost of management and maintenance, and future repairs and renewals.
29. Under the short assured tenancy, there are limitations on a reference to a rent assessment committee. There can only be a reference when there are a sufficient number of similar properties in the locality let on assured tenancies and the rent being charged under the short assured tenancy is significantly higher.

### **Housing Management**

30. Grant recipients must adhere to the good tenancy management practices contained within the Scottish National Core Standards 2006. The guidance can be accessed on the following weblink:- [http://www.communitiesscotland.gov.uk/stellent/groups/public/documents/web\\_pages/hmcs\\_017006.pdf](http://www.communitiesscotland.gov.uk/stellent/groups/public/documents/web_pages/hmcs_017006.pdf). Grant recipients must be fully aware of their management responsibilities and the standards required in this area. This includes issues relating to communication between the tenant and the landlord; complaints procedure; void management; tenancy management; dispute resolution and management of antisocial behaviour.
31. Grant recipients may, if they wish, contract out management duties to a third party including registered social landlords, however this will not be a condition of grant. If however, grant is sought on the basis that management will be carried out by a registered social landlord or other third party, any future amendment in this arrangement must be agreed with the Scottish Government.

### **Maintenance**

32. Grant recipients are required to maintain properties to the Scottish Housing Quality Standard, more information on this can be found on the following link [http://www.communitiesscotland.gov.uk/stellent/groups/public/documents/web\\_pages/cs\\_006672.hcsp](http://www.communitiesscotland.gov.uk/stellent/groups/public/documents/web_pages/cs_006672.hcsp), and to meet performance standards in relation to the repair and maintenance of the properties. Performance standards are based on the SFHA guidance 'Raising Standards in Housing: Maintenance" in relation to legal requirements; responsive repairs; planned maintenance; accountability in procuring maintenance work; and the quality of customer service in maintenance. Grant recipients will be expected to complete a self-assessment against these performance standards. This will be completed on an annual basis. It will involve a series of questions that recipients can ask themselves to evaluate and improve their performance on a range of services and activities.

## **Technical Issues**

33. Grant recipients will be required to meet all statutory consents including building warrants and planning permissions, as well as Health and Safety regulations.
34. The quality of grant-funded homes should be equivalent to the standard of new build development required of registered social landlords receiving grant including Housing for Varying Needs, energy efficiency (SAP ratings), and security conscious design.
35. While a technical appraisal of projects will be carried out by the Scottish Government at the detailed application stage, it is the applicant's responsibility to ensure that the grant conditions are met.
36. Grant applicants will have to demonstrate that, wherever practicable, all construction works have been procured in accordance with good tendering practice. Where competitive tendering is not possible, the Scottish Government will conduct a verification (with advice from independent professional chartered surveyors registered with the Royal Institution of Chartered Surveyors) to certify that the construction costs are at, or below, the prevailing market rate.

## **Default / Grant Repayment**

37. Clawback of grant will be applied in respect of any default as defined in the grant offer. A draft grant offer is shown for information at Annex E.

## **Section 5: Expressions of Interest**

### **Submitting an Expression of Interest**

38. From 8 May 2008 to 8 July 2008 landowners will be invited to submit an expression of interest electronically via the proforma on the Scottish Government website:-  
<http://www.scotland.gov.uk/Topics/Built-Environment/Housing/investment>.  
A proforma is attached at Annex C for information.
39. Current landlords will be asked to detail how long they have been a landlord, how many tenants they have, figures on turnover and conditions tenants are currently on, and any measures of tenant satisfaction.
40. Landowners who have no existing experience of being a landlord should detail other local community asset management track record and also explain how they will access the necessary skills in managing rented housing.
41. An indication of support from the local planning authority and/or compliance with relevant planning policies should be submitted.

### **Appraisal of Expressions of Interest**

42. The grant applicant must be eligible to receive the grant, as outlined in Section 3. All projects proposed for grant funding must be consistent with the relevant local authority's LHS.
43. The Scottish Government will seek confirmation/validation that the grant applicant already owns the land concerned.
44. If the applicant is a company or organisation, checks will be made on the organisational structure and legal status to check it is a legal entity.
45. Firm evidence of a grant applicant's financial standing and ability to fund and complete any proposed project is required. Appraisals will therefore involve an assessment of the applicant's:
  - financial strength;
  - ability to access private funding to finance the project, other than the grant;
  - development experience and capacity or proposals to procure such works and services.
46. Financial standing will be assessed in the first instance using Dun & Bradstreet ratings where applicable. Where not applicable or if further evidence is required, annual accounts for the last 3 years will be required.
47. The applicant's capacity to manage the project, either directly or through a management agent, will also be considered.

48. Where landowners are landlords of rented housing, the relevant local authority's view on the suitability of the applicant as a landlord will be taken into account.
49. To ensure there is a housing need in the area which is not otherwise being met and that the site would otherwise meet criteria for social housing, Housing Investment Division officials will consult with the appropriate local authority and may ask local authorities to prioritise projects proposed within their area.
50. Applicants will be advised by the end of August 2008 whether they are invited to submit detailed applications or not. As detailed applications will be considered on a competitive basis we will invite more proposals than we will ultimately be able to grant assist. No assistance with abortive costs for unsuccessful applicants will be provided.

## **Section 6: Detailed Application Stage**

51. Applicants who have been short-listed will be invited to submit formal applications. Further guidance and forms for submitting detailed proposals will be issued later, but this section gives an indication of our requirements so that interested parties are aware of what will be involved in making the detailed application.
52. We are asking applicants at detailed application stage to compete for limited resources. Not all short-listed applicants will receive grant. No assistance will be given to meet abortive costs of unsuccessful applicants.
53. Applicants will have 3 months to work up firm proposals. The detailed proposal must include:
  - building proposals and certification on Quality Standards,
  - detailed drawings,
  - confirmation of planning support, or outline planning consent where possible,
  - allocation and nomination arrangements, and tenancy agreements,
  - funding assumptions including costs, rents, and grant required, standards of management and maintenance; and
  - a project plan.

## **Appraising Grant Applications**

54. The Scottish Government, in consultation with Local Authorities, will take into account the following when assessing a detailed proposal:
  - do the proposals comply with the rules of the scheme and the conditions of grant?
  - is there specific local authority support for the allocation and nominations policy?
  - is there a realistic implementation plan?
55. Recommendations will then be made to Scottish Ministers based on the least amount of grant required. The geographic distribution of proposed projects and range of applicants may also be taken into account in order to ensure maximum lessons can be learned from the pilot.
56. Successful applicants will be offered grant based on their bids. No additional grant will be provided.

## **Section 7: Grant Offer and Conditions of Grant**

### **Provisional Grant Information**

57. The assessment of the maximum grant which may be approved will be based on the average requirement per house per project. The grant will not exceed the lesser of:

- The maximum sum per house. This will vary depending on the average house size. The sliding scale can be found at Annex D. As an example, the maximum sum for a 3 person house is £60,000.

or

- 55% of total development costs, including the notional land cost verified by the District Valuer.

58. For example, a project consists of 10 houses with the capacity to house 40 persons. Hence the average house has the capacity to house 4.0 persons. The total cost of building the 10 houses is £800,000 and the notional cost of the land is say £200,000. This gives a total development cost of £1,000,000 and an average development cost per house of £100,000 (£1,000,000 total development cost divided by 10 houses).

The grant per house will not exceed the lesser of :

- The maximum sum for a 4 person house which is £65,400 (as stated in Annex D)

or

- 55% of the development cost of the house which is £55,000.

The maximum grant per house is therefore £55,000.

As there are 10 houses in the project, the maximum grant for this project is £550,000.

59. The actual grant approved will be based on competitive selection of the detailed proposals submitted.

60. Final conditions and the standard offer of grant will be available on the Scottish Government website at detailed application stage. However, a draft grant offer is included at Annex E so that interested parties are aware of the range of conditions which will apply.

### **Standard Offer of Grant**

61. The Scottish Government will issue its approval of grant in the form of a legally binding grant offer. Applicants should note that the Scottish Government cannot advance grant payments until a written acceptance of the

grant offer has been received and until security documentation has been completed. The use of the standard offer is mandatory.

62. As a condition of the grant offer, the Scottish Government will request grant recipients to confirm the estimated site start and completion dates for the project. It is equally important that grant recipients notify the Scottish Government of any subsequent delays in beginning site work. This information is essential to enable the Scottish Government to manage its Rural Homes for Rent budget effectively.

### **Standard Security and Clawback**

63. Grant recipients must provide a standard security over the properties in favour of Scottish Ministers together with a certificate of title from the grant recipient's solicitors. This is required to safeguard the grant in the event of the grant recipient going into liquidation or defaulting on the terms and conditions contained within the standard grant offer.
64. Scottish Ministers' preferred form of security is a first ranking standard security over the properties to be developed. Where grant recipients are borrowing funds to finance the portion of development costs not covered by grant, Scottish Ministers will be prepared to take a second ranking standard security to the lender providing the loan finance for the project. In either case, no grant can be paid until the security is in place.
65. Where a grant recipient is unable to provide a standard security, this must be made clear when the application for grant is submitted. In that event, the application for grant will either be refused, or approved on the basis that no part of the grant will be paid until completion of the development, and the standard security is provided.
66. The standard security and certificate of title shall be in a form which is acceptable to the Scottish Government.

### **Grant payments**

67. Following approval and acceptance of the grant, applications for payment should be submitted to the Scottish Government. A standard draw down form will be issued at detailed application stage.
68. There may be the facility to draw down grant in stages. Full details will be available at detailed application stage.

### **Progress reports**

69. Throughout the duration of the project (from site start to completion of the final let) grant recipients are required to submit progress reports to the Scottish Government. The Scottish Government will specify the frequency for submitting progress reports. In months when a grant payment is being

requested, a progress report must be submitted. Reporting formats will be specified at detailed application stage.

### **Confirmation of reported progress – site visits**

70. Responsibility for the satisfactory completion of projects and the quality of the housing being provided rests with the grant recipient. However, to ensure that projects in receipt of Rural Homes for Rent Grant are proceeding in the manner envisaged, the Scottish Government will also wish to monitor progress. In addition to receiving the regular progress reports referred to above, the Scottish Government (or chartered surveyors employed by the Scottish Government) may wish to inspect progress on site. The frequency of site visits will depend on the nature of the project and the agreed programme of grant payments. Grant recipients should note that under the terms of the standard offer of grant, the Scottish Government is to be allowed access to the development site, subject to reasonable notice being given.

### **Payments to contractors etc**

71. Grant recipients are responsible for ensuring that all obligations to consultants, contractors, sub-contractors, and suppliers are met, including the timely settlement of accounts. The Scottish Government has no locus in such contractual relationships.

## **Section 8: Post Completion Assessment**

72. When projects have reached completion, the Scottish Government will conduct an assessment to determine the physical and financial outputs from the project. The scheme assessment will involve:
- confirmation that the project is complete and that the completed housing is consistent with what was agreed for grant purposes; and
  - confirmation that the conditions in the offer of grant have been met.
73. To enable the Scottish Government to conduct a post completion assessment, all grant recipients will be required, as a condition of grant, to submit a 'Project Completion Return Form' within 28 days of the last property being let. This form will be provided at detailed application stage.
74. Grant recipients should note that for a sample of projects, the Scottish Government may also conduct a more detailed evaluation to determine these project's success in meeting the objectives defined at grant approval stage and the value for money of the housing provided.

## **Section 9: Monitoring**

75. Grant recipients will be required to complete an annual return to the Scottish Government (or an agent appointed by the Scottish Government) confirming that the terms and conditions of the grant award are being complied with, for example properties are still being let to the intended client group(s), and tenancy conditions and rents are in line with the assumptions made at grant approval stage.
76. To monitor the characteristics of who is housed in properties funded through the Pilot scheme, the Scottish Government will use a national monitoring system known as GRORE (Grants for Rent and Ownership Recording system). Grant recipients are required to submit a GRORE return form for each property within a project, within 28 days of the tenancy agreement being signed. A GRORE return form should be completed for every initial tenancy and every subsequent change of tenancy.
77. The Scottish Government will provide a copy of the GRORE Return Form'. The form consists of two parts. The first part relates to details of the dwelling which has been let. The second part relates to the tenant details. The grant recipient should complete both parts of the form. The GRORE Return Form will be provided at detailed application stage.

## Section 10: Contact Information

78. Additional copies of this procedure note can be obtained electronically from the Scottish Government's website at <http://www.scotland.gov.uk/Topics/Built-Environment/Housing/investment>
79. If you have any questions or points you need to clarify specifically to allow you to submit an expression of interest, please contact Louise McCubbin by email at [Louise.McCubbin@scotland.gsi.gov.uk](mailto:Louise.McCubbin@scotland.gsi.gov.uk) or telephone 0141 305 4099 before Tuesday 17 June.
80. For local enquiries please contact the relevant Scottish Government, Housing Investment Division Area Office. The contact details are set out below.

### **For Highland, Eilean Siar, Orkney Islands, Shetland Islands :**

Highlands & Islands Area Office  
Urquhart House  
Beechwood Park  
Inverness  
IV2 3BW                      Tel: 01463 711272

### **For Dundee City, Perth & Kinross, Angus, Clackmannanshire, Stirling, Falkirk:**

Tayside & Forth Valley Area Office  
Endeavour House  
1 Greenmarket  
Dundee  
DD1 4QB                      Tel: 01382 427500

### **For Glasgow:**

Glasgow Area Office  
Highlander House  
58 Waterloo Street  
Glasgow  
G2 7DA                      Tel: 0141 226 4611

### **For Argyll & Bute, West Dunbartonshire, East Dunbartonshire, Inverclyde, Renfrewshire, East Renfrewshire:**

Argyll & Clyde  
St James House  
25 St James Street  
Paisley  
PA3 2HQ                      Tel: 0141 889 8896

### **For Aberdeen City, Aberdeenshire, Moray :**

Grampian Area Office  
Johnstone House (2<sup>nd</sup> Floor – Suite A)  
50 – 54 Rose Street  
Aberdeen  
AB10 1UD                      Tel: 01224 624960

### **For City of Edinburgh, West Lothian, Midlothian, East Lothian, Fife, Scottish Borders:**

Lothian, Borders & Fife Area Office  
Thistle House (3<sup>rd</sup> Floor)  
91 Haymarket Terrace  
Edinburgh  
EH12 5HE                      Tel: 0131 313 0044

### **For Dumfries & Galloway, North Lanarkshire, South Lanarkshire:**

South West Scotland Office (Hamilton)  
Rex House  
75 Bothwell Road  
Hamilton  
ML3 ODW                      Tel: 01698 420042

### **For East Ayrshire, North Ayrshire, South Ayrshire:**

South West Scotland (Ayr)  
52/66 Newmarket Street  
Ayr  
KA7 1LR                      Tel: 01292 611810

## Annex A – Rural Areas

To check if an individual area would be classed as ‘rural’ for the purposes of the Pilot scheme follow the instructions below.

- Go to Scottish Neighbourhood Statistics ([www.sns.gov.uk](http://www.sns.gov.uk))
- Select ‘Advanced Reporter’
- Click ‘Show Map’ on the right hand side
- Locate area of interest (either visually or by entering postcode)
- From ‘Choose area type’ pick Data Zone
- Click on the arrow icon in the right hand grey / blue box
- Click on area of interest on the map
- The datazone is now shown in orange when selected
- Click ‘Next’
- Under topic select ‘geographic classification’ then ‘urban / rural classification’
- In right hand side select 2006
- Click ‘View result’

The urban / rural classification is now shown in the range 1 (large urban) to 6 (remote rural) in line with the 6 fold map. **If the classification is 5 or 6, it is a ‘rural area’ for the purposes of the Pilot scheme.**

## **Annex B – SRPBA Model Tenancy Agreement**

The Model Tenancy Agreement will be included in the guidance as soon as it is available.

**Annex C – Expression of Interest Proforma** (shown for information)

**1. APPLICANT DETAILS**

Name of Applicant \_\_\_\_\_

Tick if you are applying as a private individual as opposed to a business/organisation   
If you are applying as a business or organisation what is its name, registered address, and legal status

\_\_\_\_\_

\_\_\_\_\_

Contact name \_\_\_\_\_

Position in organisation, if applicable \_\_\_\_\_

Postal address \_\_\_\_\_

\_\_\_\_\_

Email \_\_\_\_\_ Tel. No. \_\_\_\_\_

**2. THE PROPOSED PROJECT**

Location name/description \_\_\_\_\_

Local authority area \_\_\_\_\_ Full Post Code or  
OS Grid Reference \_\_\_\_\_

Do you own the land? \_\_\_\_\_

For how long have you owned the land? (if over 10 years, say  
“over 10 years”) \_\_\_\_\_

How many houses are proposed? \_\_\_\_\_ How many bedspaces? \_\_\_\_\_

Comments on Planning status \_\_\_\_\_

\_\_\_\_\_

If additional evidence of Planning Authority is attached, tick here . Attachments must  
all be electronic.

Comment on availability of infrastructure and services \_\_\_\_\_

\_\_\_\_\_

What is your experience of organising building projects? What skills do you have in-house or how will you access the relevant skills?

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### 3. TRACK RECORD/CAPACITY IN MANAGING RENTED HOUSING

Do you already own rented housing? (Yes/No) \_\_\_\_\_

For how many years? (If over 10 years say "over 10 years") \_\_\_\_\_

If yes, is it managed in-house or by an agent? (if an agent, state name and address)

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If you already own rented housing, details of number of properties, average voids, turnover, rents and typical tenancy agreement should be attached. Tick here if attached.

If you do not currently own any rented housing please state what other relevant experience you have in managing assets for community benefit

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and how you will access the necessary skills in managing rented housing

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#### 4. FINANCIAL STANDING

How would you finance the proposed development, in addition to any grant provided?

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Is this funding in place? \_\_\_\_\_

If this funding is not in place, how will you secure it? \_\_\_\_\_

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If you are a registered company, we will obtain Dun & Bradstreet ratings.  
Please tick if you are a registered company.

#### 5. CERTIFICATION

I certify on behalf of the Applicant that (tick to certify)

- I have read Housing Investment Guidance Note (2008/04) Rural Homes for Rent Pilot Scheme dated May 2008 and accept that the project will be subject to all the requirements set out in the guidance, including the maximum grant available.
- The information contained in this Expression of Interest is accurate.

Signed \_\_\_\_\_

NAME \_\_\_\_\_ Date \_\_\_\_\_

#### 6. SUBMISSION OF EXPRESSION OF INTEREST

This Expression of Interest form and any attachments should be submitted electronically to [Louise.McCubbin@scotland.gsi.gov.uk](mailto:Louise.McCubbin@scotland.gsi.gov.uk) by 8 July 2008.

## Annex D

### Grant Limits per Average Number of Bedspaces

The maximum level of grant payable will be up to 55% of total development costs\* providing the grant limits per unit below are not exceeded.

Average Bedspaces per Unit	Maximum Grant (£)	Average Bedspaces per Unit	Maximum Grant (£)
2.0	53,580	4.0	65,400
2.1	54,240	4.1	65,820
2.2	54,840	4.2	66,180
2.3	55,500	4.3	66,600
2.4	56,160	4.4	66,960
2.5	56,820	4.5	67,380
2.6	57,420	4.6	67,740
2.7	58,080	4.7	68,160
2.8	58,740	4.8	68,520
2.9	59,340	4.9	68,940
3.0	60,000	5.0	69,300
3.1	60,540	5.1	69,600
3.2	61,080	5.2	69,840
3.3	61,620	5.3	70,140
3.4	62,160	5.4	70,380
3.5	62,700	5.5	70,680
3.6	63,240	5.6	70,920
3.7	63,780	5.7	71,220
3.8	64,320	5.8	71,460
3.9	64,860	5.9	71,760
		6.0	72,000

\* including notional land value

## Annex E

### Draft Standard Offer Of Rural Homes for Rent Grant

Our Ref:

*Name and address of Grant Recipient*

*Date:*

Dear

[SUBJECTS: ]

[RESOURCE SYSTEM REFERENCE: ]

On behalf of the Grant Provider (after defined), I hereby offer to make to you the Grant Recipient (after defined) a Rural Homes for Rent Grant (“the Grant”) subject to the following terms and conditions and the conditions contained in the Standard Conditions of Grant forming Part 1 of the Schedule annexed hereto (“the Schedule”).

#### 1. Interpretation

1.1 In this Offer the following expressions have the following meanings:

<b>Amount of Grant:</b>	£ [Enter the amount of Grant being offered.]
<b>Grant Recipient:</b>	[Insert the full name and address of the organisation or individual receiving the Grant.]
<b>Grant Provider:</b>	<b>Insert</b> [“The Scottish Ministers, acting through Housing Investment Division of The Scottish Government, of Highlander House, 58 Waterloo Street, Glasgow, G2 7DA”]
<b>Subjects:</b>	[Enter the full address of the Subjects covered by the Offer or the area co-ordinates on the Ordinance Survey map]
<b>Project:</b>	[Enter a detailed description of the Project, including details of the intended client group(s) to be housed]
<b>Security Interest:</b>	[Enter details of the Grant Provider’s security]
<b>Permitted Security:</b>	[Enter details of the security, funder and amount]
<b>Initial Rental Income</b>	[Insert the amount of the total rental income to be charged for the first year following completion of the Project]

<b>Prescribed Rate:</b>	<b>For Scottish Ministers insert:</b>  [Four per centum per annum above the base lending rate of the Bank of Scotland for the time being in force, or in the event of that ceasing to exist, such other rate equivalent to it as the Grant Provider may specify]
<b>RESOURCE System Reference:</b>	[Enter the RESOURCE System Reference number to be used in subsequent correspondence.]
<b>Term of Grant:</b>	[Enter the number of years (being not less than 30 from the date of the last payment of Grant for which the conditions of Grant are to apply.)]

1.2 In this Offer:

“Guidance” means Housing Investment Guidance Note “Rural Homes for Rent Pilot Scheme” issued by Housing Investment Division dated April 2008 and which forms Part 2 of the Schedule.

“Permitted Security” means a standard security (other than any standard security by the Grant Recipient in favour of the Grant Provider) the terms of which have been approved by the Grant Provider;

“Permitted Purpose” means developing the Subjects and thereafter letting the Units for affordable housing during the Term of the Grant all in accordance with the Project and the Guidance.

“Schedule” means any Schedule annexed and executed as relative hereto;

“Unit” means an individual flat or house that is provided by the Project.

1.3 Except where the context otherwise requires, words denoting the singular include the plural and vice versa, words denoting any gender include all genders, words denoting persons include firms and corporations and vice versa.

**2. Guidance**

The Grant Recipient shall be bound to comply with the Guidance the entire terms of which shall be deemed to be incorporated in this offer. Without prejudice to the foregoing any breach by the Grant Recipient of the Guidance shall be deemed to be a breach of this offer

**Purpose of Grant**

2.1 The Grant will be used by the Grant Recipient for the development of the Subjects for the purpose in accordance with the Guidance.

**3. The Units**

3.1 The Units will be available for letting for the Term of Grant and will be let by the Grant Recipient under a Tenancy Agreement in a form approved by the Grant Provider all in accordance with Guidance.

**4. Commencement of Project**

4.1 The Project will commence on site within [ ] weeks of the date of this Offer. In its acceptance of this offer the Grant Recipient will specify the anticipated date of commencement of the Project.

## 5. Project Monitoring

5.1 Without prejudice to the Grant Provider's rights under the Guidance the Grant Provider (or consultants employed by the Grant Provider) will be entitled at any time to inspect the Subjects on giving reasonable prior notice to the Grant Recipient. All reasonable access to the Subjects will be allowed to the Grant Provider or its Consultants.

## 6. Default / Grant Repayment

6.1 If either:

(a) The Grant Recipient has failed duly to perform or comply with any obligation or requirements imposed upon it in terms of this Offer including without prejudice the terms of the Guidance incorporated herein or the Standard Conditions and such failure is either (i) not capable of remedy; or (ii) not remedied within such reasonable period as the Grant provider may have allowed the Grant Recipient to remedy the same by notice in writing and / or

(b) a Cessation Event occurs

then in either case (a) the Grant Provider will not be under any obligation to make any further payment of Grant and (b) the Grant Recipient shall Immediately (within 14 days) of receipt of notice to that effect by the Grant Provider repay to the Grant Provider all payments of Grant which has been made hereunder.

6.2 In clause 6.1 the term "Cessation Event" means one or more of the following

- (a) the Grant Recipient is or is deemed for the purpose of any law to be unable to pay their debts as they fall due or;
- (b) the Grant Recipient is insolvent or apparently insolvent and steps have been or are about to be taken to appoint a in bankruptcy, liquidator, administrator or receiver to or in respect of any assets of the Grant Recipient or;
- (c) the Grant Recipient dies and the person who has title to the Subjects has failed within such reasonable period as the Grant Provider may specify to enter into an agreement to comply with the terms of this offer in terms satisfactory to the Grant Provider.
- (d) the Grant Recipient has been wound up, struck off or dissolved or;
- (e) the Grant Recipient has ceased or threatened to cease operating or trading

Any security or other incumbrance over the Subjects is called up or otherwise enforced

6.3 Without prejudice to the rights of the Grant Provider in terms of the Guidance the Grant Recipient shall grant a standard security in favour of the Grant Provider over the Subjects in security of their obligations hereunder.

6.4 In the event that payments of Grant require to be repaid in terms of this offer the sum due to the Grant Provider will be payable within 14 days of ascertainment by the grant provider, otherwise interest will be payable on any unpaid part of the clawback ascertained until fully repaid at the prescribed interest rate.

**7. Arbitration**

- 7.1 Any dispute about the calculation of sums due to the Grant Provider by the Grant Recipient in terms of Clause 6 hereof will be referred to an Arbiter appointed by the Grant Provider and the Grant Recipient, or failing Agreement, within fourteen days of either party's request, by the president or senior office holder of the Royal Institution of Chartered Surveyors, the cost of referral to such arbiter and the cost of his appointment to be within the award of the arbiter; the decision of such arbiter will be conclusive and binding on the Grant Provider and the Grant Recipient, and there will be specifically excluded the provisions of Section 3 (1) of the administration of Justice (Scotland) Act 1972 which would otherwise permit an application to the Court of Session on any question of law.

**8. Discharge**

- 8.1 The conditions contained herein will continue to be enforceable during the Term of Grant after which, if there has been no default, the Grant Provider will at the expense of the Grant Recipient grant a discharge of any Standard Security.

**9. Acceptance**

9.1 This Offer is open for acceptance in writing to reach the Grant Provider not later than fourteen days after the date hereof (or such other period as may be mutually agreed) and if no such acceptance has been received, then this Offer will be held to have been withdrawn.

Yours faithfully

\_\_\_\_\_ (Signature)

\_\_\_\_\_ (Full name)

\_\_\_\_\_ (Position)

\_\_\_\_\_ (Date)

**For and on behalf of the Grant Provider**

On behalf of the Grant Recipient I hereby accept the foregoing Offer on the terms and conditions stated therein.

The anticipated date of commencement of the Project is

\_\_\_\_\_

\_\_\_\_\_ (Signature)

\_\_\_\_\_ (Full name)

\_\_\_\_\_ (Position)

\_\_\_\_\_ (Date)

**For and on behalf of the Grant Recipient**

THIS IS THE SCHEDULE REFERRED TO IN THE FOREGOING OFFER BY [ ] TO [ ] (“the Offer”)

## **PART 1**

### **STANDARD CONDITIONS OF GRANT**

#### **Acceptance of Offer**

1. No payment of Grant will be made until the Offer is accepted.

#### **Breach of Terms of Offer**

- 2.1 The Grant Recipient shall:

(a) not sell or otherwise dispose of the Property save by way of a transfer or transmission either within the Grant Recipient’s family or through inter company arrangements all to persons and in terms acceptable to the Grant Provider which terms shall include an obligation on the successor to comply with the conditions of the Grant

(b) use the Property for the Permitted Purpose

(c) not enter into or permit any change in the composition, constitution or control of the Grant Recipient without the prior written consent of the Grant Provider or;

(d) keep the Grant Recipient properly informed of all relevant matters in relation to the Project and procure that all information provided to the Grant Provider by or on behalf of the Grant Recipient is true and accurate in all material respects

(e) comply with all obligations and requirements imposed upon it and the project including without prejudice all obligations and requirements imposed under any statute, common law, regulation, byelaw, directive, code of practice, notice, circular, guidance

(f) not create or permit any security, incumbrance or diligence over or affecting the Property save as permitted in writing by the Grant Provider

(g) not suffer a Cessation Event to take place

#### **Interest**

4. The Grant Recipient will make payment of any sum due to the Grant Provider in terms of the Offer by a date specified by the Grant Provider for that purpose and interest at the Prescribed Rate will be payable by the Grant Recipient to the Grant Provider on any sum which is overdue.

#### **Expenses**

5. The Grant Recipient and the Grant Provider will bear their own legal fees which arise in connection with the Grant. The Grant Recipient will pay all registration fees in connection with the taking of any security.

#### **Statutory Compliance**

6. The Project will comply with all applicable statutory requirements.

#### **Indemnity**

7. The Grant Recipient will indemnify the Grant Provider from and against all actions, proceedings, claims, losses, expenses and damages arising from any breach by the Grant

Recipient of any undertaking or obligation in connection with the Grant and for all liability in respect of personal injury to or death of any person or of any damage to any property arising out of or in the course of or caused by the carrying out of the Project by the Grant Recipient or those authorised by it.

### **Insurance**

8. The Subjects and any Units thereon will be adequately insured to the satisfaction of the Grant Provider and in the case of the Units for at least full reinstatement value.

### **Project Completion**

9. The Project will be carried out with all due diligence, completed to the satisfaction of the Grant Provider and no material changes will be made to the Approved Documents without the prior written consent of the Grant Provider.

### **Time Limits**

10. The Offer will be deemed to be withdrawn where the Project does not commence or proceed within time periods specified in the Offer unless the Grant Provider consents in writing to extend those specified periods.

### **Press Releases**

11. The Grant Provider reserves the right to issue any press release or other public information about the Grant and/ or the Project including the right to erect a signboard at the Project.
12. Scottish Ministers and grant recipients will not do, or omit to do, anything in relation to the grant offer, that may bring the standing or reputation of either Party into disrepute or attract adverse publicity to either Party.

### **Supersession**

13. The terms of the Offer, and the contract following thereon, will remain in full force and effect insofar as they relate to any matter referred to herein which has not been implemented or on which the Grant Provider has not been fully satisfied, and that notwithstanding delivery of any Standard Security and Deed of Variation of Conditions to follow hereon, or that such matter has not been referred to in the said Standard Security and Deed of Variation of Conditions.

### **V.A.T.**

14. The payment of the Grant by the Grant Provider to the Grant Recipient will be inclusive of all, if any, Value Added Tax payable thereon. The payment of any sum of money or other consideration by the Grant Recipient to the Grant Provider arising from the contract, any Standard Security and Deed of Variation of Conditions will be exclusive of all Value Added Tax payable thereon. The Grant Recipient will also be required to pay or keep the Grant Provider indemnified against all Value Added Tax relating to such sum of money or other consideration. References in the contract to Value Added Tax will include any other tax replacing or supplementing the same.

### **Notices**

15. Any notice given under the terms of the Offer is effectively given if it is posted to either the Grant Provider or the Grant Recipient at their address as shown in the Offer, or if the Grant Recipient is a company and its registered office is not in the United Kingdom, at the address of the Subjects and such Notice will be deemed to have been served two working days after it has been posted.

### **Proper Law**

16. The contract will be construed and regulated according to the Law of Scotland.

**Severance**

17. All the provisions of the contract are severable and distinct from one another, and if one or more of such provisions becomes invalid, illegal or unenforceable the validity, legality and enforceability of the remaining provisions will not in any way be affected or impaired.

**Liability of Grant Recipient**

18. Where the Grant Recipient comprises more than one person the obligations hereunder will be joint and several.

**Consent to Registration**

19. The Grant Provider and the Grant Recipient consent to registration of the contract for preservation and execution.

.....  
On behalf of the Grant Provider

.....  
On behalf of the Grant Recipient

\* Part 2 of the Schedule will be the Guidance itself.