Lar Housing Trust – Phase 1, Key Outputs

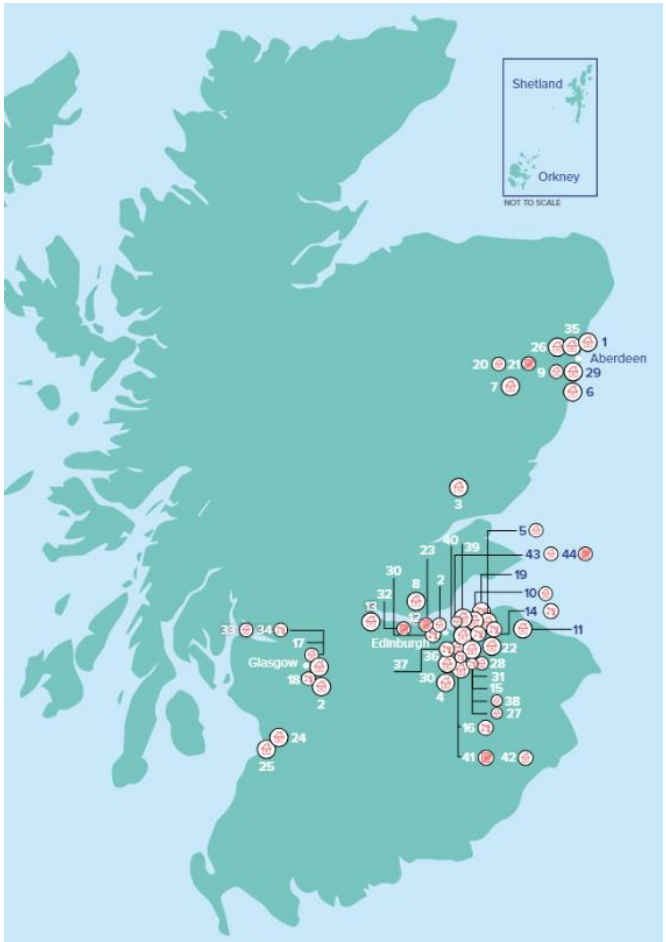


Lar Housing Trust, Phase 1, Key Outputs

Executive Summary

- ***100% loan financed model, proven to work across multiple Scottish regions to provide high quality affordable homes for key workers and those on lower incomes***
- ***Over £10m charitable benefit delivered over the last 5 years, saving tenants on average over £3,100 per annum each***
- ***Delivers twice the number of affordable homes over a 25 year period than grant financed mid market delivery mechanisms, with initial day 1 saving of over £17,000 per home***
- ***If replicated, Lar's model could end all homelessness across Scotland, for the same public sector capital contribution***
- ***As a 100% debt funded model, homes are guaranteed to remain in the affordable sector in perpetuity, providing security to tenants***
- ***Lar has the ability to re-gear thus provide additional affordable homes with no public sector subsidy, every 10 years***
- ***Lar's pathfinding model could be easily used by housing associations and other charities, across the country***

Background



Lar Housing Trust was established by the Scottish Futures Trust ("SFT**"**) in October 2015, as a test case, to assess whether additional affordable housing could be delivered using **solely loan** finance at a lower cost to the taxpayer instead of using the more traditional **grant subsidised** finance, which is commonly used to build affordable housing in Scotland.

The Scottish Government supported Lar by providing seed finance, lending Lar £55m as a lump sum loan, to be drawn down across a 4 year period. In exchange for this, Lar was required to provide 400 homes for mid-market rent, put in place private finance of at least a further £55m to support the construction of more homes (of indeterminate number) and provide a housing service.

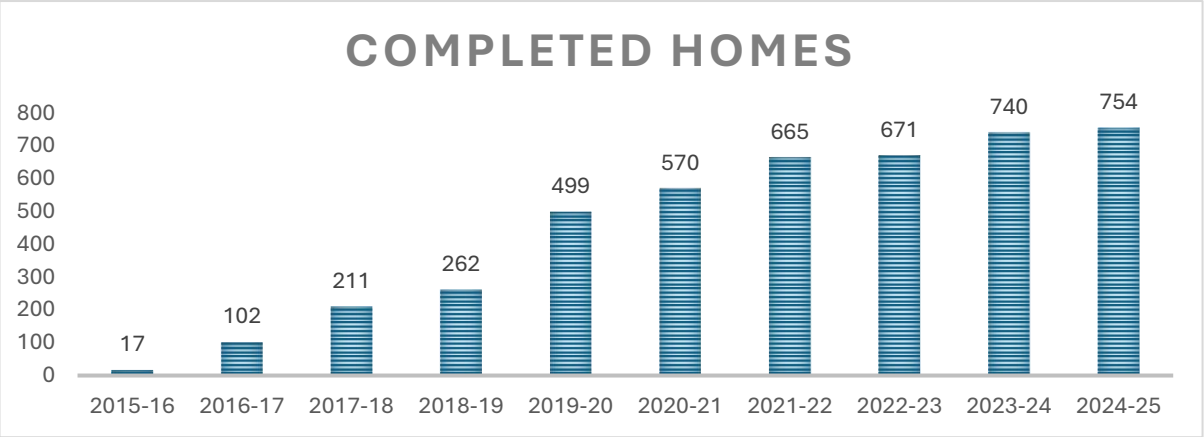
The Scottish Government loan is a low interest rate loan (interest rate of 0.1%), fully repayable on the expiry of a normal 25 year mortgage term and was to be subordinated to the senior debt, once

commercial lending was agreed. The blended interest rate between the soft loan from Scottish Government and commercial loan makes lower rent levels possible compared to normal market levels. The Scottish Government has been granted a second ranking standard security over all residential properties bought by Lar.

In July 2017, Lar agreed a £65m fixed rate commercial loan with Scottish Widows, to support the construction of further affordable homes.

In June 2024, Lar completed construction of its 35th development at Rope Walk, Fountainbridge Edinburgh which enabled it to secure its 754th home to Scottish Widows (and the Scottish Government) bringing the security pool to a value of just over £120,000,000. This has thus brought to an end all construction related obligations under both of Lar's loan agreements and therefore has allowed the value of Lar's model to be assessed at this key point in its journey.

Given the considerable interest in Lar and its model – financial, operating and governance, we hope this report aids in the understanding of what Lar does and how it has done it. Our hope is that by preparing this report, other providers in the affordable housing sector can copy elements of Lar's model as they see fit, in order to increase the number of good quality, highly desirable affordable homes that are provided across the UK.



Lar's Charitable Output

Lar is a Scottish Charitable Incorporated Organisation (SCIO), charity number SC044825. Lar's charitable objective is to prevent financial hardship through the provision of high quality, energy efficient and well-maintained homes for rent at below market prices. Since the early years of Lar's operation, Lar has consistently delivered an average saving to its tenants of more than £3,100 per household in rent per annum. That is the equivalent of £260 per month to each tenant and more than £2.3M per annum in total – more than £10M of total public benefit over the past five years of operation alone.

As Lar has matured, it has been able to provide a more holistic service, including wider benefits to its tenants and their communities than simply financial rent savings. Lar is now in the process of providing a considerable number of community facilities (often at peppercorn rent to other charity and community groups) as well as providing educational opportunities for hundreds of school and university students at its construction sites. It has also established

community funds to support local community groups in areas where Lar owns properties or in areas where staff live, paid for by commercial activities carried out by Lar's two subsidiary companies.

Lar's Tenants

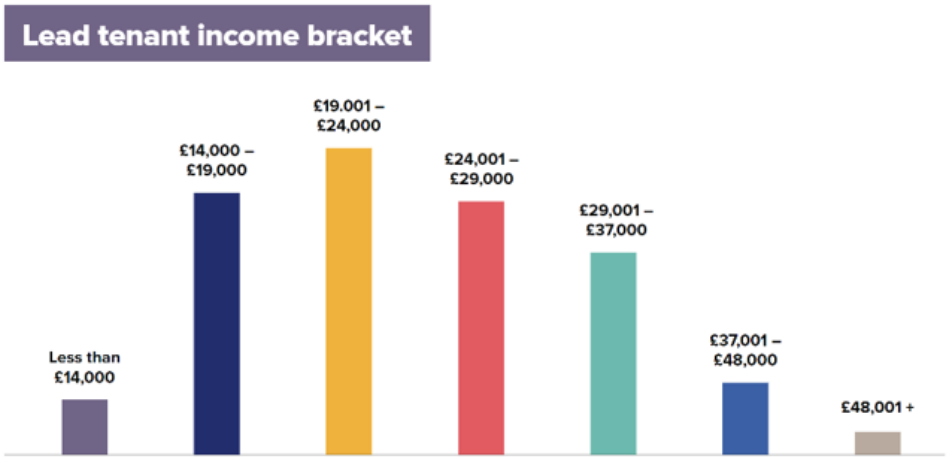
Lar was established to provide mid market rent homes. These are homes which are aimed at people who struggle to afford private rents but who also have little chance of being offered a socially rented home as they do not score highly on the allocation matrixes used to allocate social homes.

Mid market rent tenants tend to be people who are in work – often key workers – but with household income levels that are below the 7th decile of average household income. In practical terms, this translates to a Lar tenant's average household income being c.£27,500.

34% of Lar's tenants fall within the lowest income quartile and many new tenants are referred to Lar from Councils' homelessness prevention teams or other charities – despite 82% of Lar's tenants being in work (6% are retired, 6% are students and 6% are unemployed or have caring obligations which prevent them from seeking employment).



Lar's tenants are of all ages but tend to be young (20-34yrs) and generally reflect national diversity profiles.



Lar's Rents

The business case for setting up Lar assumed that every time a new development was constructed, the rent levels would be set at the prevailing 30% Broad Rental Market Area (BRMA) level for that unit type in that geographical area – this is essentially an amount equal to 100% of the local housing allowance (LHA) rate. The reason this level was chosen was because Lar's homes are aimed at people who are in work and therefore able to afford rents that are higher than social rents. If they lost their job however, housing benefit would be available to them at a level that is equivalent to 100% LHA (assuming they are appropriately housed) and as such they would not necessarily lose their home due to affordability issues if their employment circumstance changed. This would mean that tenants could have a high level security of housing on financial grounds even if they lost their job or could not work for any other reason. It was also assumed that rents would thereafter increase at CPI each year.

In practice, Lar has been able to set its rents at levels which are generally lower than 30% BRMA and does not charge service or factoring charges in addition to rent, with all cleaning and other "service charge" costs being included within the rental figure. Additionally, Lar's average annual increases have been consistently lower than CPI, resulting in tenants' homes becoming more affordable over time, when compared to general price rises.



A table showing Lar's average rents per geographical area compared to BRMA is attached at Annex 1.

Lar's Homes

Lar has bought and/or constructed 754 homes across 10 local authority areas ranging from Aberdeen and Aberdeenshire to Perth and Kinross, Fife, East and Mid- Lothian, Edinburgh, Falkirk, Glasgow and South Ayrshire. This equates to providing a new home every three to four days since launch.

Lar's homes are a mixture of flats, cottage flats and houses, and range in size from one to four bedrooms. Most are new build homes but Lar also has a few older properties which have undergone refurbishment and has created "new build" properties within the shells of previously derelict buildings. Lar has also converted a large commercial office building, a church and a large factory building into homes. Most of Lar's homes are general needs housing, however, Lar has also built two developments of specialist homes for adults with complex needs.

Whilst the majority of Lar's homes are in cities and larger towns, Lar also has a presence in small villages and towns across Scotland.

The vast majority of Lar's homes have an EPC rating of B or above and heating methods vary from gas to electric, air source and ground source heating systems.

In addition to Lar's completed, operational homes, the Lar Group owns seven sites which are in the process of being constructed or are in planning or design phases (Lar's "phase 2"). These could provide a further 300-400+ homes and a number of community and commercial facilities, once construction is completed.

Lar's Construction Process

With significant lump sum borrowing and Scottish Government expectation of having homes in the ground quickly, Lar originally built up its portfolio of homes through market engagement exercises, purchasing existing rental portfolios, off-plan developments and newly constructed homes from most major UK housebuilders.

As a charitable affordable housing provider, Lar qualifies as a recipient of s75 homes (the "developers affordable housing contribution" on new build sites, where generally 25% of homes are required to be built for affordable uses, whether that is social housing, mid market housing, low cost home ownership, golden share, or other approved tenure). Perhaps surprisingly, s75 homes form a very small minority of Lar's stock (considerably under 25%) thus ensuring that most of Lar's properties are additional to the affordable sector.

Increasingly, partly due to lack of availability of good quality stock and partly due to financial viability, Lar has turned to buying and developing its own sites. Lar bought its first derelict site in 2016, at Cockenzie in East Lothian. Using in-house resources, Lar took the site through planning and the 26 homes which are now operational on that site were built for Lar under a D&B contract structure by Cruden.





Lar's commercial construction subsidiary (Lar Projects) was established in 2019 to directly construct Lar's homes and homes for others on mixed tenure sites, with all profits being remitted to the Trust at the end of each financial year. By "directly construct", we mean that Lar Projects finds sites, designs them, takes them through the planning application processes, appoints consultants, tenders work packages, directly employs site teams and some trades and

thereafter manages the handover process to Lar Operations, to ensure a cost effective and seamless transition from the construction to the operating phase. This has meant that, should a second tranche of low interest rate loan or other subsidy not be available, Lar has the ability to continue to provide new, additional affordable homes on mixed tenure sites. Feedback from tenants and communities is that where a derelict, dangerous building, within a community can be restored and adapted to provide good quality homes, this has a hugely positive impact on the local community, the heritage and place making of the communities and their sustainability credentials. These sites have contributed to Lar's enviable reputation for delivering high quality accommodation even on the most complex sites.

Lar's average site size is 22 units and ranges from a minimum of 4 homes to a current maximum of 89 homes. Lar has, on average, bought or built a new home every 3-4 days, since October 2015. Its average cost to build across the 754 constructed units (2015-2024) is c.£130,000 per unit. Lar Projects also constructs community and commercial facilities. Please see Annex 3 for case studies of some of Lar's developments.

Lar's Services

In a similar vein to construction, Lar initially engaged private sector letting agents and a housing association to provide letting, factoring, management and repair services to its tenants. As soon as sufficient numbers of homes were bought, Lar took over the management and all other letting functions in house (2016-2017).

In 2018, Lar set up its operations subsidiary, Lar Operations CIC in order to purchase its office building, thus reducing its operational overhead. Lar Operations CIC now provides all tenancy, property and estate management services as well as community engagement services to both Lar's residents and also to a discrete few private sector entities. Lar Operations also provides internal turnover cleaning and laundry change services at one of our partnership developments with the Edinburgh Health and Social Care Partnership, including managing a respite care flat.

Following the completion of phase 1, Lar Operations has directly employed community engagement workers to ensure a consistent and high level of engagement is provided to our tenants. The community workers see to it that the tenants' wishes are taken into account when it comes to upgrades to community spaces, activities and other events carried out at Lar's developments. This team also engages with the wider public to ensure that Lar plays its part in providing educational and other opportunities to the communities within which Lar is active.

Lar has three offices, (and one in planning) spread across the country to ensure that its services can be provided locally, by locally employed staff thus making sure that Lar knows and is part of its communities and can react quickly to tenants' needs. Tenant satisfaction with Lar's provision of tenancy, engagement and repairs services is thus consistently high across all geographical areas. Across the group Lar has ca. 40 staff.

Lar's Finance

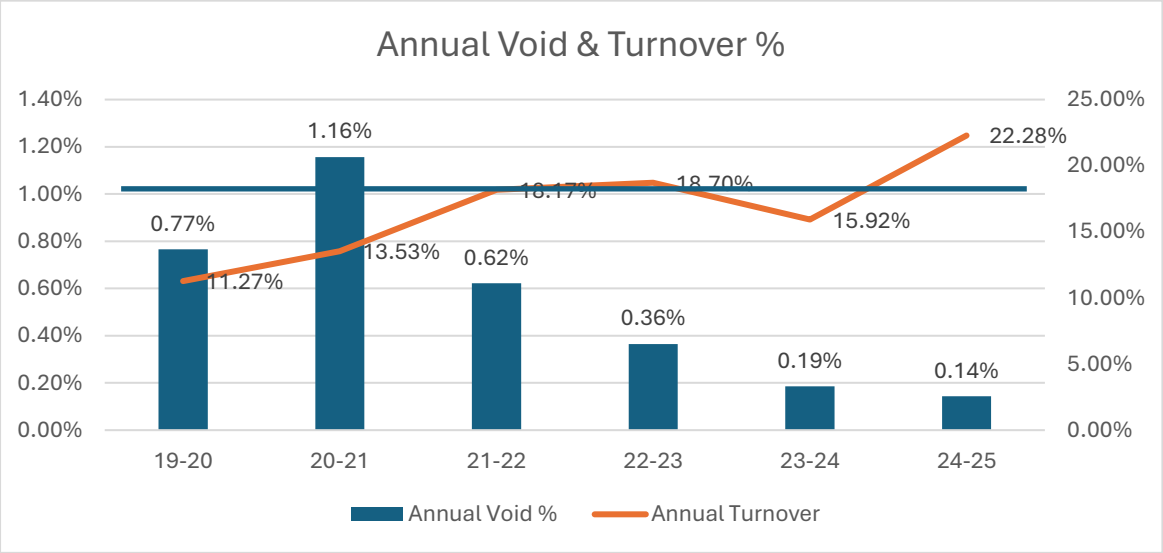
Lar was initially financed with a £55m low interest rate loan from the Scottish Government to which it has added £65m of private finance, fixed through the Bank of Scotland with Scottish Widows.

Lar has now secured £120m of value to its funders, thus bringing to an end its construction obligations. The rental income that Lar charges is intentionally kept as low as possible, in order to ensure that Lar's homes are affordable to households most in need within the mid market arena. Income from these 754 homes is ca. £6m p.a. (if rents were set at the BRMA rent cap, as allowed under Lar's terms with the Scottish Government, rental income would be ca. £9m p.a.) and Lar has built up reserves of ca. £24m on its balance sheet through careful buying and building of its housing stock. As Lar owns all of its properties, this revaluation gain can be used as equity to borrow more debt, thus ensuring that Lar can continue to grow and build more homes for affordable use, thereby extending its charitable benefit well beyond what it was originally set up to do.

This ca. £6m annual income is sufficient to cover all of Lar's operating costs relating to its 754 homes, including interest payments and amortisation of its commercial loan and reserving for lifecycle costs and debt service obligations.

In addition, the Lar group currently owns seven additional housing sites which are in the process of construction, planning or design; owns an array of commercial and community assets; and has limited reserves and cash with which to continue construction. These assets, together with additional borrowing, will form the basis of Lar's phase 2 programme, thus enabling additional affordable homes to be provided.

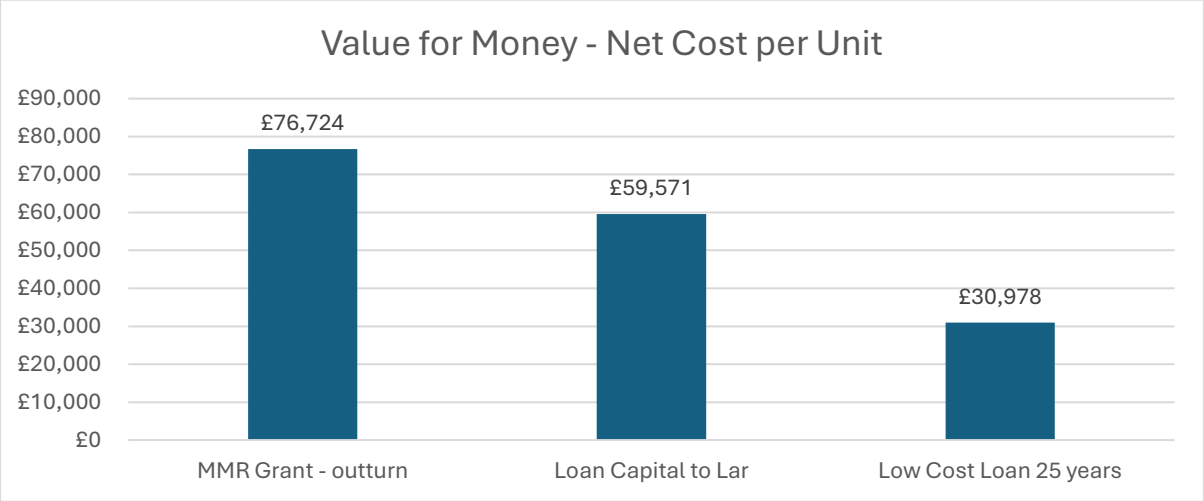
In terms of operational finance, Lar has a void rate which is consistently sub 0.5% p.a. (currently 0.14%), bad debt averaging at under 1% p.a. (currently 0.4%), and arrears consistently at 3-4% p.a. Some recently constructed homes were intentionally kept void during 2020, in case they were required by the NHS.



Value for Money (VfM)

In terms of outputs, based on the 754 completed units with gearing as per the total £120m debt pool, Lar has required on average £59,571 of soft loan and £70,403 of private debt per home on "day one". This compares to £76,724 of MMR grant being given to homes built under the grant method. As loan finance is repaid over the 25 year term, all soft loan will be returned to the public purse. To ascertain the "value" of the returned £55m, one needs to look at the inflationary reduction that having this money invested in affordable homes has. In order to model this, we have assumed inflation at 2% and a discount rate of 3.5%. On this basis, over the 25 year loan period, the cost to the public purse of lending to Lar reduces the cost to £30,975 per unit. This is considerably less than the amount of MMR grant currently being paid for each MMR home.

In simple terms, the lump sum, subordinated, low interest loan structure has reduced the "day 1" cost per unit by c.a.£17,000 per unit compared to equivalent grant. As the loan is repaid, then looked at over a 25 year period, this would allow more than twice the number of affordable homes to be built using the same amount of public sector capital debt. Deploying capital in this fashion therefore could greatly increase the number of affordable homes provided over a longer term period.



Please see Annex 2 for more details. We have also included comparisons which show the effect of:

1. Lar using its remaining portion of the £120,000,000 loan to purchase homes on the open market, based on conservative current pricing (43 homes are already nearing construction completion); and
2. Lar using its remaining cash to continue to build out its phase 2 properties as mixed tenure, thus enabling the greatest overall number of affordable homes to be built and also giving the Scottish government and others time to assess Lar's model to see whether replication of the original low interest rate loan would be of benefit to the affordable sector.

Replication and Lar's Future

Following in Lar's footsteps, the Scottish Government ran an open invitation for organisations to bid for loan funding called the MMR Invitation. In addition to Lar, there are two other organisations that have taken advantage of loan finance from Scottish Government to develop MMR units, The Highland Housing Alliance and Thriving Investments. The former uses a mixture of loan funding and grant and the latter a mixture of loans and equity.

Despite requests, Lar has not received additional loan finance from the Scottish Government to continue to provide more affordable homes. Without any public support by way of either another low cost loan or repayable grant, Lar's future growth will be slow and largely financed through commercial debt and sales of newly constructed properties.

However, with the recent additional capital being allocated to Scotland in the October mini-budget, the Scottish Government is well positioned to make greater use of this model and finance Lar and others to extend the provision of affordable housing beyond the grant programme and as a key part to its housing emergency response.

Essentials to Make the Model Work

The main factors which, when brought together, have been key to making Lar's first phase successful are:

- Lump sum finance, which allowed Lar to plan its pipeline over a number of years and react quickly to market conditions, thus enabling Lar to agree purchases efficiently and at good value.
- Lar's finance was not tied to any particular area or house type, thus allowing complete flexibility in building up a pipeline that was focussed entirely on viability and tenant demand/wishes.
- The low interest rate on Lar's loan from Scottish Government keeps the weighted average cost of capital at below commercial rates which allows Lar to charge below market rents for its properties – the higher the weighted cost of capital, the higher the rent levels will be. Similarly, the higher the gearing (i.e. the proportion of commercial debt to low-cost debt) the higher the rents will need to be.
- Subordination of the Scottish Government loan allowed Lar to look at various different types of finance, including real estate finance, thus enabling commercial debt to be put in place as senior debt.
- Lar has a simple and effective governance structure, with few external controls over its operations. This has allowed Lar to move efficiently in building up its portfolio of homes and to respond to wishes from its partners in the affordable/health and social care space and its tenants.
- Partnership working with local authorities– from welcoming Lar into the affordable sector to working with Lar on particular developments - has ensured that Lar is making a difference where it is most needed. Local authority housing teams across the country know their clients and know their sector well, and Lar has been privileged to work with them.

- Forward funding from Lar's commercial funder (Scottish Widows, Bank of Scotland, Lloyds group) has allowed Lar the flexibility to build up its portfolio and construct with minimal unnecessary controls or reporting.
- Having the right commercially minded team is essential. Lar has been nimble, flexible and willing to take risks in the full knowledge that not all developments or routes of action may work. This takes a particular confidence and mind set at Trustee and executive team level and a close and constant watch on risk, mitigants and assessing Lar's limits.

Our Thanks

Lar's first nine years have been a whirlwind of activity and energy and Lar has an enormous number of people to thank:

- Christa Reekie and the team at SFT for thinking up and setting up Lar and to CEO Barry White for assisting with Lar's path through to initial loan agreement (and then serving as a Trustee);
- Scottish Ministers, for having the courage and boldness to give Lar a chance;
- All of Lar's voluntary Trustees for their support, guidance and help but particularly to Lar's various Chairs: Raymond Williamson, Andrew Robertson CBE, Philip Rodney and Rt. Hon. Ken Macintosh all of whom have given the whole staff team, but particularly the chief executive and executive team a great deal of their time, experience, encouragement and support;
- Our funders, Scottish Widows and Bank of Scotland, for their flexibility and innovation in finding new ways to fund Lar through both phase 1 and phase 2 and for introductions to others in the sector;
- The many Councils and housing associations and others in the sector who have welcomed Lar into the affordable arena;
- Our contractors who have helped us to build the best quality of homes that we can and thereafter to look after our tenants with respect and care;
- All of Lar's staff and non-executive directors whether they work for the Trust, our construction arm or our operations arm, for their incredible hard work, their professionalism, compassion and skill;
- And finally – Thank You to our tenants, for their good humour and kind comments - making our jobs so much more enjoyable.

Annex 1

Units as at 31 March 2024		Number of units owned	Median BRMA rent	Average Lar rent per unit	Average Lar rent as % of median BRMA	% saving against median BRMA rent
Aberdeen City	1 bed	21	£515	£507	98%	2%
	2 bed	120	£699	£614	88%	12%
Aberdeenshire	3 bed	5	£975	£806	83%	17%
Perth & Kinross	1 bed	3	£450	£371	83%	17%
	2 bed	11	£625	£450	72%	28%
	3 bed	2	£895	£500	56%	44%
Falkirk	2 bed	11	£725	£520	72%	28%
	3 bed	2	£995	£557	56%	44%
Fife	2 bed	4	£650	£491	76%	24%
	3 bed	3	£825	£573	69%	31%

Annex 1

Units as at 31 March 2024		Number of units owned	Median BRMA rent	Average Lar rent per unit	Average Lar rent as % of median BRMA	% saving against median BRMA rent
City of Edinburgh**	1 bed	69	£850	£592	70%	30%
	2 bed	137	£1,155	£735	64%	36%
	3 bed	21	£1,595	£891	56%	44%
East Lothian	1 bed	17	£850	£530	62%	38%
	2 bed	95	£1,155	£664	57%	43%
	3 bed	22	£1,595	£754	47%	53%
Midlothian	2 bed	35	£1,155	£650	56%	44%
Glasgow	2 bed	116	£995	£588	59%	41%
	3 bed	12	£1,300	£712	55%	45%
South Ayrshire	1 bed	5	£400	£371	93%	7%

Annex 1

Units as at 31 March 2024		Number of units owned	Median BRMA rent	Average Lar rent per unit	Average Lar rent as % of median BRMA	% saving against median BRMA rent
	2 bed	24	£525	£440	84%	16%
	3 bed	5	£630	£529	84%	16%
		740				

Annex 2

Overleaf provides a comparison of the cost to the public purse of Lar's programme as a) the currently completed 754 units, b) the total of 875 units that are under construction and enabled as part of the programme of completed units, and c) 1175 units that Lar expects to be able to deliver over the full 25-year SG loan period.

SG currently provides mid market grant finance with a reference amount of £57,281 per unit. The latest affordable housing supply programme outturn report from 2021-22 confirms that for RSL MMR units, the average grant levels have been **£76,724** per unit.

The alternative to grant is for SG to provide a low cost loan that will similarly bring down the weighted average cost of finance to allow for rents to be kept at the required MMR level (30th percentile BRMA market rents). Unlike grant, loans are repayable allowing multiple units to be supported over time on the basis that repaid loans can be re-lent indefinitely. Using Lar's Phase 1 programme as proxy, the following table compares the financial impact of each option on SG budgets.

3.5% discount rate has been applied to cash flows
Construction inflation assumed at 3% pa.

Annex 1 – Affordable Housing Supply Programme: out-turn report 2021-2022[1]

[1] Affordable Housing Supply Programme - 2021-2022 - Out-turn report PDF - Affordable Housing Supply Programme: out-turn report 2021-2022 - gov.scot (www.gov.scot)

Annex 2

754 Units @ £98M (45.8 : 54.2) ***i.e. number of homes actually completed by Lar***	**Units**	**Upfront Capital Requirement**	**NPV of Interest Earned***	**NPV of Repayment***	**Net cost (NPV)**	**Net cost per unit (NPV)**	**Additional Benefits**
MMR Grant - outturn	754	£57,849,926 (£76,724.04 x 754)	-	-	£57,849,926	£76,724	
Loan Capital to Lar	754	£48,916,667 (£55,000,000*0.45.8 / 754)				£59,571	
Low Cost Loan 25 years	754	£48,916,667	£756,683 (£44,917 pa being 0.1% pa over 25 year term discounted by 3.5%)	£20,802,349	£23,357,635 (£48,916,667less NPV interest earned £756,683 less NPV Repayment £20,802,349)	£30,978	1) Repayment would finance further 244 units if re-lent for MMR with a £10M repayment in yr 50 2) Commercial and community facilities £2M at no extra cost

875 Units ***i.e. number of units Lar would complete, if remaining sums were used for cash purchases***	**Units**	**Upfront Capital Requirement**	**NPV of Interest Earned***	**NPV of Repayment***	**Net cost (NPV)**	**Net cost per unit (NPV)**	**Additional Benefits**
MMR Grant - outturn	875	£67,133,535 (£76,724.04 x 875)	-	-	£67,133,535	£76,724	
Loan Capital to Lar	875	£55,000,000 (£55,000,000 / 875)				£62,857	
Low Cost Loan 25 years	875	£55,000,000	£926,551 (£55,000 pa being 0.1% pa over 25 year term discounted by 3.5%)	£23,389,353	£30,684,096 (£55,000,000 less NPV interest earned £926,551 less NPV Repayment £23,389,353)	£35,068	1) Repayment would finance further 244 units if re-lent for MMR with a £10M repayment in yr 50 2) Commercial and community facilities £2M

							at no extra cost

1117 Units ***i.e. number of units Lar expects to complete, using remaining sums to build out current and new sites as a mix of affordable homes and homes for sale***	**Units**	**Upfront Capital Requirement**	**NPV of Interest Earned***	**NPV of Repayment***	**Net cost (NPV)**	**Net cost per unit (NPV)**	**Additional Benefits**
MMR Grant - outturn	1,117	£85,700,753 (£76,724.04 x 1117)	-	-	£85,700,753	£76,724	
Loan Capital to Lar	1,117	£49,239 (£55,000,000 / 1,117)				£49,239	
Low Cost Loan 25 years	1,117	£55,000,000	£926,551 (£55,000 pa being 0.1% pa	£23,389,353	£30,684,096 (£55,000,000 less NPV interest earned	£27,470	1) £13M (or £5M NPV) cash balance for

			over 25 year term discounted by 3.5%)		£926,551 less NPV Repayment £23,389,353)		future development 2) Commercial and community assets £2M at no extra cost 3) Repayment of £23M would finance further 244 units if re-lent for MMR with £10M NPV principal repayment in yr 50

Table 10 - Scheme Costs Grant Rates 2021-22

Details of the average total cost per home and the average grant per home for the 2021-22 programme. These are the actual costs relating to the delivery of the projects within the AHSP programme, recorded at tender approval stage

Private Finance can include: Council borrowing from Public Works Loan Board; Housing Association Private Finance; Sales proceeds from Shared Equity and; Individual's Private Finance from a Bank or Building Society

Public Finance can include: Council funding through their Housing Revenue Account; 2nd Homes Council Tax Income; Developer Contributions through Commuted Sums; Public Sector Contributions; Recycled Grant; and; Capital Funde

Scotland Total	Number of Projects	Number of Homes	No. of Bedspaces	Average Project Size	Average Bedspaces	SG Funding (£)	Private Finance (£)	Public Finance (£)	Total Est Project Costs (£)	SG Funding Rate (%)	Total Cost per Home (£)	SG Funding per Home (£)	Private Finance per Home (£)	Public Finance per Home (£)
RSL Social Rent	123	3,039	11,806	25	4	287,484,335.57	216,515,692.37	3,863,452.81	507,863,480.75	56.61%	167,115.33	94,598.33	71,245.70	1,271.29
RSL Low Cost Home Ownership (LCHO)/New Supply Shared Equity (NSSE)	9	50	230	6	5	3,215,668.87	6,284,008.00	536,834.86	10,036,511.73	32.04%	200,730.23	64,313.38	125,680.16	10,736.70
RSL Mid Market Rent (MMR)	39	1,157	4,708	30	4	88,769,715.23	119,401,647.32	6,626,286.34	214,797,648.89	41.33%	185,650.52	76,724.04	103,199.35	5,727.13
Council House Rent	114	2,225	7,999	20	4	138,691,786.77	214,960,045.48	23,172,498.99	376,824,331.24	36.81%	169,359.25	62,333.39	96,611.26	10,414.61
Council House Low Cost Home Ownership (LCHO)/New Supply Shared Equity (NSSE)	6	35	158	6	5	2,324,768.00	3,830,198.00	0.00	6,154,966.00	37.77%	175,856.17	66,421.94	109,434.23	0.00
Council House Mid Market Rent (MMR)	4	229	801	57	3	14,476,678.00	29,350,356.00	0.00	43,827,034.00	33.03%	191,384.43	63,216.93	128,167.49	0.00
Sub Total	**295**	**6,735**	**25,702**	**23**	**4**	**534,962,952.44**	**590,341,947.17**	**34,199,073.00**	**1,159,503,972.61**	**46.14%**	**172,160.95**	**79,430.28**	**87,652.85**	**5,077.81**
Open Market Shared Equity (OMSE)	937	937	3,748	1	4	44,221,321.50	86,890,734.50	0.00	131,112,056.00	33.73%	139,927.49	47,194.58	92,732.91	0.00
Home Owners' Support Fund (HOSF)	9	9	36	1	4	381,589.89	338,101.89	0.00	719,691.78	53.02%	79,965.75	42,398.88	37,566.88	0.00
Totals	**1,241**	**7,681**	**29,486**	**6**	**4**	**579,565,863.83**	**677,570,783.56**	**34,199,073.00**	**1,291,335,720.39**	**44.88%**	**168,120.78**	**75,454.48**	**88,213.88**	**4,452.42**

Annex 3 – Case Studies

Ford's Road, Edinburgh

Our fourth completion of 2023 and the first that we built with our own site team at Lar Projects, Lar's development at Fords Road, in the Gorgie area of Edinburgh is also our second completed Edinburgh development for people with additional support needs. Built in collaboration with City of Edinburgh Council and the Edinburgh Health and Social Care Partnership (EHSCP), Ford's Road in the west end of the city is the perfect example of partnership working to address a chronic shortage of homes for those with additional support needs. Lar purchased the site, which had been lying empty for a number of years, from the Council and worked closely with its housing team and the EHSCP during construction. This ensured the nine flats were fit for purpose and would assist EHSCP in delivering excellent care for those it supports at the site.



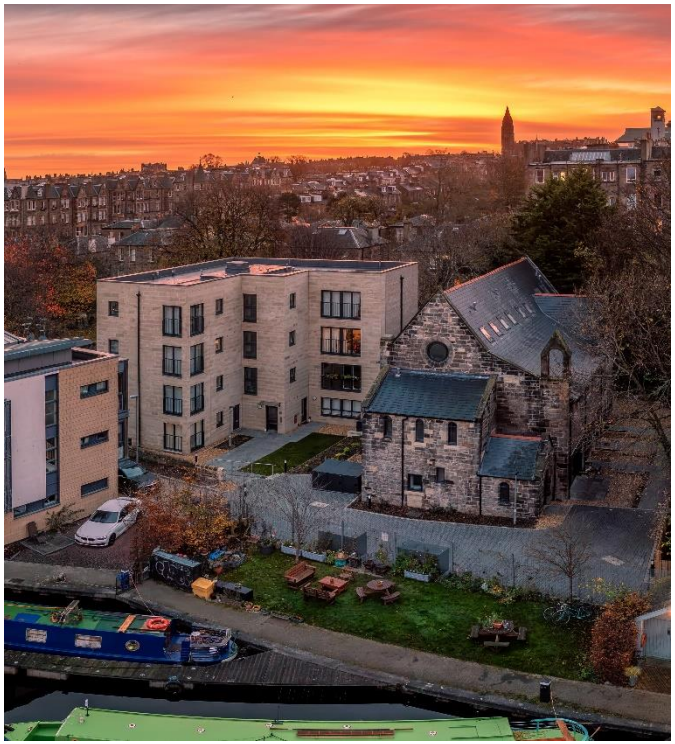
The development may be small, but it has a massive societal impact providing safe and high-quality homes designed around the bespoke needs of prospective tenants. Lar involved EHSCP staff in the design elements of the flats from the very outset and even welcomed relatives of prospective tenants to visit during construction to provide important feedback on the suitability of the homes.

This collaboration resulted in wide hallways, corridors and doors and included the types of flooring and units needed to help tenants live safely. A specific anti-glare paint was also used to take account of the sensory support needs of tenants. The development was officially opened by the Council's Housing Convener, Councillor Jane Meagher, who described it as "a fantastic example of working together as a city to create the type of affordable, accessible homes residents really need".

One of the flats at the site is being used to provide respite accommodation for people who need a break. It is no wonder that this fantastic development won the Partnership of the Year category at the UK-wide Affordable Housing Awards in November

The Old St. Kentigern's Church, Rope Walk, Fountainbridge, Edinburgh.

Our final phase 1 project, this ambitious development sought to convert a derelict church into four family townhouses whilst retaining as many original features as possible, and build a new block of 10 flats which sit beside the church, in private, peaceful grounds on Rope Walk.



This was a tremendously challenging project from a technical perspective, with difficult access through a pend or by a private road, located in a sought after area of Edinburgh. Every centimetre of the site is used and Lar took great care to ensure that the team worked with the building, preserving its character and heritage, rather than trying to shoe-horn a new design into the walls of the old church. As such, original pillars, arches and window surrounds are evident throughout the four homes within the church building itself (the external façade of which has been kept in its entirety) and there is a real sense of calm as windows from both the old church and the new build apartments are positioned to look out onto trees, gardens and the canal.

One of the key features of this development is the ground source heating system Lar installed, which was quite a feat on such a small site and required the contractor to drill more than 200 metres (650 feet) below ground. While this is expensive to install, the hope is that it will provide lower running costs for our tenants and thus help to reduce fuel poverty.

Located within 100m of Boroughmuir High School – one of the most sought after schools in the City, this family friendly development has allowed Lar to provide homes for families at less than 50% of the average rent levels in the area. Previously used as a marijuana factory and the source of much anti social behaviour, by taking on this beautiful but tricky site, Lar has been able to provide fourteen homes in an area where affordable homes are not usually possible to provide and have also cleaned up a local eyesore, saving and preserving a much loved, if neglected, building.

Inn on the Green, Greenhead Street, Glasgow

Definitely Lar's most challenging site and one against which all other listed, derelict and dangerous sites are judged, Inn on the Green is a very well known building in the east end of Glasgow, just 15 minutes walk from the city centre.



As a former gutty factory with workshops in its upper floors, this building was latterly used as a restaurant and was THE place to go for a meal in the City a few decades ago. Ravaged by several fires and with a forest growing out of its roof, this listed building was on the Buildings at Risk register and had little prospect of being saved when Lar purchased it.

Despite the challenges, the Lar team recognised that if it was possible to safely retain the building and stabilise it for future use, the location, size and aspect of this site made it perfect for residential use. Lar therefore bought the site, re-designed it to provide 37 homes, a gym, community space and an office, secured detailed planning permission and working with MGroup, an all trades contractor with a specialist demolition arm, has recently concluded extremely challenging stabilisation and structural work to keep the whole of the building in tact (only the façade was listed).

As such this building is now safe, stable, secure and ready for construction work to start to turn it into homes. This site forms part of Lar's phase 2 development programme. Without any government subsidy however, whether these homes are retained for the affordable sector or not remains to be seen.



