

Frequently Asked Questions
Repair and Leasing Scheme (RLS)
January 2024

General

1. I am a property owner interested in this scheme, what should I do?

Owners of properties that have been vacant for at least one year, and which require repairs to bring the property to the required standard for rented properties, should contact the vacant homes officer in the relevant local authority (see vacanthomes.ie) and complete an application form for the scheme.

2. How does the scheme work?

If a vacant property requires repairs to bring it up to standard for letting, a local authority or Approved Housing Body (AHB) will fund the repair work (to a maximum of €80,000 per unit) in return for the property being made available for social housing for a period of 5 - 25 years. There are two options available - a direct lease or a Rental Availability Agreement (RAA). The money provided for the repairs will be recouped from the lease (rental payment).

3. What is the main benefit for property owners?

The benefits of RLS to the property owner include -

- Guaranteed rent on a property that has not been generating an income;
- An interest free loan to carry out works
- Upgrade of property that might otherwise become derelict;
- Avoid losing rent during vacant periods;
- No need to collect rent or find a new tenant;
- Avoid advertising costs;
- Give back to the community through renovation of vacant property and providing much needed housing.

4. What is the difference between RLS and the Vacant Property Refurbishment Grant (Croí Crónaithe grant)?

Vacant Property Refurbishment Grant	Repair and Leasing Scheme
Grant to refurbish vacant property to use as principal private residence or as private rental property	Loan to refurbish vacant property in return for leasing to local authority / AHB to provide social housing
Grant of up to €70,000	Loan of up to €80,000 per unit; multiples of the loan available for multiple refurbished units

Maximum application to 2 properties (principal private residence; one rental property)	No limit on number of properties
Only available to individual	Available to companies and individuals
Minimum 2 years vacant	Minimum 1 year vacant
The owner is the landlord; must register tenancy with RTB	Under a lease arrangement the local authority / AHB is the landlord

Requirements

5. What properties are suitable?

There are a number of requirements in relation to the scheme:

- the property has to be vacant for at least 12 months: proof of vacancy will be required;
- there has to be a social housing demand for the property;
- the property has to be assessed as being viable to provide social housing.

If the property meets these requirements it will be inspected by local authority or AHB staff who will identify the works that are required to bring the house up to the required standard.

RLS can be applied to a vacant portion of a property, even where the rest of the property is not vacant. For example, where there are vacant units above a shop, the vacant units may be brought back into use using RLS.

It is the responsibility of the owner to ensure that they consult with their finance/mortgage provider and get consent to enter into a leasing arrangement, if required.

6. What is the minimum standard required?

Each local authority will set out its own specific requirements for properties. However, the following will apply in all areas:

- Properties must be in good structural condition and will be subject to inspection by the local authority or the AHB.
- Properties must comply with [the Housing \(Standards for Rented Houses\) Regulations 2019](#).
- BER certificates are required. Minimum BER criteria may apply in some local authority areas.

Property owners are also required to prove ownership of the house before the lease commences and must be tax compliant.

7. Is the property required to be furnished?

Yes. All properties leased must be furnished and include certain appliances. Market rent is typically agreed on the basis of a furnished property.

The cost of providing furniture may be included as part of the loan, subject to agreement with the local authority on what furniture is required, appropriate costs and evidence of purchase receipts. Where works are carried out by a contractor, it may be possible to request a "furniture pack" as part of the contract.

The list below is an indicative guide to the furniture that is required:

- a) All rooms or parts of the property must have an appropriate floor covering.
- b) All windows should have appropriate window coverings e.g. blinds and/or curtains.
- c) Each bathroom/en-suite should include a bathroom cabinet and the shower unit should have an adequate shower screen. Floor coverings should be water resistant.
- d) Each bedroom should include an appropriate sized bed for that room. Each bed should include a minimum of a bed base and a mattress. One wardrobe (integrated or free standing) per room should be provided as a minimum.
- e) The dining area should have a table and an adequate number of chairs to suit the expected occupancy level. The living area should include a minimum of a suite of furniture appropriate to the room size.
- f) The kitchen should include the following items as a minimum:
 - (i) A cooker/oven and 4 ring hob;
 - (ii) Fridge-freezer unit or separate fridge and freezer;
 - (iii) Washing machine (a dryer may also be required in some circumstances);
 - (iv) Cooker hood or an extractor fan.

8. Can I apply for RLS before buying a property?

A local authority or AHB may sign an agreement for lease and a lease with a proposer who does not currently own the property. However, the proposer must own the property prior to commencement of the lease. The local authority / AHB may require the proposer to be at a certain stage in the purchase process prior to engagement e.g. sale agreed; preferred bidder as confirmed by an estate agent etc.

In such cases, the proposer must be able to show good and marketable title (i.e. be the legal owner) before the lease commences; stage payments cannot be made on a property until the local authority / AHB is satisfied that the proposer has good and marketable title to the property

Funding

9. Is there a maximum value of works allowed under the scheme?

The purpose of the scheme is to restore suitable properties to the required standard for rented accommodation. The local authority or AHB will agree with a property owner the

specific works and associated costs on a case-by-case basis having regard to the condition of the property. Not all properties will require significant works to bring them up to standard. However others, especially those that may have been vacant for a longer period or those being converted e.g. from a commercial use, may require more extensive repair.

The maximum cost of repairs that the local authority / AHB can fund is €80,000 per unit, including VAT. This means that where 4 homes are provided in the one finished property, a loan of up to €320,000 is available e.g. 4 apartments over a shop premises.

As the property owner is paying for the repairs through an offset against rental income, it is in the interests of the property owner that repair costs are not excessive.

10. Funding of additional works

A property owner may fund additional works from their own resources.

The capital funding provided may only be used for the purposes of bringing the dwelling into line with the Standards for Rented Houses Regulations and may not be used for other development works.

11. Apportionment of funding

Where a property owner is bringing more than one dwelling in one development into the scheme, the funds available i.e. €80,000 (incl. VAT) per dwelling, may be apportioned between a number of dwellings once total funding for all dwellings doesn't exceed €80,000 per dwelling. So for example, if 6 dwellings are being brought into the scheme, total funding for the 6 properties may not exceed €480,000 (incl. VAT).

This will allow owners to bring multiple dwellings into the RLS scheme even where the cost of repairs on one of these units exceeds the funding limit of €80,000.

Inspection and works

12. Who will inspect the property?

If the property is suitable for social housing and in an area where there is demand for social housing, the local authority or AHB will arrange for a site visit of the property. This will determine the condition of the property and assess the level of repairs required to bring the property to the required standard.

At the end of the site visit, the local authority or AHB will provide the property owners with a checklist list based on the Standards for Rented Houses (see para. 6 above).

13. Does the property owner arrange a contractor to complete the work?

In the majority of cases, following the initial site visit by the local authority/AHB, the property owner will be responsible for the preparation of a schedule of works and getting quotes for the works, which must be agreed with the local authority/AHB before work begins. Works are to be carried out by an approved contractor who is tax compliant and has furnished all necessary evidence of same to the local authority or AHB as required.

On completion of the works, the property owner should arrange for an invoice from the contractor and present this to the local authority/AHB. The local authority/AHB will arrange for a site visit to the property and if all works have been carried out to the standard required, the local authority/AHB will provide the property owner with the agreed amount to settle the invoice. Proof of payment to the contractor must be provided to the local authority/AHB within 10 working days.

By agreement with the local authority/AHB, the repair works may be carried out by, or on behalf of, the local authority/AHB.

Lease options

14. What is the difference between a Rental Availability Agreement and a direct lease?

There are two options for property owners under RLS – a direct lease or a Rental Availability Agreement (RAA):

	Direct lease	RAA
Term	5 – 25 years	5 – 10 years
Rent	80% / 85% of current open market rate less RLS offset	92% / 95% of current market rate less RLS offset
Cost savings	• No rent loss due to vacant periods • No rent arrears • No letting fees • No advertising costs • No RTB tenancy registration charge • No day to day maintenance costs	• No rent loss due to vacant periods • No rent arrears • No letting fees • No advertising costs
Tenant management	Local authority / AHB is the landlord	Property owner is the landlord
Internal maintenance	Local authority / AHB responsibility	Property owner's responsibility

15. What is the role of Approved Housing Bodies (AHBs)?

Approved Housing Bodies (AHBs) work with local authorities and property owners by both identifying properties and working with property owners to bring the properties up to the required standard.

AHBs may sign lease agreements with property owners, on behalf of and with the agreement of local authorities. These properties will then be managed by the AHBs on behalf of the local authorities. The local authority is responsible for nominating the tenants.

16. What can the property owner expect to receive in rent?

Rents will be agreed through negotiation with the local authority / AHB, based on a percentage of current market rent. The local authority / AHB determines the current market rent based, where appropriate, on an independent valuation sought by the local authority / AHB. In the case of disputes, the Housing Agency can provide a mediation service, which engages an independent valuer at the expense of the property owner.

The maximum rent under the terms of RAAs is 92% of current market rent (95% in the case of apartments with a significant service charge). The Residential Tenancies Act 2004, as amended, including the application of Rent Pressure Zones, applies to RAAs.

Under direct leasing, rents of up to 80% (85% in the case of apartments with a significant service charge) of the current market rent are available. 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 will be offset against the agreed rental payment until the value of the loan is repaid. The local authority / AHB and property owner will agree the offset period on a case-by-case basis. Options include a rent-free period or a set reduction over the lifetime of the lease or for a period of the lease.

17. What is the minimum length of a lease?

The minimum length of the lease is five years; the maximum 25 years. In agreeing the term of the lease, it is important to have regard to the level of funding provided, the level of repayments and the duration of the agreement in order to ensure that the original funding is recouped.

18. Who is responsible for maintaining the property?

The owner is responsible for structural insurance, structural maintenance and structural repair. The owner is responsible for the payment of any management company service charge (usually apartments only), and any other charges for which the property owner is liable, for example Local Property Tax.

Properties will be returned to the property owner in good condition at the end of the lease term, subject to normal wear and tear.

It is the responsibility of the property owner to consult with their finance provider and to get consent to enter into a RAA/leasing agreement, if required.

19. Will the property owner be the landlord?

Under a RAA, property owners sign an availability agreement with the local authority: the property owner agrees to make the property available for a specific period for nominees of the local authority and to maintain the property in a lettable condition. The tenancy agreement is between the property owner and the nominated tenant. The property owner is the landlord and retains landlord responsibilities.

Under a lease agreement, the property is made available to the local authority or the AHB as accommodation to households who have been approved by the local authority for housing. Tenants will sign a tenancy agreement with the local authority or AHB. The local authority or AHB is the landlord and retains landlord responsibilities.

20. What if I want my property back before the end of the RAA / lease term?

A clawback provision is included to ensure for full repayment plus interest if the property is withdrawn or becomes unavailable before the end of the offset period of the lease. Local authorities may set the interest rate inserted under the clawback clause; however, the rate applied will be no less than 4%.

21. Can I sell the property during the term?

Under a long-term leasing agreement the property can be sold by the property owner during the term on the condition that the lease agreement is transferred to the new owner and the local authority or AHB provide written consent in advance.

Under a RAA, a landlord may sell the property subject to the notification requirements of the Residential Tenancies Amendment Act 2019. These requirements are the same as other RTB registered properties.

22. What happens if the tenant damages the property?

Under a direct leasing agreement, the local authority or AHB will be responsible for internal maintenance and repairs during the term of the direct lease. At the end of the term the property will be returned to the property owner in good repair order and condition, save for fair wear and tear.

When entering into a leasing agreement, property owners accept that, at the end of the 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.

Under a RAA, the property owner is responsible for internal maintenance and repairs.

23. What is the tax treatment of the capital funding?

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

- The capital sum paid by the local authority or AHB to the property owner is not subject to income tax in the year received. There is no additional taxable benefit conferred by the interest-free status of the loan.
- Once the property is let, the amount of rent taxable is the amount of rent payable under the lease without allowing a deduction for the amount recouped by the local authority or AHB in respect of the repairs funded by the local authority or AHB. These recoupments are not allowable under the general principle that capital payments – in this case, repayments of a capital sum – are not allowed as deductions against income for tax purposes. Where the cost of repairs is recouped by way of a rent-free period, the rent chargeable will be the notional rent or rent foregone by way of repayment.
- The expenditure on repairs to a property prior to being let (“pre-letting expenses”) is generally not allowable as a deduction against rental income. However, pre-letting expenses on vacant premises may be allowable if the expenditure meets the conditions under section 97A Taxes Consolidation Act 1997 (TCA); see the [TDM Part 04-08-11](#) on pre-letting expenses. 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 subsequently let as a residential premises between the date of the passing of the Finance Act 2017 and 31 December 2024¹. Expenditure must have been incurred in the 12 months before it is let as a residential property. Section 97A(4) TCA caps the authorised deduction at €10,000 per vacant premises from 1 January 2023. Prior to this, the cap on allowable pre-letting expenses was €5,000.

¹ The original 97A as inserted by section 13 of the Finance Act 2017 was amended by section 16 of the Finance Act 2021 which extended the applicable date to 31 December 2024.

- Once the lease agreement has commenced, a property owner 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. Capital allowances on the fixtures and fittings may be claimed as a deduction against rental income. The current rate for these allowances is 12.5% of the cost per year over eight years.
- The availability of the deduction for mortgage interest against rental income is conditional on compliance with the registration requirements of Part 7 of the Residential Tenancies Act 2004 (section 97(21) Taxes Consolidation Act 1997). If the tenancy is exempt from registration because it is with a local authority, then the full mortgage interest may be deducted against the rental income where the property is leased under the repair and leasing scheme.
- The [Living Cities Initiative](#) (LCI) applies to certain areas in the cities of Cork, Dublin, Galway, Kilkenny, Limerick and Waterford. Expenditure incurred on the conversion or refurbishment of a rented residential property under the LCI which is funded by an interest free loan under the repair and leasing scheme (RLS) can qualify for tax relief under the LCI (provided that all other requirements of the Initiative are met). This is on the basis that the loan is repayable in full (via a reduction in the lease payments receivable by the landlord from the property).

24. Can I apply for other funding streams as well as RLS

Property owners may also wish to apply for [SEAI funding](#) when undertaking works.

25. How many properties will become available for social housing under the scheme?

Housing for All has the following targets for delivery by RLS:

	2022	2023	2024	2025	2026
Units	120	130	130	140	140

26. What is the difference between the original RLS scheme and the expanded scheme?

The original Repair and Leasing Scheme (RLS) is targeted at owners of vacant properties who cannot afford or access the funding required to bring the property up to the standard for rental property. This original scheme is available for all vacant properties, including residential properties and for the conversion of vacant commercial properties into homes.

A pilot expansion to the scheme, available from June 2022, has been extended to end June 2024. This expansion removed the criteria that a property owner must be unable to fund or access funding to bring vacant units up to rental standards. This modification is limited to the conversion of the following types of properties to residential use:

- vacant commercial properties;
- vacant units associated with commercial property, e.g. over the shop;
- vacant institutional buildings; and
- unfinished developments, vacant for a significant period of time.