

TRUSTEES OF THE CHURCH OF SCOTLAND HOUSING AND LOAN FUND FOR RETIRED MINISTERS AND WIDOWS AND WIDOWERS OF MINISTERS MAY 2022

Proposed Deliverance

The General Assembly:

1. Receive the Report.
2. Appoint Mrs Barbara Finlayson as a Trustee of the Fund.

Report

1. AIM OF THE FUND

1.1 The Fund exists to support retired Church of Scotland ministers, widows, widowers, separated or divorced spouses and separated or former civil partners of Church of Scotland ministers who are in need of help with housing. The Trustees endeavour to provide assistance by way of either a house to rent or a house purchase loan in accordance with guidelines set and regularly reviewed by the Trustees. Guidance Notes incorporating these guidelines are available on the Church of Scotland website or can be requested from the Secretary at the Church offices. The Secretary is always accessible to potential applicants to discuss their particular situation and the assistance which the Trustees may be able to provide to them.

1.2 The Trustees own, and regularly acquire, houses for leasing at concessionary rents to those with insufficient resources to enable them to purchase houses for themselves. Alternatively, loans on favourable terms are granted up to 70 per cent of a house purchase price, subject to an overriding normal maximum of £25,000 for Standard Loans and, since January 2022, £154,000 for Shared Appreciation Loans.

2. HOUSING TRANSACTIONS: 2021

2.1 Assistance provided during 2021 to ministers, widows and widowers, and separated and divorced spouses, is detailed in Appendix 1 annexed to this Report. Covid-19 has had an impact on house purchase, sale and loan activity. The property market has been buoyant with a supply and demand issue created by Covid-19. It is impossible to predict if this will continue.

2.2 The Trustees owned 189 houses at the end of 2021. The houses purchased and those sold by the Trustees during that year are detailed in Appendix 2 which also shows the average price of the houses purchased, and the average price of the houses disposed of. At the end of 2021, four houses were being marketed or prepared for sale.

3. RENTS AND RENTAL REVIEWS

3.1 Rents charged for housing provided by the Fund are set, at the beginning of the tenancy, at 50% of the Market Rent (as professionally assessed at that time), for ministers, and at 25% for widows, widowers and bereaved civil partners of ministers.

3.2 The Trustees considered carefully the level of annual rent increase. In light of the good financial position of the Fund, the Trustees decided that rents should not be increased in 2022.

3.3 Rental income has been sufficient to cover maintenance and repairs. Routine visits to rental properties have not been carried out as a result of Covid-19 restrictions and for much of the year only essential maintenance has been permitted within Government Guidelines. Some visits were resumed in the latter part of 2021 and repairs prioritised.

4. LOAN TRANSACTIONS: 2021

4.1 The Fund provides loans by way of Standard Loans, Shared Appreciation Loans, and Short Term Bridging Loans.

4.2 In June 2021 the Trustees carried out a review of interest rates. The rate for Standard Loans was reduced from four per cent to two percent for ministers and from two per cent to one percent for surviving widows, widowers or bereaved civil partners of ministers. The rate for Shared Appreciation Loans was reduced from two and a half per cent to one and a half per cent for ministers and from one and a quarter per cent to three quarters of a per cent for widows, widowers or bereaved civil partners of ministers.

4.3 Standard Loans are granted up to a normal maximum limit of £25,000 at a rate of interest of two per cent for ministers and one per cent for surviving widows, widowers or bereaved civil partners of ministers.

4.4 Shared Appreciation Loans, which link loan repayment values over their term to the value of the property concerned over the same period, were granted up to a normal maximum limit of £140,000. Currently rates of interest for such loans are one and a half per cent for ministers and three quarters of a per cent for widows, widowers or bereaved civil partners of ministers. For a second year, borrowers due their 5-yearly visit by the Secretary, were consulted by telephone instead as a result of Covid-19 restrictions. Visits will be resumed when conditions enable this.

4.5 Short Term Bridging Loans are granted for a specific period, and in specific circumstances, at the discretion of the Trustees. Interest is charged at a rate equivalent to that permitted by HM Revenue & Customs without liability for benefit-in-kind taxation. At the time of writing this was two per cent.

4.6 Details of each of the three types of loan outstanding as at 31st December 2021 are given in Appendix 3.

5. DONATIONS, BEQUESTS ETC.

5.1 The Trustees are gratified to report that during 2021 they received a total sum of £65,780 by way of donations, bequests and gifts and a property was bequeathed to the Fund.

6. FUNDS

6.1 The amount realised from sales of houses, less the expenditure on house purchases, during 2021 was £1,402,817. The net decrease in long-term loans during 2021 was £241,500.

6.2 Investments at market value, and cash deposits, at 31st December 2021 amounted to £27,770,307.

7. THE FUTURE

7.1 Those Ministers who are within five years of retirement are encouraged to contact the Fund if they feel they may need to avail themselves of the Fund's assistance. Similarly, the Trustees always welcome an initial approach from those who are within five to ten years of retirement. Such approaches not only assist the Trustees with financial forecasting, but can help to alleviate some of the anxieties which ministers and their spouses may experience in respect of housing as they contemplate their future after retirement. 17 new and 3 updated applications were approved in 2021. Details of commitments for the provision of either a house to rent, or a loan, during the next five years, and approved at 31st December 2021, which will require to be met from funds, can be found at Appendix 4. The number of ministers due to retire within a five to ten year period from 31st December 2021 and the number placed on the Preliminary Applications List for assistance can also be found at Appendix 4.

7.1.1 The Trustees would like to make clear that the Fund can be of assistance beyond the point of retiral. Already retired Church of Scotland ministers, widows, widowers, bereaved civil partners, separated or divorced spouses and separated or former civil partners of Church of Scotland ministers who find that their circumstances have changed and would now like to be considered for assistance from the Fund are welcome to speak to the Secretary at any point. This can include those already in receipt of loans from the Fund who may now wish to seek a further advance.

7.2 In December 2021 the Trustees considered carefully the parameters for granting assistance with housing to rent, and assistance by way of housing loans, taking into account the current state of the housing market, the numbers of ministers due to retire, and equally the Fund's obligations towards the Church and the proper and appropriate stewardship of its resources. Particular note was taken of the sale prices of properties returning to the Fund which were often exceeding the previous maximum price and the buoyant market created by Covid-19 conditions. The Trustees agreed that the house purchase price limits for 2022 be increased so that the maximum price for a house to rent increases by £20,000 to £220,000 and the maximum price, or value, of a house in respect of which a loan would be given, similarly is increased to £220,000. The Trustees are satisfied that such parameters will enable appropriate housing to be purchased for rental, or with the aid of Fund loans, in the current housing market for those who are eligible for assistance from the Fund. Applicants for whom assistance is to be granted by way of a house to rent are requested to consider, first, the Fund's vacant properties before the Trustees will be prepared to purchase a house for them.

8. CONSULTATION WITH ASSEMBLY TRUSTEES

8.1 The Trustees continue to work on a Strategic Review of the Fund and continue in discussion with the Assembly Trustees. The Trustees are working with the Assembly Trustees and other departments to identify how, in compliance with the Fund's purposes, assets which currently outstrip the Fund's anticipated obligations, can be best applied for the benefit of the Fund's Beneficiaries and the wider benefit of the Church.

8.2 Since the start of their Review, the Fund Trustees have already taken the following action to maximise the spend on beneficiaries within the existing Constitution:

- The maximum house purchase price has increased by £45,000 since December 2019.
- The Fund now pay for the Law Department's legal fees rather than seeking any contribution from beneficiaries.
- Factoring fees are now paid by Fund unless a care element is included.
- Reduced interest rates charged on loans.
- Removal of enhanced loan interest rates on the immediate death of borrower.
- An expanded maintenance spend on properties is moving forward.

8.3 Further proposals are now being discussed with the Assembly Trustees and work continues to bring the matter to a conclusion.

9. DILIGENCE

9.1 The Trustees confirm that, as far as possible within the constraints of Covid-19, the staff have monitored their stock of rental housing, and housing over which loans have been secured, and have continued to support all of their tenants and borrowers. Covid-19 has made it challenging to find available tradesmen.

9.2 Any empty property held by the Fund presents challenges, as the Fund follows good practice by ensuring that they are all checked regularly and heated during cold weather, a practice underlined by the Insurers' requirement for such precautions. Garden upkeep and payment of council tax add significantly to the costs of maintenance for such properties. Efforts are made to try and re-let such properties but, for a variety of reasons, this is often not practicable.

Commercial rental of such properties is only undertaken rarely, where the prospect of a sale, is for market reasons, highly unlikely. Empty properties are offered to potential tenants in the first instance and if not suitable are marketed for sale as soon as possible.

9.3 We endeavour to maintain the properties owned by the Fund at a high standard and all legal requirements are dealt with.

9.4 During 2021 safety procedures for visits and repairs were introduced and altered as appropriate as a result of Covid-19.

10. STAFF

10.1 The Trustees wish to place on record their indebtedness to the work of the staff of the Fund, and in particular the care and support afforded by staff to all those who apply to, or have been assisted by, the Fund.

11. MEMBERSHIP

11.1 The Trustees would be pleased if the General Assembly would agree to the appointment of Mrs Barbara Rachel Finlayson as a Trustee of the Fund.

11.2 Rev Joanne Hood comes to the end of her second term as a Trustee appointed by the Faith Nurture Forum. The Fund has appreciated her insight, compassion and understanding of the Church.

11.3 Rev MaryAnn R Rennie is coming to the end of her second term as a Trustee and has served recently as Chair. She became a Trustee of the Housing & Loan Fund in 2014 and Chair in 2019. Throughout these 8 years she has brought to the work of the Fund not only her knowledge and understanding of the Fund's purposes, but also her concern and compassion for the Fund's applicants and beneficiaries, and her support and care of the Fund's staff, which has been especially important in recent years. She has conducted Trustee meetings with a firm but gentle hand, a willingness to listen to all viewpoints and, often, a twinkle in her eye and a smile on her lips. The Trustees are grateful to all that she has brought to and done for the Fund's work, and wish her well as she continues with her studies.

11.4 Rev Dorothy U Anderson will be taking on the role of Chair and Rev Bruce H Sinclair the role of Deputy Chair.

11.5 The Trustees and Secretary would be delighted to speak to anyone interested in becoming a future Trustee of the Fund.

In the name of the Trustees

MARYANN R RENNIE, *Chair*
DOROTHY U ANDERSON, *Deputy Chair*
HAZEL BETT, *Secretary*

Appendix 1

Assistance provided	2021	2020	2019
Number of Ministers retiring *	40	29	37
Percentage assisted with a house to rent	15%	7%	11%
Percentage assisted with a house purchase loan	8%	3%	5%
Total percentage assisted	23%	10%	16%
Instances of assistance provided*	2021	2020	2019
Retiring Ministers	9	3	6
Ministers already retired	3	4	2
Widow(er)s & Civil Partners	1	1	1
Spouses	0	1	1
Total	13	9	10

* Assistance may be provided in a different calendar year to that in which the Minister actually retires

<i>Tenants as at 31st December</i>	2021	2020	2019
Ministers	123	123	130
Widow(er)s & Civil Partners	51	51	55
Spouses	9	9	7
Commercial rental	2	3	3
Vacant	4	11	8
Borrowers as at 31st December	2021	2020	2019
Ministers**	65	72	73
Widow(er)s & Civil Partners	34	38	39
Spouses	0	0	0

** 2 Ministers have dual loans

Appendix 2

Rental Housing	2021	2020	2019
Total number of houses owned at 1st January	197	203	212
Houses purchased during year	8	4	5
Total cost of purchases	£1,336,621	£641,673	£783,000
Average house price	£167,078	£160,418	£156,600
Houses sold during year	16	10	14
Total amount realised	£2,739,438	£1,599,297	£2,250,674
Average proceeds	£171,215	£159,930	£160,762
Houses bequeathed/gifted during year	0	0	0
Houses re-let during year	0	1	1
Total number of houses owned at 31st December	189	197	203
Average market rent of property purchased during year	£8,250	£8,175	£7,848
Average rent of new tenancies – Ministers/Spouses	£4,125	£4,088	£3,924
Average rent of new tenancies – Widow(er)s	£2,063	£2,044	£1,962

Appendix 3

Housing Loans	2021	2020	2019
<i>Long term loans outstanding at 1st January</i>	110	112	118
Value of loans outstanding	£6,241,750	£6,337,955	£6,516,250
New loans granted during year	4	4	1
Additional loans granted during year	1	0	2
Value of loans granted	£377,000	£252,500	£137,205
Loans fully repaid during year	13	6	7
Loans partially repaid during year	1	1	0
Value of loans repaid	£618,500	£348,705	£315,500
Long term loans outstanding at 31st December	101	110	112
Value of long term loans outstanding	£6,000,250	£6,241,750	£ 6,337,955
<i>Short term Bridging Loans outstanding at 1st January</i>	0	0	2
Value of Bridging Loans outstanding	£0	£0	£80,000
Bridging loans granted during year	0	0	1
Value of Bridging Loans granted	£0	£0	£40,000
Bridging loans repaid during year	0	0	3
Value of Bridging Loans repaid	£0	£0	£120,000
Short term Bridging Loans outstanding at 31st December	0	0	0
Value of Bridging Loans outstanding at 31st December	£0	£0	£0

Appendix 4

Outstanding Commitments at year end	2021	2020	2019
For next 5 years			
Houses to rent	21	23	20
Housing Loans	5	9	12
Value of outstanding commitments	£5,183,000	£5,550,000	£4,552,075
Preliminary Applications	2021	2020	2019
For those retiring between 5 – 10 years	4	2	3