

## TRUSTEES OF THE CHURCH OF SCOTLAND HOUSING AND LOAN FUND FOR RETIRED MINISTERS AND WIDOWS AND WIDOWERS OF MINISTERS MAY 2021

### Proposed Deliverance

#### The General Assembly:

1. Receive the Report and thank the Trustees and Staff.
2. Appoint Mrs Sharon Anne Ho as a Trustee of the Fund.

### Report

#### 1. AIM OF THE FUND

**1.1** The Fund exists to support retired Church of Scotland ministers, and widows, widowers, separated or divorced spouses and separated or former civil partners of Church of Scotland ministers, 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 2021, £140,000 for Shared Appreciation Loans.

#### 2. HOUSING TRANSACTIONS: 2020

**2.1** Assistance provided during 2020 to ministers, widows and widowers, and separated and divorced spouses, is detailed in Appendix 1 annexed to this Report. House purchase, sale and loan activity was significantly reduced in 2020 as a result of Covid-19. The property market was effectively closed down from the end of March to the end of June 2020. 18 new and 9 updated applications were approved in 2020.

**2.2** The Trustees owned 197 houses at the end of 2020. 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 2020, 9 houses were still being marketed 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 and widowers 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 2021.

**3.3** Rental income has been sufficient to cover maintenance and repairs. Routine visits to rental properties have not been carried out during Covid-19 and for much of the year only essential maintenance has been permitted within Government Guidelines. Visits will be resumed when conditions enable this and repairs will be prioritised.

#### 4. LOAN TRANSACTIONS: 2020

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

**4.2** Standard Loans are granted up to a normal maximum limit of £25,000 at a rate of interest of four per cent for ministers and two per cent for surviving widows or widowers of ministers.

**4.3** 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 £129,500. Currently rates of interest for such loans are two and a half per cent for ministers and one and a quarter per cent for widows or widowers of ministers. Borrowers due their 5-yearly visit by the Secretary in 2020 were consulted by telephone instead as a result of Covid-19 restrictions. Visits will be resumed when conditions enable this.

**4.4** 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 and a quarter per cent.

**4.5** Details of each of the three types of loan outstanding as at 31<sup>st</sup> December 2020 are given in Appendix 3.

## **5. DONATIONS, BEQUESTS ETC.**

**5.1** The Trustees are gratified to report that during 2020 they received a total sum of £13,017 by way of donations, bequests and gifts.

## **6. FUNDS**

**6.1** The amount realised from sales of houses, less the expenditure on house purchases, during 2020 was £957,624. The net decrease in long-term loans during 2020 was £96,205.

**6.2** Investments at market value, and cash deposits, at 31<sup>st</sup> December 2020 amounted to £23,256,348.

## **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. Details of commitments for the provision of either a house to rent, or a loan, during the next five years, and approved at 31<sup>st</sup> December 2020, 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 31<sup>st</sup> December 2020 and whose names have been 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 retirement. Already retired Church of Scotland ministers, widows, widowers, 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 2020 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. The Trustees agreed that the house purchase price limits for 2021 be increased so that the maximum price for a house to rent increases by £15,000 to £200,000 and the maximum price, or value, of a house in respect of which a loan would be

given, similarly is increased to £200,000. 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 are working on a Strategic Review of the Fund and are in discussion with the Assembly Trustees. The Trustees recognise that the Fund now has more assets than it is anticipated that it will need to fulfil the Fund's current purposes. The Trustees are working with the Assembly Trustees and the Chief Officer to identify how, in compliance with the Fund's purposes for Housing for Ministry, these assets can be best applied for the benefit of the Fund's Beneficiaries and the wider benefit of the Church.

## **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. No significant problems have been identified or encountered.

**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** The properties owned by the Fund are maintained at a high standard and all legal requirements are dealt with.

**9.4** During 2020 new 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.

**10.2** The previous Support Assistant of the Fund Mr John Lunn retired in the summer of 2020 and his successor Mrs Selena MacArthur has been in post since November 2020. The Fund wishes to thank Mr Lunn for his service.

## **11. MEMBERSHIP**

**11.1** Mr Gavin Burt has served an initial four-year term as a Trustee. He has decided not to seek a further four-year term. The Fund wishes to thank Mr Burt for his service.

**11.2** The Trustees would be pleased if the General Assembly would agree to the appointment of Mrs Sharon Anne Ho as a Trustee of the Fund.

*In the name of the Trustees*

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

**Appendix 1**

<b>Assistance provided</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Number of Ministers retiring *	29	37	33
Percentage assisted with a house to rent	7%	11%	6%
Percentage assisted with a house purchase loan	3%	5%	9%
Total percentage assisted	10%	16%	15%
<b>Instances of assistance provided*</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Retiring Ministers	3	6	7
Ministers already retired	4	2	2
Widow(er)s & Civil Partners	1	1	2
Spouses	1	1	0
<b>Total</b>	<b>9</b>	<b>10</b>	<b>11</b>

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

<i>Tenants as at 31st December</i>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Ministers	123	130	131
Widow(er)s & Civil Partners	51	55	59
Spouses	9	7	8
Commercial rental	3	3	3
Vacant	11	8	11
<i>Borrowers as at 31st December</i>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Ministers**	72	73	75
Widow(er)s & Civil Partners	38	39	41
Spouses	0	0	0

\*\* 3 Ministers have dual loans

**Appendix 2**

<b>Rental Housing</b>			
	<b>2020</b>	<b>2019</b>	<b>2018</b>
Total number of houses owned at 1st January	203	212	222
Houses purchased during year	4	5	6
Total cost of purchases	£641,673	£783,000	£948,060
Average house price	£160,418	£156,600	£158,010
Houses sold during year	10	14	16
Total amount realised	£1,599,297	£2,250,674	£2,653,013
Average proceeds	£159,930	£160,762	£165,813
Houses bequeathed/gifted during year	0	0	0
Houses relet during year	1	1	0
Total number of houses owned at 31st December	197	203	212
Average market rent of property purchased during year	£8,175	£7,848	£7,620
Average rent of new tenancies - Ministers/Spouses	£4,088	£3,924	£3,788
Average rent of new tenancies - Widow(er)s	£2,044	£1,962	£1,928

**Appendix 3**

<b>Housing Loans</b>			
	<b>2020</b>	<b>2019</b>	<b>2018</b>
<i>Long term loans outstanding at 1st January</i>	112	118	121
Value of loans outstanding	£6,337,955	£6,516,250	£6,456,150
New loans granted during year	4	1	4
Additional loans granted during year	0	2	0
Value of loans granted	£252,500	£137,205	£290,500
Loans fully repaid during year	6	7	7
Loans partially repaid during year	1	0	0
Value of loans repaid	£348,705	£315,500	£230,400
Long term loans outstanding at 31st December	110	112	118
Value of long term loans outstanding	£6,241,750	£6,337,955	£6,516,250
<i>Short term Bridging Loans outstanding at 1st January</i>	0	2	0
Value of Bridging Loans outstanding	£0	£80,000	£0
Bridging loans granted during year	0	1	3
Value of Bridging Loans granted	£0	£40,000	£140,000
Bridging loans repaid during year	0	3	1
Value of Bridging Loans repaid	£0	£120,000	£60,000
Short term Bridging Loans outstanding at 31st December	0	0	2
Value of Bridging Loans outstanding at 31st December	£0	£0	£80,000

**Appendix 4**

<b>Outstanding Commitments at year end</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
For next 5 years			
Houses to rent	23	20	19
Housing Loans	9	12	12
Value of outstanding commitments	£5,550,000	£4,552,075	£4,444,000
<b>Preliminary Applications</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
For those retiring between 5 - 10 years	2	3	2