



SOUTH DEVON RURAL
HOUSING ASSOCIATION LIMITED



Steve Prime

**CEO SOUTH DEVON RURAL HOUSING
MANAGING DIRECTOR RURAL HOMES
LIMITED**



The Relationship



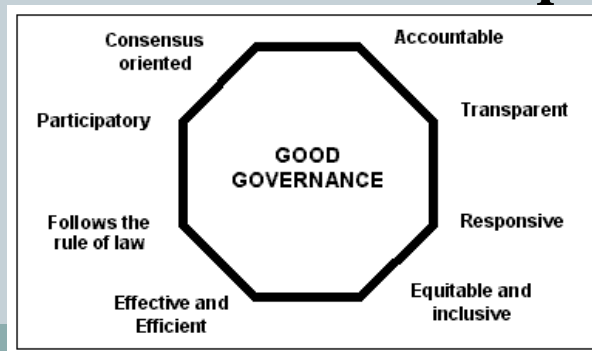
- RHL is an independent profit making limited company – has to comply with company rules
- Wholly owned by SDR
- 4 Directors on the Board
- 2 Executive Directors (Steve and Alan)
- 1 SDR Appointed Director (Rod)
- 1 Independent Director (Diane Parsons – also Chair)
- Contracted by SDR to undertake development function



Governance



- Can make independent decisions
- Activity subject to general audit within SDR audit
- Good practice to supply regular reports to SDR Board (Development Reports and Accounts)
- Stand alone – should not be subsidised by SDR
- Primary objective to undertake projects for profit
- Will need to be reviewed as company grows



RHL Strategy



- Find suitable sites to develop for SDR, RHL (and others)
- Maximise potential return on development sites – build for sale and profit
- Project manage SDR development sites
- Project manage for others
- Refurbishment and sale (auction acquisitions etc)
- Reinvest part profits within RHL to facilitate inward independent investment



Financing RHL



- Initial financing through on lending from SDR
- Agreed manageable loan limits (according to programme)
- Retain some profit
- Long term goal to have asset base or capital to enable independent borrowings or capital to finance development
- Borrow and repay SDR on a revolving basis
- Projects with SDR reduced risk where SDR owns land – i.e. Brimhay – sell and pay for land



Future of RHL



- Build confidence in the company based on track record
- Seek suitable partners to work with
- Retain profits for future independent growth
- Potential for substantial turnover
- 3 projects with potential for substantial profit
- Establish the brand
- Build staffing resources

Dear Past,
thank you for
all the lessons.
Dear Future,
I'm now ready.

RISK



- All forms of development carry risk
- Robust financial appraisal and forecasting
- Realistic returns
- Exit plans if needed – delay – sell – step in
- Shared risk on joint ventures
- Contingency planning (sales, interest rates etc)
- Building on SDR's success and that of Cornwall CLT
- Experienced Development Team

