



2 Empty Property Loans (interest free!)

What are Empty Property Loans?

Empty Property Loans are interest free loans made available to enable the renovation and improvement of single properties or the conversion of empty properties into a number of units, so that they are suitable for use as residential accommodation.

There are two types Empty Property Loans:

- Landlord Loans
- Empty Property Owner Occupier Loans

To be eligible the applicant must:

- Be aged 18 or over on the date of the loan application;
- Be individuals or companies who already own an empty property or are considering buying an empty property in the Vale of Glamorgan;
- Provide relevant financial information: individuals (3 months' pay slips), charities (3 years accounts), and companies/businesses (3 years accounts);
- Not have an outstanding debt with the Vale of Glamorgan Council or outstanding charges against the property;
- Have a satisfactory credit check and
- Must pay the Vale of Glamorgan Council the relevant application fee on submission of the final application.

To be eligible the property must comply with the following:

- Have been vacant for a minimum of 6 months;
- Be in receipt of planning permission if the loan is to convert empty commercial properties into residential accommodation;

- Be considered, in the Authority's opinion, to be suitable for social or private letting; or sale at the time of application;
- Be renovated to a reasonable standard, comply will all relevant Building Regulations and Planning Permissions, be free from serious hazards and comply with the Houses into Homes Standard on completion of the works;
- Be suitable for immediate occupation, whether by for sale (loan to sell) or to let (loan to let) on completion of the works;
- Not to be the subject of a Demolition Order under the Housing Acts and Section 77 of the Building Act;
- Not to have received assistance for the same works during the previous 10 year period;
- Not be under an insurance claim or third party claim
- Not include works outside the curtilage of the property unless they relate to the provision of essential services such as water, gas or electricity.

Are the loans secured?

Yes. Approved loans must be secured by a first or second financial charge against a property. If there is an existing mortgage on the property, the Vale of Glamorgan Council will need the lenders' consent to secure the charge.

What is the maximum amount of loan I can apply for?

A loan of up to £25,000 per property or unit is available. For Landlord Loans this would be up to a total maximum of £250,000 (10 properties) per applicant e.g. the maximum loan available to renovate/create 3 flats in one property would be £75,000 (3 x 25,000). For Empty Property Owner Occupier loans the maximum loan will be £25,000.

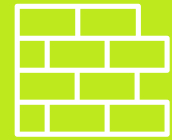


eg:

current value = £100,000

+ mortgage = £65,000
maximum loan = £15,000

£80,000



There will be a maximum of 80% loan to value, based on the current value and condition of the property offered as security, supported by an independent valuation by the Royal Institute of Chartered Surveyors and a local authority land search.

Therefore, if you have an existing mortgage of £65,000 on a property with a current market value of £100,000, then the maximum loan that can be approved is £15,000; £65,000 & £15,000 = £80,000 (Maximum 80% Loan to value).

In certain cases, it may be possible for another property to be used as security for the loan. Where the cost of the works exceeds the value of the loan, then the applicant must be able to show that they have adequate funds to complete the development.

Funding can be made available in instalments, for example, 50% up front to provide working capital and 50% when reasonable progress has been made. This will be agreed with the Empty Homes and Loans Officer and will be outlined in the Loan Facility Agreement.

What do I have to do with the property or units after completion of the works?

You can either let the property/units, sell the property/units to a new owner or you can live in the property yourself as your principal home.

Does the works/conversion have to be carried out to any sort of standards?

Yes. All work must be carried out in accordance with any planning permissions or building regulation approvals made in respect of the property. A dwelling assessment will be undertaken by an Environmental Health Officer once a loan application has been submitted. This will identify potential hazards which will need to be addressed and minimised during the renovation process. If the intention is to let the property, all category 1 hazards must be addressed and reduced to an acceptable level prior to letting the property.



What is the interest rate for the loan?

The loan is interest free. However, in the event of a breach of the loan conditions, the Vale of Glamorgan Council may demand immediate payment and charge interest at the Standard National Rate in force at the time of the loan or at a rate outlined in the individual Loan Facility Agreement.

Empty Property Landlord Loans

Are there any conditions attached to approving the loan?

- You must carry out the renovation/repair works within the agreed time period.
- The property/units must be made available for sale or for let within a reasonable period of time after completing the works (12 weeks), and if they are not, then the loan may become repayable.
- The loan must be repaid either on or before the date as specified in your Loan Facility Agreement.
- A financial charge will be made on the property for the lifetime of the loan.
- Satisfactory credit check

When will I have to repay the loan?

- If you are renovating a property, which is to be sold, the loan must be repaid when the property is sold or up to 2 years from the date of the loan approval, whichever is the sooner.
- If the property/units are to be made available for letting the loan must be repaid within 5 years from the date of the loan approval.
- All loans can be repaid earlier if the applicant wishes to do so.

Are there any fees associated with the loan being issued?

There will be an administration fee based on the loan amount:

£590 for a loan on 1 residential unit

An additional £50 will be payable for each additional unit included in the loan application
(to be refurbished or created)

For example, if you converting an existing dwelling into 6 flats, the administration fee will be:

£590 + (5 X £50) = £840



Empty Property Owner Occupier Loan

Are there any conditions attached to approving the loan?

- You must carry out the renovation/repair works within the agreed time period.
- The property must be occupied by the owner within a reasonable period of time after completing the works (12 weeks), and if they are not, then the loan may become repayable.
- A financial charge will be made on the property for the lifetime of the loan.

When will I have to repay the loan?

- The loan amount will be repaid in monthly instalments over a maximum period of 5 years (60 months). Therefore, if a loan of £7,000 is required over a 5 year period the monthly repayments will be calculated as follows:
$$£7,000 / 60 = £117$$
- All loans can be repaid earlier if the applicant wishes to do so.

Are there any fees associated with the loan being issued?

For an Empty Property Owner Occupier Loan, the administration fee payable by the applicant is £295



I am interested in applying for a loan, what do I do next?

You will need to contact the Empty Homes and Loans Officer and an Application Pack will be sent to you. On receipt of your completed Application Form and relevant supporting documents we will contact you to arrange for a Dwelling Assessment to be undertaken at the property and a Schedule of Works will be drafted.

Any works that have been carried out prior to the Dwelling Assessment are not eligible for loan assistance. You are advised not to begin any of the works identified until you have received confirmation that the loan has been approved.



For further information:

www.valeofglamorgan.gov.uk/housingloans

The Empty Homes and Loans Officer will be happy to discuss your options and the Housing Loans process with you.

Contact details are shown at the end of this booklet.

