

## Home Loans Scheme

### **Purpose**

Home loans are subsidised loans available for eligible home owners and private landlords wishing to repair, improve or adapt their property. The loan is usually secured against the property. Loans are provided by Wessex Home Improvement Loans (WHIL) on behalf of Wiltshire Council.

The interest rate is below that commonly available for high street lenders and loans are subsidised by the council to enable people on low incomes to access funds to undertake improvements and repairs to their homes.

### **Applicant Eligibility**

#### Home owners

- Applicants must have held an owner's interest in the property for at least 5 years unless the loan is for adaptation works for a disabled occupant
- Where the loan is for improvements or repair to a mobile home the applicant must have planning consent for a minimum period of 10 years.
- The home owner needs to have an \*assessed residual income of £125 per week or less to qualify for the majority of loans. For energy efficiency works the limit is less than £170 per week.

\*an assessed residual income is calculated by deducting essential living expenses such as mortgage and utility payments from the total weekly income.

Owner occupiers' savings will be taken into account in assessing eligibility. If an applicant's savings are in excess of £20,000 plus the cost of the proposed works, then they will not be eligible for a loan.

The assessed residual income will be calculated by WHIL

- Home owners can apply for subsequent loans, subject to meeting WHIL's income requirements.

## Private landlords

- Private landlords can apply for a loan if their property requires improvements or repairs to address category 1 hazards. The landlord will need to agree to give Wiltshire Council nomination rights (the right to choose the tenants living at the property) for any new lettings for five years.

Alternatively, the landlord can demonstrate that the property is already occupied by vulnerable tenants but Wiltshire Council will reserve the right to nominate future tenants for five years from the date of the loan, should the existing occupier move out.

## Available Loans

### Capital Repayment Loans

- Minimum loan £800, maximum £15,000
- Fixed term up to 15 years
- Fixed monthly repayment, \* with a current interest rate of 4%
- Available to all ages of applicant
- At the end of the term the loan will have been paid off in full

### Interest Only

- Minimum loan £800, maximum £15,000
- Fixed monthly interest payments, \* with a current interest rate of 4%
- The original loan capital will be repaid either when the house is sold (from the sale proceeds) or upon transfer of the property title
- Open to clients aged 66 and over
- The loan will continue as long as they remain living in the house

### Interest Roll Up

- Minimum loan £800, maximum £15,000
- No monthly payments
- Open to clients over 71 and over
- The loan will continue as long as the client remains in the house
- Interest accumulates at a yearly compound interest rate (\* the current rate is 6%) which is added to the initial loan capital
- The loan and outstanding interest are paid upon sale or transfer of the property title
- It takes 22 ½ years for the value of the interest to match the value of the capital lent

### Fixed fee loans (Low Income Applicants only)

- In exceptional circumstances, where householders are assessed as being on too low an income to afford loan repayments, interest free loans may be offered at the Council's discretion.
- These will be granted for the same purposes as the other loans
- Minimum loan £800, maximum £7,500
- Loans will be secured in the same manner as the capital repayment, interest roll up and interest only loans

### Unsecured capital repayment loans for mobile or park homes

- Maximum unsecured loan of £3,500 on a capital repayment basis for a maximum term of 5 years to remedy Category 1 hazards and improve thermal efficiency
- Granted where economically worthwhile for life of mobile or park home
- Loans are repayable on sale of the mobile or park home

WHIL can also offer:

2- 5 year Interest only loan, followed by a capital repayment loan

2- 5 year interest roll-up, followed by a capital repayment loan

**\*Interests rates are subject to change**

### **Eligible Works**

- Carrying out essential repairs and improvements as approved by Wiltshire Council to enable the property to meet decent homes standard
- Installing suitable heating or replacing existing heating systems to remedy category 1 hazards and/or bring the property up to decent homes standard
- For landlords to carry out approved repairs, including upgrading fire provision, to their tenanted properties to remedy category 1 hazards
- For householders where the cost of works exceed the maximum Disabled Facilities Grant (DFG) or where the applicant has a contribution towards the cost of DFG works (owners' applications only)
- Installation of energy efficiency measures and renewable energy installations
- Installation of adaptations for a disabled occupant, including stair lifts and level access showers

- Works to bring empty properties up to decent homes standard and a suitable standard for letting as affordable housing

### **Conditions of Assistance**

Loans will be subject to the funds being available and the following conditions:

1. The applicant is over 18 years of age and applies for the loan on the forms prescribed by Wiltshire Council and WHIL
2. Capital repayment loans only will be offered to those clients who can afford it. Interest only and interest roll up will be reserved for older clients but will only be offered where a capital repayment loan is not an option
3. Nomination rights for 5 years will also be required for empty properties being brought back into use and let to tenants
4. Where the loan is for improvements or repair to a mobile home the applicant must have planning consent for a minimum period of 10 years.
5. Landlords' financial situation will be assessed to ensure solvency; however a savings limit does not apply to landlord loans as the Council will require nomination of tenant rights as part of the loan agreement.
6. A landlord cannot rent out the property to a family member
7. No assistance is available to owner-occupiers who own more than one property
8. Loans will be not offered to cover existing loans
9. With the exception of capital repayment loans for mobile homes all loans will be secured by way of WHIL registering a title restriction against the title of the improved property creating an enforceable equitable mortgage/charge.
10. Loans may be awarded to include agency and other professional fees. However, the applicant will be responsible for meeting any future maintenance and service costs.
11. No works must commence before the loan has been approved, nor will loan assistance be given to retrospective works
12. Eligible works must be carried out within 12 months of the date of the loan approval
13. The payment of the loan is conditional upon the eligible works being completed to a satisfactory standard as deemed by the council