

Empty Homes Loan Scheme



Renfrewshire Council has a limited number of interest free loans available to owners of empty homes to carry out repairs on their properties to bring them up to a lettable standard.

Who is the Loan for?

The loan is for anyone who owns a long-term empty home that meets the eligibility criteria set out below and who wants to carry out renovation works to enable the home to be marketed for letting. It will be of great interest to those struggling to get finance to do this, or would like some help from the Council to help them manage this task.

Benefits of the scheme

- Refurbish your property – better condition, better value & increased letting potential.
- Makes good use of a property which is currently costing you money.
- Rental income then pays the loan – any additional income is your income.
- Tenants pay bills and council tax
- At the end of the 5 year affordable renting, the property is yours to do what you like with.

How does the loan work?

- Loans will be used to carry out the works to bring the property up to a letting standard (known as the 'repairing standard')
- Refurbished properties will be rented out as affordable homes for a minimum of 5 years.
- Rental income will be used to cover monthly loan repayments and other expenses such as management fees.
- The loan will be secured by a legal charge against your title to the empty property. This is similar to the security required on a mortgage.
- Companies will have to provide a risk register, company accounts, costings and cash flow details and any relevant supporting details about the works required and how it will be managed.
- Loans are interest free unless you default on any of the conditions. In these circumstances interest would be charged.

How much is the loan for and what will it cover?

- In general, loans will be offered up to the value of £15,000, dependant on what works need doing and any existing borrowings on the property.
- The council will advise you on what works are necessary.
- The loan also includes some costs for setting up and administering the loan, but these will be explained to you.

How are the works organised?

- You must arrange the works yourself. To do this you will need to get two acceptable quotes for the works from different contractors before your loan is approved. This will ensure you are being quoted a fair price for the works and will enable you to choose a contractor who you think will do a good job. You will select and engage a contractor to carry out the works and it will be your responsibility to check they are carried out to a high standard.

What happens when the works are done?

- A condition of the loan is that the property must be rented out at an affordable rent for a minimum of five years after being refurbished. This means the rental income will be below the market rent in the area.
- Rents will be set at 90% of the Local Housing Allowance
- Local Housing Allowance rates for Renfrewshire Council are set out below:

| | 1-bed | 2-bed | 3-bed | 4-bed |
|-------------|--------|---------|---------|---------|
| Weekly Rent | £80.55 | £101.54 | £125.42 | £190.80 |

How will my property be rented out?

There are different options available for renting out the property:

- You can choose to manage the property yourself.
- You can choose to have the property managed by a letting agent of your choice.

- You can choose your local deposit guarantee scheme with the Council who will assist you in finding a tenant for your property.
- As it is a requirement of the loan that the property be rented out, and that all landlords in Scotland are registered with their local authority, if you are not already registered as a landlord you will need to do so before we can offer you a loan.

What types of property are we looking for?

We are particularly looking for properties that meet local housing demand. These include:

- 1 bedroom properties
- Properties located in high demand locations
- Properties where the works needed to bring the properties up to a lettable standard will not cost more than £15,000

How do I find out more?

If you are interested in applying for a loan, please contact [Karen Rae, the Empty Homes Officer, on 0141 618 6262](#) for a no obligation or commitment discussion and to arrange a site visit.