



## Housing Loans

Council Loans to purchase build, improve or repair your home where no other financial assistance is available.

### Accessibility

This leaflet is available in a range of different formats and languages on request.

### What is a Housing Loan?

If you are 16 years or over, and wish to purchase or build your own home, or you own your own home and require improvements or repairs to be carried out, then you may be eligible to apply for an Orkney Islands Council Housing Loan. This is a loan secured on your property. The Council may lend up to 90% of the price of the property or 90% of the valuation of the property (whichever is lower) and a maximum of £171,000 is available per loan as at November 2022. In certain circumstances, an interest only housing loan may be made available up to £30,000 in value.

Repayments will be determined at the current applicable interest rates and are payable over a maximum period of 25 years.

The amount advanced and the repayment period are dependent on the value of the property offered as security; the age, income and employment security of the applicant; and what the loan is for.

Loans are made at the complete discretion of the Council.

### How will the Council help me?

In order to support housing improvement and repair within private sector housing in Orkney, the Council is prepared to make loans to eligible applicants to assist them to purchase, build, improve or repair dwelling houses within Orkney – providing the property is for their own private use. This includes assisting in cases of common repair on ex-Council properties.

The property cannot be let or sub-let without the express permission of the Council and if sold prior to full repayment of the loan, the balance due to the Council shall be repaid from the proceeds of the sale.

The Housing Loan is a secured loan and the Council would have first security on the property.

## **How do I apply for a Housing Loan?**

Application forms can be requested from Orkney Islands Council.

You can choose to use a solicitor to assist you with your application, or advice and assistance may be available from an independent agency such as Citizens Advice Bureau.

Applications should then be submitted to the Council's Finance Services along with the required documents.

## **What should I provide if I need to purchase or build my home?**

Along with your completed application form, you will need to provide the following:

- Two decisions in principle from mortgage lender(s) to evidence refusal of a loan.
- A copy of the original application form (the Council will consider lending the same amount).
- Administration Fee.
- Evidence of earned income or benefit entitlement.
- Copy of the Home Buyers Report (for purchase or existing property).
- Property plans (for new build).
- Valuation of property.

Please note that the Housing Loan cannot be used to purchase a site or plot.

If your application is accepted, the loan will not be released until all the necessary preparatory legal work has been completed.

For a new-build project, the loan is paid in instalments. The final instalment would be made on receipt of the Completion Certificate.

## **What should I provide if I need to carry out improvements or repairs to my home?**

Along with your completed application form you will need to provide the following:

- Two decisions in principle from mortgage lender(s) to evidence refusal of a loan.
- A copy of the original application form (the Council will consider lending the same amount).
- Evidence of earned income or benefit entitlement.
- Building plans (for improvement works).
- Evidence of any grants provided as part of the works.
- Valuation of the property.

If your application is successful, the loan would be paid in instalments as the works progress, as with new builds detailed above.

## **What happens next?**

On receipt of your application we will have to carry out due diligence, including checking over the documents you have provided to ensure eligibility and carrying out a credit check.

You would have to arrange buildings insurance, and OIC would have to be mentioned as having an interest in the property as lender. A copy of this would have to be provided for your application.

Once all this has been done, your completed application will go to the Head of Finance for approval.

If you are unhappy with a decision that has been made in respect of your loan application, you have the right to appeal. Full details of the Appeals Procedure will be provided with every decision letter.

## **What are the costs involved?**

There may be costs charged by other parties for providing the documents required for your application – please discuss these with the applicable agencies.

There will also be a legal fee involved in the preparation of the security document and each time an instalment is carried there is a bank transfer fee.

## **What other assistance is available?**

Please see our “Housing Grant” leaflet for further information on the following:

### **Disability Adaption Grant**

This is a grant available from Orkney Health and Care to help cover the costs of adaptations required on the home for an occupant with disabilities. You may wish to contact your Social Worker, Care Manager or Orkney Care and Repair for further information.

### **Small Repairs Grant**

This grant covers essential household repairs or adaption works to your home. For further information on eligibility, available amounts and making an application, please contact Orkney Care and Repair.

### **Energy Assistance**

A range of advice and other assistance is available through Home Energy Scotland including energy efficiency and income advice, and the installation of insulation and other measure.

## Useful Contacts

### Orkney Islands Council

- School Place, Kirkwall.
- Telephone: 01856873535.

### Citizens Advice Bureau

- 6 Bridge Street, Kirkwall.
- Telephone: 01856875266.
- Email: [bureau@orkneycab.casonline.org.uk](mailto:bureau@orkneycab.casonline.org.uk)

CAB also provide advocacy services.

### Orkney Care and Repair

- Orkney Housing Association Ltd, 39a Victoria Street, Kirkwall.
- Telephone: 01856873369.
- Fax: 01856876764.
- Email: [admin@orkneycareandrepair.co.uk](mailto:admin@orkneycareandrepair.co.uk)

### Home Energy Scotland

- Hotline: 08088082282.
- <http://www.energysavingtrust.org.uk/scotland>