

# NEWPORT CITY COUNCIL

## SAFE, WARM & SECURE

Mae'r ddogfen hon ar gael yn Gymraeg. Mae fformatau eraill ar gael ar gais  
This document is available in Welsh. Other formats are available on request

## PURPOSE

The 'Safe, Warm and Secure' scheme is funded by the Welsh Government to provide interest-free loans for housing improvements when owners are not easily able to borrow on commercial markets. Projects could include the repair or improvement of an existing rental property, the renovation of an empty dwelling for sale or let, or the conversion of a non-residential property into housing for sale or let.

## ELIGIBILITY

- Borrowers must be 18 years of age or over
- Applicants must be the sole or joint owner of a property which is in need of repair or improvement; applications can be accepted from companies where the company is the registered owner and the applicant is authorised to act on behalf of the company
- The property to be improved must be within the Newport City Council administrative area (but the owner need not be a Newport resident)
- The property must be registered at the Land Registry and the loan applicant must be the registered owner; if there is more than one registered owner, all owners must be party to the loan application
- Loans will only be considered where the owner could not easily obtain funding from other sources – we may ask for evidence that this is the case
- If you already have a mortgage on the property, the first lender must be willing to consent to a second charge

## LOAN VALUE

The minimum loan is £1,000. The maximum loan for one flat or house is £35,000. For developers who are applying for a loan on multiple properties, such as a block of flats, there is an overall loan ceiling of £250,000. If you are renovating or developing a House in Multiple Occupation, where some of the amenities are shared, the property is treated as one unit so the maximum loan is £35,000.

Whatever the loan value, the Safe, Warm & Secure loan **plus** any mortgage owed on the property must amount to **no more than 80% of the property's current value** (before the proposed improvement works). If there is any doubt about this, we may ask you to obtain an independent valuation of your property from a RICS-registered surveyor.

If the cost of the works required is more than the loan, you will need to provide evidence that you have additional funding available to cover the cost of all the work. We cannot part-fund projects unless you can provide the rest of the funding yourself.

## LOAN SECURITY

All loans will be registered as a legal charge at the Land Registry. If you already have a mortgage, we will need the written consent of your first lender to allow us to register the council's charge. We will ask you for a letter of authorisation to approach your lender for their consent.

If you are a leaseholder, there would need to be enough financial value in your remaining lease to secure the loan; the loan, plus any mortgage, could not exceed 80% of the lease's value, as above. You would need to have the written consent of the freeholder and there would need to be at least 8 years left on the lease.

## FINANCIAL ASSESSMENT

For all applicants, we check whether there is any outstanding debt to the council, including council tax arrears; a loan will not usually be approved where there is a history of missed payments. We will check whether you have any history of bankruptcy or debt proceedings and, if so, may need to ask you for further information. Subject to those checks, we will consider the financial viability of your project by looking at various factors, including:

- the current value of your property
- if selling, what sale price could be expected
- if letting, what rental income could be expected over the loan term, allowing for void periods, repairs and management costs
- the cost of the works required
- how you will repay the loan
- potential demand for the property from buyers or tenants
- your plans for management of the property

If the loan requested equates to 25% or more of the current value of the property, we may request an approved Financial Conduct Authority (FCA) credit report to assess your ability to repay the loan. The report needs to be dated within 28 days of the request.

For company applications, we will use council systems available to undertake financial checks to provide us with information relating to credit and contract limit.

## FEES

The loan is interest-free but there is an administration fee, which is reviewed on an annual basis, please see Appendix 1. Fees are only payable on successful applications and can be added to the loan total to be paid in instalments for loans to let or, for loans to sell, paid upon the sale of the property with the loan capital.

## THE LOAN TERM

Loans will only be approved where Newport City Council considers that there is a viable plan for repayment of the loan within the maximum term of:

- 2 years if the property is to be sold, or
- 5 years if the property is to be let, or
- 10 years if nomination rights are agreed between the landlord or developer and the council for the duration of the loan term, with rent paid at Local Housing Allowance rates or below

## REPAYMENT

Loans to let are to be repaid by half-yearly instalments over the loan term. For larger projects where there will be no rental income for some months, repayments may be scheduled accordingly. Instalments will be calculated to include the loan fee. If you sell your property during the loan term, the loan will immediately become due for full repayment.

If you apply for a loan to sell but do not sell the property within two years, you will need to make other arrangements to repay the loan by the due date.

If you experience difficulty in repaying your loan you should contact the scheme manager at the earliest opportunity. Where there is persistent default on a loan and we are unable to agree a repayment plan, the council will consider debt recovery action, which could lead to the loss of your property.

## LOAN-FUNDED WORKS

The Housing Health & Safety Rating System (HHSRS) is used by local authorities to assess whether a home has any faults that could pose a risk to health and safety. It was introduced under the Housing Act 2004 and replaced the old Fitness Standard. The underlying principle of the HHSRS is that any residential premises should provide a safe and healthy environment for any potential occupier or visitor. The HHSRS is therefore based on identifying and scoring any hazards, the potential effect of poor conditions, in the property. The scores are grouped into bands A-J. The most serious hazards, in bands A-C, are known as Category 1 hazards. It is against the law to let a property that has a Category 1 hazard. Guidance on the HHSRS is available from HM Government.

Works eligible for loan funding under this scheme would be those required to remedy a Category 1 hazard, to make sure that a home is safe, warm and secure or to convert empty residential premises into residential accommodation for sale or let. This could include:

- Replacement of external doors and windows
- Installation of a new heating system or repair of an existing one
- Roof repairs or replacement
- Electrical re-wiring
- Damp proof work
- Installation of door and window locks or other security measures
- Improvements to insulation and ventilation
- Installation of fire safety measures (alarms, fire doors, etc)
- Installation of a kitchen or bathroom or replacement of one which is in poor condition
- Installation or repair of staircases
- Changes to the internal layout of, or access to a property

Applicants are responsible for finding and employing their own contractors. When applying, you will need to state exactly what works you intend to carry out and to provide copies of quotes from at least 2 contractors. If you are letting your property on completion, you will need to have a current gas safety certificate from a qualified gas engineer for each gas appliance and flue. All electrical work must comply with part P of the Building Regulations and be certified by a registered competent electrician.

If you are converting a building into flats, or renovating a converted property, it will need licensing as a House in Multiple Occupation even if there are no shared facilities, unless it meets the Building Regulations 1991 – please see the section on Houses in Multiple Occupation below.

**IT IS THE APPLICANT’S RESPONSIBILITY TO ENSURE THAT WORK COMPLIES WITH PLANNING, BUILDING CONTROL AND ENVIRONMENTAL HEALTH REQUIREMENTS – PLEASE READ THE INFORMATION WHICH FOLLOWS.**

## **PLANNING APPROVAL**

If you are proposing to carry out major alterations or enlargement of existing buildings, or to change the use of a building, you are likely to need planning permission. If planning permission is required, a loan cannot be approved until it has been granted. There is information on the council’s website [www.newport.gov.uk](http://www.newport.gov.uk) about what types of work need planning permission. A duty Planning Officer is available on Mondays and Thursdays between 9.30am and 12.30pm via telephone: 01633 656656 and email: [planning@newport.gov.uk](mailto:planning@newport.gov.uk) to answer general planning queries. Officers will be available on a Monday between 10.15am and 3.45pm for 45-minute face-to-face appointments in the Central Library and Museum, John Frost Square, Newport. It is recommended that members of the public pre-book appointments in advance.

You must ensure that the works you intend to carry out comply with the planning permission. If your property is a Listed Building, you will also need Listed Building Consent.

You can view the addresses of listed buildings on the council's website at <http://www.newport.gov.uk/documents/Planning-Documents/Conservation/Listed-Buildings-27-07-11.pdf>

If the property is not listed but is in a conservation area, you should check with the council's planning department before deciding on any work. There are 15 conservation areas in the Newport area:

Beechwood Park, Belle Vue Park, Caerleon, Clytha, Kensington Place, Lower Dock Street, Lower Machen, Monmouthshire & Brecon Canal, Redwick, St Woolos, Stow Park, The Shrubbery, Town Centre, Tredegar House and grounds, Waterloo. There is information about Newport's conservation areas at:

<http://www.newport.gov.uk/en/Planning-Housing/Planning/Conservation/Conservation-areas/Conservation-areas.aspx>

## **BUILDING REGULATIONS**

For any alteration or construction work, you may also need Building Regulations approval. This is a separate requirement to planning approval. If your work requires scaffolding on a pavement or public land, you will need to apply for a scaffolding licence. More information on housing renovation and Building Regulations is available from the council's Building Control team, telephone the City Contact Centre on 01633 656656, or on the council's website at:

<http://www.guidetorenovatingyourhome.co.uk/labc/gtryh/newport/newportgtryh2018/>

You do not need Building Regulations approval before you apply for a loan but, when planning your renovation or conversion work, you must make sure that it will comply with Building Regulations.

## **HOUSES IN MULTIPLE OCCUPATION (HMO'S)**

If your rental property will be shared by three or more unrelated people, forming more than two households, it will be classed as a House in Multiple Occupation (HMO) and will need to be licensed under Newport City Council's compulsory licensing scheme.

Please also note that, even when flats are self-contained, if they are within a converted building they will need to be licensed unless a building inspector gives written confirmation that the conversion meets the requirements of the 1991 Building Regulations. Information on HMO licensing is available on the council's website, at:

<http://www.newport.gov.uk/documents/Housing-documents/HMO/HMO-Guidance-Notes.pdf>

## LANDLORD LICENSING

It is a legal requirement in Wales that landlords and agents (including self-managing landlords) are registered and/or licensed under the Rent Smart Wales scheme. If you plan to let your property, you must comply with this scheme. More information is available from Rent Smart Wales, telephone 03000 133344 or at [www.rentsmart.gov.wales](http://www.rentsmart.gov.wales). There is a Code of Practice for Landlords and Agents available on the website.

## BUILDINGS INSURANCE

For the duration of Newport City Council's legal charge, the Borrower has a duty to ensure that the property is kept insured for such amount, in such name and against loss or damage due to such risks as the Lender may approve.

The insurance policy must note Newport City Council as an interested party and a copy of the policy must be supplied upon request.

## THE APPLICATION PROCESS

We will be happy to discuss a possible application with you at an early stage. We will always need to visit the property and discuss what it is you propose to do. If you decide to apply, you will need to provide:

- the completed application form
- details of the work you intend to do
- quotes from at least 2 contractors
- if you have a mortgage, a copy of your latest mortgage statement and a letter of authority giving the council permission to contact your mortgage lender
- evidence of further funding, if needed

All applicants will also need to provide 2 proofs of identity, which are listed on the loan application form. We will usually need to meet all applicants for identity verification purposes.

If you are applying for planning approval, you can submit a loan application for preliminary consideration but the loan cannot be approved until planning permission is granted.

Applications are decided by Newport City Council's Housing Service Manager. If your application is approved, we will:

- send you a Loan Facility Agreement and a Legal Charge document; you should obtain independent professional advice and then, if you decide to go ahead, return the signed and witnessed document to us
- contact your mortgage lender, if you have a mortgage, to ask for their written consent to a second charge on your property
- apply to the Land Registry to have the council's charge registered

If we receive your completed application with all the necessary supporting information and there is no mortgage, we can normally process a loan application within 6 weeks, provided there is no delay at the Land Registry. Occasionally, there is a query raised when we apply to register the charge; we resolve all such queries as promptly as we can but must wait until the legal charge has been registered before we can transfer any loan funds. If you go ahead with works before the legal charge is registered, you do so at your own risk.

## **PAYMENT OF THE LOAN FUNDING**

Once the legal charge has been registered, we can release the first loan payment. Loan funding is paid direct to the applicant, who is responsible for paying the contractor. Loans are paid out in instalments; the first payment being made before work begins and subsequent payments made according to the progress of the work and satisfactory compliance with any statutory requirements. A site visit is made between payments. The number of instalments, from 2 to 6, depends on the value of the loan. Loan payments are transferred directly into the bank account named on the application form.

## **APPEALS**

If your application is not approved, we will write and let you know why. If you wish to appeal against the decision, you should contact the Head of Service within 14 days, setting out the reasons why you disagree with the decision. You will be notified of the outcome within 28 days. Appeals should be sent to:

Head of Housing & Communities  
Newport City Council  
Civic Centre  
Newport  
NP20 4UR

## APPENDIX 1 – FEES FOR LANDLORDS AND DEVELOPERS

| Loan Value   | Fee    | Total repayable | Half-yearly | Equivalent APR rate |
|--|--------|-----------------|-------------|---------------------|
| £1,000   | £330*  | £1,330          | £133        | 12.5%               |
| £2,000   | £330*  | £2,330          | £233        | 6.4%                |
| £3,000   | £330*  | £3,330          | £333        | 4.3%                |
| £4,000   | £330*  | £4,330          | £433        | 3.2%                |
| £5,000   | £330*  | £5,330          | £533        | 2.6%                |
| £6,000   | £330*  | £6,330          | £633        | 2.1%                |
| £330 is the minimum fee, charged on loans up to £6,600. For loans over £6,600 the fee is 5% of the loan value. |        |                 |             |                     |
| £7,000   | £350   | £7,350          | £735        | 2.0%                |
| £10,000  | £500   | £10,500         | £1,050      | 2.0%                |
| £15,000  | £750   | £15,750         | £1,575      | 2.0%                |
| £20,000  | £1,000 | £21,000         | £2,100      | 2.0%                |
| £30,000  | £1,500 | £31,500         | £3,150      | 2.0%                |
| £35,000 (maximum for 1 unit)   | £1,750 | £36,750         | £3,675      | 2.0%                |
| £40,000  | £2,000 | £42,000         | £4,200      | 2.0%                |
| £50,000  | £2,500 | £52,500         | £5,250      | 2.0%                |
| £60,000  | £3,000 | £63,000         | £6,300      | 2.0%                |
| £70,000  | £3,500 | £73,500         | £7,350      | 2.0%                |
| £80,000  | £4,000 | £84,000         | £8,400      | 2.0%                |
| £90,000  | £4,500 | £94,500         | £9,450      | 2.0%                |
| £100,000   | £5,000 | £105,000        | £10,500     | 2.0%                |
| £110,000   | £5,500 | £115,500        | £11,550     | 2.0%                |
| £120,000   | £6,000 | £126,000        | £12,600     | 2.0%                |
| £130,000   | £6,500 | £136,500        | £13,650     | 2.0%                |
| £140,000   | £7,000 | £147,000        | £14,700     | 2.0%                |
| £150,000   | £7,500 | £157,500        | £15,750     | 2.0%                |
| £160,000   | £8,000 | £168,000        | £16,800     | 2.0%                |
| £170,000   | £8,500 | £178,500        | £17,850     | 2.0%                |
| £180,000   | £9,000 | £189,000        | £18,900     | 2.0%                |
| £190,000   | £9,500 | £199,500        | £19,950     | 2.0%                |

| Loan Value | Fee     | Total repayable | Half-yearly | Equivalent APR rate |
|------------|---------|-----------------|-------------|---------------------|
| £200,000   | £10,000 | £210,000        | £21,000     | 2.0%                |
| £210,000   | £10,500 | £220,500        | £22,050     | 2.0%                |
| £220,000   | £11,000 | £231,000        | £23,100     | 2.0%                |
| £230,000   | £11,500 | £241,500        | £24,150     | 2.0%                |
| £240,000   | £12,000 | £252,000        | £25,200     | 2.0%                |
| £250,000   | £12,500 | £262,500        | £26,250     | 2.0%                |

If you would like further information, please contact:

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