



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 aged 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 property price or valuation, or three times gross annual earned income, or a maximum of £191,000 per loan, whichever is the lowest. 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.

Housing Loans are secured loans, 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 of 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, just as with new build projects detailed above.

What happens next?

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

You would have to arrange an appropriate level of building insurance cover for the property. A copy of which would need to be provided to the Council.

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 paid out there is a bank transfer fee.

What other assistance is available?

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

Disabled Adaptation Grant

This is a grant available for people living in privately owned or rented housing who require adaptations to their home to make it suitable for an occupant with a disability. Proposals for disabled adaptations must be supported by Orkney Health and Care’s Occupational Therapy Team. Orkney Care and Repair provides a free advice service for grant applications, and they can assist you to fill out the form and/or act as your agent, if you wish.

Small Repairs Grant

This grant covers essential household repairs or adaptation work 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 measures.

Useful Contacts

Orkney Islands Council

School Place

Kirkwall

Telephone: 01856873535

Website: <https://www.orkney.gov.uk/>

Citizens Advice Bureau

6 Bridge Street

Kirkwall

Telephone: 01856875266

Email: bureau@orkneycab.casonline.org.uk

Website: <https://www.orkneycommunities.co.uk/CAB/>

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

Website: <https://ohal.org.uk/orkney-care-and-repair/about-us/>

Home Energy Scotland

Hotline: 0808 808 2282

<https://www.homeenergyscotland.org/>