



No Use Empty - NUE South Essex Loan Information Booklet

The primary aim of the No Use Empty (NUE) Initiative is to improve the physical urban environment in South Essex, by bringing empty commercial properties back into use and to raise awareness of the issues surrounding empty properties.

NUE SE secured a combined £2.2m from the Growing Places Fund (GPF) and the Getting Building Fund which will provide short-term secured interest free loans to bring empty commercial properties back into use for alternative commercial, residential, or mixed-use purposes across South Essex.

The aim of this funding is to unlock economic growth, create jobs and 'kick-start' house building at stalled development sites. The target is to develop between 10 and 15 empty commercial properties focussing on empty commercial properties in high street and secondary retail areas which have been significantly impacted by changing consumer demand.

NUE SE encompasses 6 local authority areas: Southend, Basildon, Thurrock, Castle Point, Rochford and Brentwood. First action point for owner/developers is to have an initial discussion of their potential development scheme with their relevant local authority. **Contact details are in Appendix A of this booklet.**

The project has a completion date of March 2026.

Loans will be dependent on availability of funds as each new project is approved. The maximum loan term is 36 months.

Loan Applications will be processed by the well-established and experienced NUE team at Kent County Council.

1.0 INTRODUCTION

This booklet details the commercial property renovation loans to be made available through the SENUE project. This is a scheme that has been developed to offer short-term secured interest free loans to bring empty commercial properties back into use for alternative commercial, residential, or mixed-use purposes across South Essex. This booklet describes how the Loan Scheme will operate, how to make an application and the conditions that will be attached to the loans.

All loans approved will be subject to a number of conditions and any offer of a loan is not guaranteed until you have received formal approval from NUE SE. **Any works you undertake prior to this approval will be at your own risk.**

Any queries relating to this scheme and loan conditions should be sent in the first instance to the NUE SE team via e-mail NoUseEmpty@Southend.gov.uk

1.1 KEY POINTS

- The property must have been empty for more than 6 months
- Loans are interest free subject to conditions - please note if you do request funds for further projects additional charges will apply
- Loans will help landlords, owners and developers to meet the cost of repairs and improvements to bring their commercial property back into use.
- Loans to let - repayment period currently up to 3 years from the date a secured charge in favour of Southend City Council has been registered
- Loans to sell - repayment period is on the sale of the first unit or within 24 months of a secured charge in favour of Southend City Council being registered
- Properties must be brought back into use within the agreed project timescales and made available to rent within 12 weeks after the project has been completed (or marketed for sale).
- The loan will be made available as a 100% upfront payment (Larger loans are normally awarded on a phased basis)

2.0 APPLICATION FEES

An invoice will be raised to collect the appropriate fee amount. This must be paid prior to the release of the loan facility agreement and legal charge documents (subject to the approval of the loan). Details of how to pay will be provided on the invoice.

From 1st April 2022 the following fees will apply:

Administration Fee

An administration fee will be required as a contribution towards the costs of processing your application.

Loan Value	No of Units	Admin Fee	VAT (Subject to current rate 20%)	Total Amount Due
£25,000	1	£450.00	£90.00	£540.00
£50,000 to £75,000	2-3	£550.00	£110.00	£660.00
£100,000 to £150,000	4-6	£700.00	£140.00	£840.00
£175,000	7	£900.00	£180.00	£1080.00
Loan discharge fee (per title) Payable on repayment of Loan.		£125.00	£25.00	£150.00

Land Registry Fee

Our Legal Services provider are required to register a first or second charge on the property being offered as security of loan.

For loans up to £100,000.00 the fee is £60.00 per title.

For loans over £100,001.00 the fee is £80.00 per title.

In addition to the above, a Company applying for a Loan will also be required to pay a fee of £45.00 to cover costs associated with registering the charge at Companies House

3.0 APPLICATION REQUIREMENTS

- All applications must be supported by a valuation report to be undertaken by a member of the Royal Institute of Chartered Surveyors (RICS) on the property offered as security for the loan. The report should confirm current market value, potential value (on completion) rental income (if loan to let). Please note that if the report includes an opinion as to the cost of the works, then only one supporting quote for the works to be undertaken will be required. If there is no mention of the cost of works, then the requirement is to supply two quotes.
- The cost of the valuation is payable by the applicant and no application for a loan will be processed without this document.
- Please note that Southend City Council must be named as an interested party and the surveyor must note that SENUE is relying on the valuation report for loan application.

It is recommended that applicants source their own approved surveyor to carry this out. See Section 6.0 Loan Security for further information.

4.0 THE LOAN SCHEME

4.1 PURPOSE FOR WHICH A LOAN MAY BE APPLIED FOR

To renovate/or convert an empty commercial property into one or more units to the Decent Homes Standard, (as a minimum), so that it is suitable for immediate occupation, whether by sale (loan to sell) or to let (loan to let) and retain/create commercial space.

Persons applying for the above loans may either be existing or prospective owners, but in either case must be able to supply security for the loan as detailed in Section 6.

4.2 ELIGIBLE WORKS

To be eligible works, the works must: -

- On completion, result in the property/units being suitable for immediate occupation as a dwelling(s) and provide commercial space
- Comply with all relevant Building Regulations; and
- Achieve the Decent Homes Standard - see Appendix D.

A schedule of works will be agreed with the applicant prior to the offer of any loan and will form part of the loan conditions.

Any costs, which would be eligible for assistance under an insurance claim or third-party claim, will not attract loan assistance. In exceptional cases a loan may be given on condition it is repaid out of the proceeds of any future claim.

Works outside the curtilage of the property are not eligible for assistance unless they relate to the provision of essential services such as water, gas, or electricity.

4.3 LOAN ENQUIRIES

First enquiries for a potential loan must be made either by telephone or email to the offices of the relevant local authority. Contact details can be found in Appendix A

4.4 BUILDINGS NOT ATTRACTING LOAN ASSISTANCE

Loan assistance will not be available for the following: -

- Properties, which are not of a permanent nature such as houseboats and caravans.
- Sheds, outhouses and extensions such as conservatories, which do not have Building Regulations approval.
- Buildings not suitable for conversion to habitable dwellings.
- Buildings where at least 40% is used by the applicant and/or his family as their home.

5.0 THE APPLICATION

An application for loan assistance should be made on the forms provided through the NUE SE Initiative, following initial discussions with the relevant local authority partner.

A complete application should include the following: -

- A completed application form.
- Confirmation of ownership of the property. This should normally be an “office copy” and Title Plan provided by the Local Land Registry Office, www.landregistry.gov.uk
- Two itemised estimates and cost of any associated fees e.g., structural engineer’s fees, or project management fees. If the costs of the works are included in the valuation report undertaken by a member of the Royal Institute of Chartered Surveyors (RICS) then one estimate will be allowed.
- Supporting documentation for ID purposes.
- If a company application – you must provide last 3 years accounts.
- If you are an individual, you must provide your latest P60 and 2 payslips.
- If self-employed, you must provide 3 years accounts.
- Valuation Report (undertaken by a member of the Royal Institute of Chartered Surveyors - RICS).
- Specialist reports, Building Regulations, Planning Permission and plans where required.
- Any other details notified to the applicant before a decision is made as to whether to make the applicant a loan offer.
- Consent from first lender.

Southend City Council reserves the right to undertake a credit check on any person or limited company applying for a loan.

6.0 LOAN SECURITY

All loan applicants will be required to agree to a legal charge being placed on the property.

Agreement may be made in exceptional circumstances to accept a charge on an alternative property.

We offer loans on a maximum loan to value ratio of 80%, including the value of the loan registered in favour of any first lender. We will consider loans on a loan to value ratio of 90% on a case-by-case basis.

All legal charges must be either first or (where Southend City Council receives confirmation from the first charge holder that it consents to a second charge) second charges.

Third or subsequent charges will not be accepted.

Where it has been agreed to accept a legal charge on an alternative property that is not the subject of the loan application, the alternative property must be in England and Wales.

However, the additional legal costs associated with this arrangement must be covered by the applicant.

Any property offered as security for the loan will require a valuation prior to the advance of any loan.

The valuation must be carried out by a surveyor who is a member of the Royal Institute of Chartered Surveyors (RICS), the cost of which will vary in accordance with the property being put forward and is to be paid by the applicant.

The valuation should include the current value of the property in its present condition, the potential future value (if the property for security is the one being refurbished) and potential rental income (if the property is to be let on completion of works).

The Council will be unable to decide as to whether to approve an application without this valuation document.

Where the property which is to be offered as security for the loan already has a charge registered against it, written confirmation from the existing charge holder, confirming their agreement to a further charge being placed on the property will be required. (This is a Land Registry requirement).

A fee is payable to register the charge at the Land Registry, which the applicant will be required to pay when submitting the loan application and supporting documents to Southend City Council.

Where the applicant is a company, a fee is also payable to register the charge at Companies House, which the applicant will be required to pay (currently £45.00) when submitting the loan application and supporting documents. Should this fee be varied Southend City Council reserves the right to charge that revised fee.

7.0 LOAN RISK ASSESSMENT

All applications for a loan will be subject to a risk assessment that will form part of any decision to approve a loan. Details as to how this assessment will be undertaken are provided in Appendix C.

8.0 NOTIFICATION OF LOAN APPROVAL

The applicant will be notified in writing whether the application for loan assistance is approved or refused. The notification will be provided as soon as reasonably practicable from receipt of a completed application including all relevant supporting documentation and in any case within ten weeks.

The approval will specify the amount of loan and the repayment period. The offer of a loan will remain open for 8 weeks from the date of the notification letter.

The amount of loan will be based on the lower of the two estimates received. However, in any instance where the estimates are found to be excessive by Southend City Council, the loan amount will be determined by Southend City Council based on what it considers to be the reasonable costs for the schedule of works.

On confirmation that the loan offer has been accepted, an instruction will go to the SENUE Legal Services provider to draw up two sets of the Loan Facility Agreement and Legal Charge documents, which will be issued to the applicant.

Both sets of documents must be completed and returned, if the applicant wishes to proceed with the loan within 8 weeks from the date of the original notification letter.

On receipt of the completed documents the NUE SE Legal Services provider will apply to the Land Registry Office to register the legal charge against the property. Where the applicant is a Company, the Council will also apply to Companies House for registration of the charge.

On confirmation that the Legal Charge(s) have been registered, the Programme Manager will instruct Southend City Council Finance to forward the loan monies in accordance with any conditions which the loan approval panel have stipulated and recorded in the Loan Facility Agreement document.

One original set of the Loan Facility Agreement and Legal Charge documents will be returned to the applicant including confirmation of the BACS reference number for the loan monies. This is expected to be no more than 14 days after the registration of the Legal Charge(s).

A loan offer will expire 8 weeks after the loan approval notification letter has been issued. If after this time Southend City Council has not received the relevant documentation, the loan offer will be cancelled, and the applicant informed in writing.

In the case where an applicant ceases to be the owner of the property which is the subject of the loan application or it appears to Southend City Council that the applicant was not at the time of the application being approved entitled to the loan, no payment shall be made, and the loan will be cancelled.

Loans are not transferable either between applicants or properties.

9.0 CRITERIA AND LOAN ASSISTANCE

The loan amount to be discussed with the NUE SE team as this will be dependent on the availability of funds as each new project is approved.

As a guide each self-contained residential unit created would attract up to £25,000 (per unit). The amount of loan concerning bringing the commercial space back into use as commercial to be discussed with the NUE SE team.

10.0 SUPERVISION OF WORKS

The building contract will be between the applicant and the chosen contractor and will not include Southend City Council.

A Local Authority officer or an agent acting on its behalf will check the works to ensure they are carried out in accordance with the specification of work and meets the requirements of the Decent Homes Standard and good building practice. However, Southend City Council or its officers or its agents acting on its behalf are not liable for any poor workmanship, nor do they provide any guarantee.

Where appropriate, it is recommended applicants employ their own surveyor whose fees are eligible for loan assistance, subject to the loan maximum. Responsibility for supervision of the works rests with the applicant. Any works that have not been completed to an acceptable standard will be the responsibility of the applicant.

On completion of the works the applicant is to provide notification to Southend City Council/or its agent that: -

- The works have been completed to a satisfactory standard and in accordance with the loan offer and estimates, current Building Regulations and in accordance with the specification of works issued.
- Copies of certified guarantees and test certificates requested as part of the agreed schedule of works are made available for inspection; and the repair and renovation of the property complies with the “Decent Homes Standard”.

11.0 APPEALS AGAINST REFUSAL OF LOAN

Where an application for a loan is refused the applicant will be notified of the reasons for refusal in writing and informed of the procedure for an appeal against the decision.

If an applicant disagrees with the reasons for refusal, an appeal may be made in writing to the Programme Manager stating the reasons why the applicant disagrees. This appeal should be made within 14 days of receipt of the refusal letter.

The applicant will be notified, in writing and within 14 days of the decision. If the Head of Infrastructure does not allow the appeal, an applicant can make a further appeal within 14 days to a Loans Appeal Panel. The Loans Appeal Panel will sit within 28 days of this second appeal being lodged. An applicant may attend the Loans Appeal Panel to present their case.

The Loans Appeal Panel will inform the applicant in writing within seven days of their decision. There is no further appeal.

12.0 REPAYMENT OF THE LOAN

All loans paid under this scheme will be repayable.

Where the loan approved is a ‘Loan to Sell’ the loan will be repayable immediately and no later than the date stipulated in the Loan Facility Agreement.

Where the loan approved is a ‘Loan to Let’, the loan will be repayable on the third anniversary of the date stipulated in the Loan Facility Agreement unless there is an earlier disposal of the property or the units within the property are divided, and all sold on the same day.

For example:

Loan secured on: 30 September 2022
to be repaid by: 1 October 2025

Where the property is to be converted into units and there is a disposal of one or more units (prior to the fixed dates set out in the terms of the Loan Facility Agreement), then on each such disposal of a unit, the applicant must repay the lesser amount of the gross sale proceeds and the amount of the loan outstanding.

If, after all such disposals, monies are still outstanding under the loan, then the applicant must repay such monies on whichever occurs the earlier of the disposal of the final unit or the relevant date as set out in the loan agreement.

“Loan to Let” Example:

Mr Smith borrows £150,000 to renovate a property and convert it into six flats. On entering into the loan agreement with Southend City Council, Mr Smith intends to let the flats out to tenants once the works are completed.

The works complete on 1 March 2022 and soon afterwards Mr Smith begins to let all the flats out to tenants.

However, after a while, Mr Smith decides that he no longer wants to let out all the flats. Therefore, he sells one of the flats on 1 July 2022 for £100,000. On that date Mr Smith must repay £100,000 to Southend City Council.

Mr Smith then sells another of the flats on 1 December 2022 for £110,000. Mr Smith must immediately pay Southend City Council the outstanding capital balance of the loan, which is £50,000.

If Mr Smith had not sold the second flat but had continued to let it and the remaining properties out, he would have had to pay the £50,000 on 31 March 2025. If Mr Smith had instead sold all the flats on 1 July 2022, then he would have had to repay £150,000 on that date, even if the total sale proceeds of all the flats had not come to £150,000.

If, instead of selling any of the flats, Mr Smith had continued to let out all the flats, then he would have had to repay £150,000 to Southend City Council on 31 March 2025.

13.0 LOAN INTEREST

Southend City Council will provide the loan at 0% interest rate. However, should the loan not be repaid on or before the agreed contractual date, then default interest rate will be applied to the loan. This is currently 6%.

This effectively means that the applicant will benefit from an interest free loan, providing there is no default on the loan for up to 36 months.

Where any sum is required to be paid but is not repaid in accordance with the loan conditions, a breach of conditions will have occurred, and Southend City Council may demand immediate repayment of the loan and interest.

14.0 REPAYMENT UPON BREACH OF CONDITIONS

In the case of a breach of loan conditions any outstanding loan becomes repayable to Southend City Council.

In the case of a loan to sell, where the property is not made available for sale within 12 weeks of the date set for completion of those works (or by date to be agreed for the scheme if earlier), a breach of loan conditions will be considered to have occurred.

In the case of a loan to let, where the property is not made available for let within 12 weeks of the date set for completion of those works, a breach of loan conditions will be considered to have occurred.

15.0 SECOND LOANS

Where a person has received a loan, second or subsequent loans may be permitted. However, subsequent loans will be offered on interest bearing terms.

Applicants will also be required to demonstrate that they have completed works relating to their first loan application and have successfully marketed and either 'let' or 'sold' the property before a second loan application is administered.

APPENDIX A

Project Contact Details:

Tony Wilson – NUE SE Project Manager, Southend City Council NoUseEmpty@southend.gov.uk

Tim Rignall - Capital Programmes Manager, Southend City Council NoUseEmpty@Southend.gov.uk

Local Authority Contacts (for initial discussions regarding prospective schemes, pre-application)

Southend City Council –
Thurrock Council –
Basildon Council –
Castle Point Council –
Brentwood Council –
Rochford Council -

APPENDIX B

Service Standards for Loans Procedure, these standards have been produced to:

Inform our customers of the standards and level of service they can expect from us and to ensure all enquiries/applications are dealt with on an equal basis.

Service Standards and Procedures:

- On receipt of a completed loan application i.e., application form and all further documentation listed in Section 5 above, subject to these being satisfactory and receipt of the valuation fee, the applicant will receive within 10 weeks a loan offer.
- If a loan offer is accepted, payment of the loan monies will be sent out within fourteen working days of Legal Services confirming that the Legal Charge(s) have been registered.
- Unforeseen works – where unforeseen works arise during the loan aided works, a decision (which may include a site visit) as to whether the works are to be included, will be made within five working days, following receipt of estimates.
- The SENUE Programme Manager will write to you 12 weeks before a loan is due to be repaid to ensure that you have made the necessary arrangements to repay Southend City Council the loan in full.

APPENDIX C

Risk Assessment Procedure for Empty Property Loans.

Whenever monies are loaned, there will be an element of both financial risk in that the loan is not repaid, and risk that should the delivery of the project not be completed it would fail to contribute towards the annual targets set for the NUE SE initiative.

To ensure that these risks are minimised the following risk assessment procedure has been devised, against which each scheme will be evaluated to determine the level of risk (high, medium or low). Any project which scores 50 points or more will not be considered appropriate for a loan from Southend City Council.

The NUE SE local authority partners would welcome the opportunity to discuss any proposed application with empty property owners/developers, but no commitment to approve an application or commit funding will be given until a completed application has been received and subjected to the following risk assessment procedure.

All applications will be initially vetted by the relevant Local Authority Officer. This will be to confirm: -

- that the property has been empty for six months or more;
- that the works/conversion can be completed within a time scale to satisfy the Initiative's target; and
- approvals and/or consents (if any) required to undertake the works/conversion are held.

Delivery Risk

To minimise the delivery risk all applicants for loans will be required to satisfy the following criteria before their application will be considered. Documentary proof that the following criteria have been met should be submitted with the application form.

1. The property that is subject to the loan application has been acquired/already in the ownership of, the applicant.
2. All required consents for the works/conversion have been approved; these will include full planning permission, building regulation approval, listed building and conservation area consent, where applicable.
3. Confirmation that there are no legal constraints or restrictive covenants on the property that would prevent the proposed works/conversion from being undertaken.
4. Any requirement for a contaminated land investigation has been undertaken, and where any remediation works are required, these have been agreed with the relevant District contaminated land officer.
5. Confirmation that any additional finance over and above the SENUE loan required to complete the project is readily available and evidenced accordingly.

Once the above criteria have been satisfied the application will be assessed against the following financial risk assessment, which is based on the business case details supplied on the application form, to determine if the application should be approved.

Each of the questions listed below will be assigned a score and these individual scores will be totalled to give an overall score, which will then place the application in either a high, medium or low category.

Risk category Points:

Low up to 20 points

Medium between 21 and 35 points

High between 36 and 49 points

Any project which scores = 50 points or more will not be considered appropriate for a loan from Southend City Council

RISK ASSESSMENT FORM:

1) Credit Rating

All persons/companies applying will be subject to an insolvency check, credit check, which will be undertaken by the NUE team/or its service providers.

Satisfactory credit check = 0 Points

Unsatisfactory credit check = 50 Points

2) Business Plan

The applicant supplied a satisfactory business plan to demonstrate that the proposed empty property scheme is financially viable.

The applicant's business plan does not demonstrate that the proposed empty property scheme is financially viable.

Satisfactory credit check = 0 Points

Unsatisfactory credit check = 50 Points

3) Loan amount being applied for

A. Between £25,000 and £50,000 = 1 Point

B. Between £51,000 and £99,000 = 3 Points

C. Between £100,000 and £150,000 = 5 Points

D. Greater than £150,001 = 10 Points

4) Loan to property Value percentage

A. The proposed loan amount and any existing loan/mortgage on the property, does not exceed 50% of the property value. = 1 Point

B. The proposed loan amount and any existing loan/mortgage on the property, is between 51% and 70% of the property value. = 3 Points

C. The proposed loan amount and any existing loan/mortgage on the property, is between 71% and 80% of the property value. = 5 Points

D. The proposed loan amount and any existing loan/mortgage on the property, is between 81% and 90% of the property value. = 10 Points

E. The proposed loan amount and any existing loan/mortgage on the property, exceeds 91% of the property value. = 50 Points

5) Proposed term of loan

- A. Up to 24 months = 1 Point
- B. Up to 36 months = 3 Points

6) Application is from

- A. Individual(s) = 1 Point
- B. Existing Company = 3 Points
- C. New Company/Special Purpose Vehicle = 5 Points

7) Existing Mortgage Charges

All loans are secured as a first or second charge on the property identified as security.

- A. First charge in favour of Southend City Council
- B. Second charge in favour of Southend City Council

8) Provision of References

All applicants are requested to provide, where possible, evidence of 2 similar types of successfully completed schemes to that proposed in the application.

- A. Satisfactory references supplied = 0 Points
- B. No references available = 5 Points

Any project which scores = 50 points or more will not be considered appropriate for a loan from Southend City Council

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