

# Town Centre Loan Scheme

## Information Guidelines For Applicants



# Introduction

As part of our commitment to enabling and supporting the regeneration and diversification of our town centres Carmarthenshire County Council have secured an additional repayable finance scheme, via the Welsh Government Town Centre Loans Fund. This scheme has the aim of bringing vacant, derelict or underutilised properties and redundant development sites in the town centres\* of Carmarthenshire back into economic use.

With interest free loans available up to £1Million, the aim and objectives for this scheme is to incentivise and enable property refurbishment and new build in our town centres by offering financial support to property owners, developers, investors etc, who will in turn encourage sustainable re-use of vacant, underutilised and redundant sites and premises in the targeted areas. This intervention will result in the creation of town centre floor space for commercial, leisure and residential use.

The outcomes from the developments associated to the loan fund will focus on supporting economic growth, tackling poverty, job creation, provision of training and apprenticeships, business start-up opportunities and increasing the supply and quality of the accommodation offer. It is expected that these outcomes will be met during the construction phase and following completion of the scheme.

The end user accommodated in the completed premises will also contribute to new, vibrant and diverse town centres, resulting in increased footfall and confidence, ensuring a sustainable and bright future.

\*Eligible Town Centres:

- Ammanford
- Burry Port
- Carmarthen
- Cross Hands
- Cwmaman
- Kidwelly
- Laugharne
- Llandeilo
- Llandovery
- Llanelli
- Llanybydder
- Newcastle Emlyn
- St. Clears
- Whitland

## 2. Loan Terms and Conditions

### 2.1. Investment amount

Loans will be made available to eligible applicants to fund regeneration schemes in eligible town centres.

The minimum loan to be awarded per application is £10,000 with the maximum being £1 Million.

The loan can only support a maximum of 75% of the loan to value of project cost.

### 2.2 Repayment term

The maximum term of a loan will be for 5 years.

**There is a choice of repayment terms:-**

- Full repayment at the end of the loan term
- Repayment of 50% of the amount in Year 4 with the remaining 50% Year 5
- Upon sale of the property or within 5 years of the loan payment date, whichever is earliest.

### 2.3 Interest and costs

All loans will be interest-free.

An administration fee will be charged for individual loans to cover costs associated to the processing and management of the loan and to reflect the level of risk. The fee, which will be determined by the Loan Panel, will not exceed 15% of the loan amount.

The final costs associated with the administration fee can either be paid to Carmarthenshire County Council in full before the loan is drawn down or paid in stages to correspond with the repayment terms of the loan.

### 2.4 Security

Security over property(ies) will be taken, which may include legal charges ranking behind the applicant's bankers. However, in balancing the applicants' risks with the Funds' risks, personal guarantees will also be sought when appropriate.



### 3. Eligibility

The Repayable Finance scheme operates within the relevant town centre's boundary and all properties subject to applications should be located within this boundary. Maps highlighting the town centre area can be provided upon enquiry. Applications outside of these areas may be considered if the project would still have a significant impact upon the town centre.

Eligibility is restricted to owners or potential owners of properties for the purpose of reducing the number of vacant, derelict or underutilised premises and redundant development sites in eligible town centres.

#### **Owners may include:**

- Businesses (sole traders/partnerships/companies)
- Developers
- Landlords
- Social enterprises
- Tenants
- Housing associations
- Private residents

All schemes supported by the fund must support regeneration of the town centre by creating floor space and encourage more diverse and sustainable uses for empty sites and premises, such as commercial, leisure and residential use. Any residential element must be let for commercial purposes and cannot be occupied by the applicant.

Applicants who are aiming to develop properties for the purpose of residential use only can explore options of applying for the Houses to Homes Loan Fund by contacting the Private Sector team at [privatesector@carmarthenshire.gov.uk](mailto:privatesector@carmarthenshire.gov.uk)

### 3.1 Eligible Expenditure

We will consider costs specifically associated to the scheme for which the application refers to. The Authority has the right to refuse inclusion of costs that cannot be justified.

#### **The loan can be used to fund:**

- Cost of purchase of properties and/or development sites (as long as this is part of an overall regeneration development scheme as indicated above)
- Investigations
- Demolition
- Land reclamation
- Site preparation
- Associated Infrastructure and Utilities
- Premises construction and refurbishment cost
- External and internal structural costs
- Associated professional and legal fees. (These can be considered as part of the application but any costs incurred prior to approval of loan will be at the applicants' risk if in the event the application is unsuccessful)
- Any costs in preparing tenders, etc. are eligible for consideration for the loan if the application is successful.

The provision of the loan to clear existing debts or existing loans from lenders is not eligible for consideration.

Other funding options can be used in conjunction with the loan as long as they are funding separate elements of the works

Cash payments to contractors, etc. will not be acceptable as part of the loan.

**All applicants will be required to clearly demonstrate an ability to repay the borrowing.**

- **Businesses and social enterprises** to provide trading accounts for at least 3 years.(If applicants have been trading for less than 3 years, trading accounts for the period since trading must be provided).

Applicants must also provide projected financial statements to highlight how the loan will be repaid. This will include projected cash flow and profit and loss forecast for the repayment period of the loan. A detailed project plan / delivery programme specific to the scheme will also be required.

- **Landlords** to provide details of properties owned and rental income for the last three years (If applicants have been receiving rental income for less than 3 years, records of income since the first receipt must be provided)

Applicants must also provide projected financial statements to highlight how the loan will be repaid. This will include a rental income forecast for the repayment period of the loan. A detailed project plan / delivery programme specific to the scheme will also be required.

**Private residents to provide details of all income.**

Applicants must also provide projected financial statements to highlight how the loan will be repaid. This will include a personal budget planner and rental income forecast for the repayment period of the loan. A detailed project plan / delivery programme specific to the scheme will also be required.

**Tenants with leases to provide details of all income.**

Applicants must also provide projected financial statements to highlight how the loan will be repaid. This will include a personal budget planner and rental income forecast for the repayment period of the loan. A detailed project plan / delivery programme specific to the scheme will also be required.

**(Tenants need to show formal authority from the landlord to undertake proposed works. Tenants must also demonstrate that there are at least 7 years remaining on the lease in order to be considered for the loan)**



## 4. Enquiries

The Carmarthenshire County Council Economic Development Team will manage direct enquiries from potential applicants, clients and partner intermediaries. Enquiries, declaration of interests and information requests can be made to:-

Andrew Spencer,  
Economic Development Officer  
Carmarthenshire County Council

[towncentreloan@carmarthenshire.gov.uk](mailto:towncentreloan@carmarthenshire.gov.uk)

## 5. Loan Application and Processing

In order to avoid unnecessary expense by applicants, application forms will be received by the Carmarthenshire County Council Economic Development Team and will undergo a two stage assessment and evaluation process; Stage 1 & Stage 2 Full Application.

### 5.1 Stage 1 application

Stage 1 application form should be returned to Andrew Spencer at Carmarthenshire County Council for initial assessment.

Stage 1 application forms will provide project description, initial indication of project eligibility, indicative costs, viability and level of funding available. Each application will be assessed and scored against a set of specific criteria, which are highlighted in the Stage 1 Application Form

If the Stage 1 application is approved, Carmarthenshire County Council will then be in a position to commit the agreed loan amount subject to the satisfactory conclusion of Stage 2 requirements as defined within this document.

## 5.2 Stage 2 Application

The second stage of the application will be more detailed in order to define the actual funding requirement and offer along with associated terms and conditions.

### **The Assessment of the Stage 2 application will include:**

- Commercial evaluation: Based on principles of good lending practice including credit checks, criteria of the scheme being met, appraisal of application form, ID and project plan will be undertaken on all proposals.
- Financial assessment: the completed loan application will be sent to the appointed Financial Consultant to undertake a financial evaluation and assessment of the application (it is not anticipated that a financial evaluation will be required for some applications, e.g. private residential owners, tenants and private sector landlords)

The appointed Financial Consultant, based on the information provided by the applicant, will provide a report to include the identification of any risk associated with the investment, proposes serviceability of the loan, the knowledge of any relevant current market conditions and a clear and concise recommendation to be presented to the Carmarthenshire County Council Loans Panel.

An appointed Quantity Surveyor will assess the application, quotations, valuations and programme of works to confirm accurate costing and value for money of proposed construction work, professional fees, etc. associated with the scheme. The appointed Quantity Surveyor will provide a report of the above along with recommendations to be presented to the Carmarthenshire County Council Loans Fund Panel.

### **The following information will be required to assess all loan applications:-**

#### **a) Businesses, Social Enterprises and Developers**

- Completed Town Centre Loan Fund Application Form
- A project plan and delivery programme specific to the scheme, to include reference to the process of securing necessary statutory and legal consents, e.g. planning permission, leases, etc. A template of the project plan will be provided by the Authority.
- Detailed CVs for all business proprietors, directors and partners
- Accounts from the last three years .(If applicants have been trading for less than 3 years, trading accounts for the period since trading must be provided).
- Copies of business bank statements from the last six months.
- Details of other borrowings outstanding (if applicable)
- Evidence of match funding for the proposed scheme
- Projected Profit & Loss and cash flow for the term of the loan.
- A copy passport or photographic driving licence for all business proprietors
- A report from a suitably qualified professional (QS or Architect) itemising a breakdown of the project costs to which the loan is requested.
- If the property associated to the application is leased by the applicant, they must provide formal authority / permission from the landlord to undertake proposed works. Tenants must also demonstrate that there are at least 7 years remaining on the lease in order to be considered for the loan



## **b) Landlords and Housing Associations**

- Completed Town Centre Loan Fund Application Form
- A project plan and delivery programme specific to the scheme, to include reference to the process of securing necessary statutory and legal consents, e.g. planning permission, leases, etc. A template of the project plan will be provided by the Authority.
- Detailed CV's for all parties to the application
- Accounts from the last three years (if applicable), or full details of rental income received
- Copies of bank statements from the last six months
- A schedule of properties owned (if applicable)
- Details of other borrowings outstanding (if applicable)
- Evidence of match funding for the proposed scheme
- A copy passport or photographic driving licence for all parties
- Copy of landlord licence (if applicable)
- A report from a suitably qualified professional (QS or Architect) itemising a breakdown of the project costs to which the loan is requested.
- If the property associated to the application is leased by the applicant, they must provide formal authority / permission from the landlord to undertake proposed works. Tenants must also demonstrate that there are at least 30 years remaining on the lease in order to be considered for the loan

## **c) Private Residential Owners**

- Completed Town Centre Loan Fund Application Form
- A project plan and delivery programme specific to the scheme, to include reference to the process of securing necessary statutory and legal consents, e.g. planning permission, leases, etc. A template of the project plan will be provided by the Authority.
- Detailed CV's for all parties to the application
- Copies of bank statements for the last six months
- Proof of income
- Details of other borrowings outstanding (if applicable)
- Evidence of match funding for the proposed scheme
- A copy passport or photographic driving licence for all parties
- A report from a suitably qualified professional (QS or Architect) itemising a breakdown of the project costs to which the loan is requested.



#### **d) Tenants**

- Completed Town Centre Loan Fund Application Form
- A project plan and delivery programme specific to the scheme, to include reference to the process of securing necessary statutory and legal consents, e.g. planning permission, leases, etc. A template of the project plan will be provided by the Authority.
- Detailed CVs for all parties to the application
- Copies of bank statements for the last six months
- Proof of income
- Details of other borrowings outstanding (if applicable)
- Evidence of match funding for the proposed scheme
- A copy passport or photographic driving licence for all parties
- A report from a suitably qualified professional (QS or Architect) itemising a breakdown of the project costs to which the loan is requested.
- Formal authority / permission from the landlord to undertake proposed works.
- Proof to demonstrate that there are at least 7 years remaining on the lease.

### **5.3 Loans Fund Panel**

#### **A Loans Fund Panel has been established and which will:**

- Give due consideration to applications for the Town Centre Loan Fund submitted to Carmarthenshire County Council
- To recommend approval or otherwise of loan fund applications together with specific terms and conditions with respect to the repayment period and security to safeguard Carmarthenshire County Council's lending.



## **6. Loan Agreements**

### **If the application is successful:**

- A Loan Agreement will be issued along with any other documents required such as Directors' guarantees, security documents and standing order mandate forms.
- In all circumstances, security will be required by means of a Legal Charge on the property. In these circumstances Carmarthenshire County Council will request sufficient information with regard to any property of the applicant to enable it to proceed.
- Applicants will have 30 days to accept the terms and conditions of the loan offer, after which an offer will lapse.

## **7. Payment**

Payment of the loan will be made through BACS to the applicants designated bank account. Stage Payments may be applicable subject to approval.

## **8. Monitoring**

Carmarthenshire County Council officials and the appointed Quantity Surveyor will monitor the use of the loan funds by arranging visits to the property(ies) to ensure the programme of works and valuations are being monitored. This will include taking photographic evidence before, during (in some circumstances), and after completion of the works.

## **9. Legal Obligation**

The funding will be used strictly for the purpose of Town Centre regeneration in accordance of the scheme approved by Carmarthenshire County Council