

Gwynedd Council
Gwynedd Town Centre Loan Fund

Information Guidelines
For Prospective Applicants

Application forms can be obtained by contacting the Gwynedd Council Business Support Team on 01286 679231 or by e-mail: business@gwynedd.llyw.cymru - all prospective applicants must contact the Business Support Team to discuss their proposal before submitting an application.



Llywodraeth Cymru
Welsh Government



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1. INTRODUCTION

The Town Centre Repayable Funding Scheme is a scheme to provide repayable funding to support town centre regeneration and to develop vibrant and viable places through the Welsh Government Transforming Towns agenda.

During 2020/21 the Deputy Minister for Housing and Local Government announced an allocation of £10m for the Town Centre Loan Repayable Funding Scheme. This was in addition to the £31.95m provided to authorities across Wales.

As in previous rounds, the core aims of the scheme are to reduce the number of vacant, underutilised and redundant sites and premises in town centres and to support the diversification of town centres. This scheme will encourage more sustainable uses for empty sites and premises, such as residential, leisure and for key services. By supporting the vibrancy and viability of town centres the outcomes should focus on supporting job creation and economic growth, tackling poverty, increasing the supply and quality of accommodation offer, and supporting targeted training and recruitment during construction.

2. LOAN SPECIFICATION

2.1. Investment size, term and security

Loans will have a minimum value of £5,000, with no maximum value up to the available balance remaining in the fund.

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

There is a choice of repayment terms:-

- Monthly or quarterly staged repayments
- Full repayment at the end of the loan term
- Upon sale of the property

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

2.2. Applications eligible for support

The Fund operates within the following centres: Caernarfon, Blaenau Ffestiniog, Porthmadog, Pwllheli, Bethesda, Llanberis, Penygroes, Nefyn, Penrhyndeudraeth, Cricieth, Y Bala, Abersoch, Dolgellau, Abermaw, Tywyn, Beddgelert, Harlech, Aberdaron, Aberdyfi, and Bangor City Centre boundaries and all properties subject to applications should be located within these boundaries.

Eligibility is restricted to owners of properties for the purpose of reducing the number of vacant, underutilised and redundant sites and premises and supporting diversification by encouraging more sustainable uses for empty sites and premises, such as residential, leisure and for key services. The provision of loans to clear existing debts or existing loans from lenders is not eligible for consideration.

Owners of properties may be businesses (sole traders/partnerships/companies), social enterprises, landlords, housing associations, developers, or private residents.

- Applicants that can easily obtain commercial finance to fund the improvement works will be directed to other appropriate sources of funding.

- Other funding options can be used in conjunction with the loan as long as they are funding separate works
- All applicants will be required to demonstrate an ability to repay the borrowing:-
 - a) Businesses and social enterprises to provide a business plan, at least 3 years' trading accounts, cash flow and profit and loss forecast;
 - b) Landlords to provide details of properties owned and rental income;
 - c) Private residents to provide details of income and a Personal Budget Planner.

All applications must comply with State Aid Rules

2.3. Pricing

All loans will be interest-free.

A one-off administration fee of up to 15% will be charged for individual loans to cover any expenses or costs incurred, and to reflect the level of risk. Fixed expenses incurred by the Council such as legal fees, valuation fees and business appraisal reports will have to be reimbursed in full by the applicant before the loan is drawn down. The fee to reflect the level of risk is dependent on the loan to value ratio of the security offered, and will be determined by the Loans Panel.

3. LOAN PROCESS

Access and information will be available through a range of different channels:

3.1. Initial Enquiries

- Details of the fund, eligibility criteria and enquiry forms will be embedded within the Gwynedd Council website. An e-mail address will also be linked into the enquiry form for direct submission to Gwynedd Council enquiries.
- The Gwynedd Council Business Support Team will manage direct enquiries from potential clients or intermediaries.
- Enquiry forms (print or electronically) should be returned to Gwynedd Council for initial response.

Initial enquiries will be assessed on the basis of eligibility as specified above. These include the nature of request, amount and location. If the enquiry is eligible for further consideration, the terms of finance will be explained and application forms provided together with the loan guidelines detailing the supporting documentation required.

3.2. Loan Application and Processing

Applications

Application forms will be received by the Business Support Team and undergo a two stage evaluation:

1. Desk evaluation of application form, business plan and supporting documentation, if satisfactory then:-
2. Arrange for the complete loan application to be sent to the appointed Financial Consultant to undertake a detailed financial evaluation and assessment of the application (it is not

anticipated that a detailed financial evaluation will be required for some applications, e.g. private residential owners, private sector landlords)

Desk evaluation

- Commercial evaluation: Based on principles of good lending practice including credit checks, criteria of the scheme being met, appraisal of form, ID, bank rejection and business plan (if applicable) will be undertaken on all proposals.

Evaluation of Loan Applications

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

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

a) Businesses, Social Enterprises and Developers

- A business plan detailing the business history and future plans
- Detailed CVs for all business proprietors, directors and partners
- Audited accounts from the last three years
- Copies of bank statements from the last six months
- Projected balance sheet, P&L and cash flow for the next two years
- A copy passport or photographic driving licence for all business proprietors
- Quotations for the property improvements
- Evidence of planning permission and / or Building Regulations approval of project

b) Landlords and Housing Associations

- A business plan detailing the business history and future plans (if applicable)
- Detailed CV's for all parties to the application
- Audited 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)
- A copy passport or photographic driving licence for all parties
- Copy of landlord licence (if applicable)
- Quotations for the property improvements
- Evidence of planning permission and / or Building Regulations approval of project

c) Private Residential Owners

- 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)
- A copy passport or photographic driving licence for all parties
- Quotations for the property improvements
- Evidence of planning permission and / or Building Regulations approval of project

Loans Fund Panel

A Loans Fund Panel has been established and which will have the following purpose statement:

- To give due consideration to loan fund applications submitted to Gwynedd Council by property owners.
- 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 the Council's lending.

The Panel will reach one of 4 possible decisions:

- Further information required
- Agreed without conditions
- Agreed subject to conditions
- Application for funding declined.

The applicant will be informed of the outcome of the Loans Fund Panel within 48 hours. If the proposal is rejected the applicant will be notified of the Appeals Procedure.

Appeals Procedure Proposals

- The client will have the right of appeal if application rejected but the client must appeal in writing within 7 working days outlining the specific reasons for appeal.
- The Appeal will be presented to the next Loan Fund Panel meeting and the client informed of the decision

Loan Agreements

- A Loan Agreement will be issued along with any other documents required such as Directors' guarantees, security documents and standing order mandate forms. Loan Agreements will be issued within 10 working days of approval of loan fund application.
- In all circumstances, security will be required by means of a Legal Charge. In these circumstances Gwynedd 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.
- Following acceptance of an offer and completion of necessary security documentation the loan will be available for drawdown.

Payment

- Payment of the loan will be made through BACS to the applicants designated bank account.
- Any arrangement and security fees will be paid before the loan is drawn down.

Monitoring

- Gwynedd Council officials will monitor the use of the loan funds by arranging visits to the properties. This will include taking photographic evidence before, during (in some circumstances), and after completion of the works.