

# Wessex Home Improvement Loan Scheme



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# Wessex Home Improvement Loan Scheme



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## Who are Wessex Reinvestment Trust?



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Reinvestment Trust

- Established in 2002 as a Social Enterprise
- The first rural Community Development Financial Institution (CDFI)
- Delivering financial inclusion for vulnerable groups, particularly in rural areas

# Wessex Home Improvement Loan Scheme



## Three main areas of activity:

### 1. Business Loans



### 2. Community Assets



### 3. Home Improvement Loans





# The Wessex Home Improvement Loan Scheme

## Our Objective

To provide low interest rate home improvement loans which will assist vulnerable, low income homeowners to maintain their property and continue to live independently.

# Wessex Home Improvement Loan Scheme



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## How did the scheme start?

- 2002 Regulatory Reform (Housing) Order  
=> Move away from Grant Funding
- 10 West Country Councils looking for a solution
- Wessex ethos matched council aspirations
- Manager employed to develop a loan scheme –  
November 2003
- 18 months of development work and consultation
- First loan referral – April 2005

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## Key elements of the existing Scheme

- Close partnership with 11 Local Authorities
- Cost effective 'recycled' capital funding
- A capital supplement from the Private Sector
- High quality 'client focused' service
- Fixed low interest rate for the client
- Simple and straightforward loan products
- Secured by Title Restriction at Land Registry
- No private profit for Wessex – A 'social dividend'

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## The Loan Delivery Process

- Council identify Decent Home Standard failure
- Client is referred to Wessex
- 1<sup>st</sup> Appointment
- 2<sup>nd</sup> Appointment
- 3<sup>rd</sup> Appointment
- Work is undertaken
- Council confirms work completed to satisfactory standard
- Loan Drawdown and repayments commence
- Client Satisfaction Survey

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## Loan Types

3 Basic Products – All up to £15,000 over 15 years at 3% fixed rate

- **A Capital and Interest Repayment Loan**
  - Monthly repayment covers part interest and part capital
  - Available to clients of any adult age
- **An Interest Only Loan**
  - Clients must be aged 66 and over to qualify for Interest Only
  - Monthly repayment covers interest only
  - Capital repaid upon sale of property or death of client
- **An Interest Roll-Up Loan**
  - Clients must be aged 71 and over to qualify for Interest Roll-Up
  - Full repayment of interest and capital is made from sale proceeds
  - At 3% interest it takes about 24 years for the value of compound interest to equal the value of outstanding capital

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## Current Activity

- Over 730 referrals in 3½ years
- Over 130 live cases now being processed
- Over 260 Loans drawdown to the value of £1.4million
- In excess of £2.2 million committed in total
- Currently no bad debt and no loans in default

## And in the pipeline

- Diversification – eg DFG Loan top-ups, Loans to Landlords and Loans to support Energy Efficiency and Renewable Energy measures

# WESSEX CASE STUDY 1 - BEFORE



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## CASE STUDY 1

- Mrs W (82 years old) needed £8k to install central heating, refurbish her very old kitchen and update the bathroom.
- She had a disposable income of £446.
- Mrs W opted for an Interest Roll-Up loan, which has no monthly repayments. She had a full loan of £8,000
- Mrs W has a large amount of equity in her home to the value of £130,000.

# WESSEX CASE STUDY 1 - AFTER



# WESSEX CASE STUDY 2 - BEFORE



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## CASE STUDY 2

- Mr T and Miss N – Referral from West Somerset Council
- Limited disposable income
- Property failed Decent Home Standard
- Total cost of work was £7,530
- Loan provided over 120 months on a capital repayment basis
- Repayments of £72.71 per month
- Total amount of interest repayable - £1,195 (APR 3.04%)

# WESSEX CASE STUDY 2 - AFTER



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## Service Quality – Delivering Excellence

### Satisfaction Survey results (156 client responses)

- 90% of clients rate our service as ‘Excellent’
- 100% of clients rate our service as ‘Good’ or ‘Excellent’

### Client Feedback

- “A pleasant, painless experience from start to finish; thoroughly recommended”

Mr & Mrs L, (Somerset)

- “It’s a wonderful scheme with a very modest interest rate. The best thing of all is the thoughtfulness and helpfulness of the staff who administer the scheme”

Mrs B, (Dorset)

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## Why has this scheme worked?

- From the client's perspective –
  - Able to receive financial support for the work required on their property that is affordable to them. Wessex are there for the “nearly poor” – those with limited disposable income.
- From the Council's perspective -
  - Helps to achieve progress with reducing non-decent home levels, particularly for vulnerable people
  - Reduces the financial burden on grant funding
- From Wessex's perspective –
  - Progress towards our social objective to improve access to affordable finance and improve the living conditions of vulnerable people and enable them to maintain independent living

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## What about the future?

- Opportunity for Regional expansion
  - Wessex are working closely with several new Authorities with a view to introducing the Wessex loan scheme within their areas. These include councils in:
    - Devon
    - Dorset
    - Gloucestershire
    - Wiltshire
- Funding for this growth is dependent upon the outcome of Councils bids to the Regional Housing Body - due Feb 09

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Thanks  
For  
Listening!



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