

WHARE ORA LOANS SCHEME POLICY

Policy purpose

1. This Policy provides parameters for Council's **Whare Ora Loans Scheme** to support households to undertake sustainability improvements to their house and property, and to repay the costs through a voluntary targeted rate over a five-year period.
2. Council provides the Whare Ora Loans Scheme to:
 - a. Support households to reduce energy and emissions, and prepare for a changed climate
 - b. Improve health outcomes associated with the living environment, particularly respiratory health, and
 - c. Support households to achieve other environmental sustainability priorities, particularly reducing water use.

Policy statements

Overview of the Whare Ora Loans Scheme

3. The Whare Ora Loans Scheme enables a household to undertake specified sustainability improvements to their dwelling. The household organises a supplier (from a list of suppliers registered with Council) to undertake work on their dwelling. Council then pays that supplier for the work. The household then repays Council through a targeted rate over five years (including interest).

Who may apply for a Whare Ora Loan?

4. Lending may be applied for a dwelling being an owner of either a residential rating unit, or a house on farmland or small holding rating unit.¹ Commercial/ industrial properties are excluded from this Policy. The dwelling must not be a non-rateable property under the Local Government (Rating) Act 2002.

¹ **Rating unit** means a rating unit for the purposes of the Rating Valuations Act 1998. Rating definitions as per differential categories as set in the Revenue and Financing Policy.

5. Lending must be applied for by the owner of the dwelling.² The owner does not need to be the occupier of the dwelling. The supplier must not apply on behalf of the owner.
6. To be eligible to apply, an owner must provide a credit check from a list of Council approved credit check agencies, and that owner must have a credit score rated 'good' or better. The credit check must be no older than 90 days.
7. Where an application has been accepted, Council must then be satisfied that the owner has a sufficient history of paying rates on time. The following rules apply:
 - a. The owner must not have any current rates arrears.
 - b. The owner must have all rates settled by the end of the rating year, with no penalties incurred over the past five years, against any property owned directly or indirectly by the owner.
8. No application can be accepted that does not meet the criteria above.
9. The owner must acknowledge that:
 - a. The owner has sufficient income or other means to repay the loan over the lifetime of the loan,
 - b. Council is not responsible for any supplier and does not guarantee their product, service, workmanship or business, and
See clause 37
 - c. The owner has undertaken sufficient due diligence when considering suppliers.
10. The owner must agree to pay all rates (including volumetric water rates if applicable) by direct debit for the life of the loan.
11. The owner is not eligible for lending if the dwelling has an existing voluntary targeted rate applying to it at the time of application. Once a voluntary targeted rate has been paid off in full the property will become eligible to apply again.
12. Rating unit comprising more than one separately used or inhabited part and where the rating unit is used for residential purposes: the owner may apply for only one loan unless Council agrees otherwise (considering the nature of the rating unit).

² **Owner** means the person (whether natural or non-natural) who, whether jointly or separately, is seized or possessed of, or entitled to, any estate or interest in land constituting a rating unit

What can a Whare Ora Loan be applied for?

13. Owners can apply for a minimum of \$2,500 up to a maximum of \$15,000 (**loan**).
14. The loan can be used to undertake improvements to the dwelling and property that provide household sustainability improvements as set out in Appendix 1. Any conditions and exclusions must be applied.
15. Council will provide the loan amount to only one supplier. The owner may apply for more than one type of improvement with that one supplier.
16. Lending is provided directly to the supplier and not to the owner. Lending is not available for 'do-it-yourself' owners.
17. Lending is not available to new builds and must be an existing property.

Who are the suppliers for a Whare Ora Loan?

18. Council will register suppliers to provide the improvements.
19. Lending is not available for businesses that are not a registered supplier.
20. Council shall determine registering businesses as suppliers through an open and fair process. Council may place limitations on businesses becoming suppliers to ensure that suppliers are of sufficient standing and reliability to be associated with Council, including (but not limited to):
 - a. A minimum of two years' operating as a business,
 - b. An office within the Taranaki region, and
 - c. Applicable industry memberships, qualifications or certifications.
21. Suppliers must enter into an agreement with Council and must meet the terms and conditions of that agreement. Terms and conditions must include:
 - a. Council's standard terms and conditions for suppliers (such as health and safety requirements), modified as appropriate,
 - b. The supplier must follow good business practices,
 - c. The supplier must not advertise the availability of Whare Ora Loans in such a manner that states, or implies, an endorsement of Council for their business, product or service,

- d. The supplier must ensure at least one staff member of the supplier attends an annual training session by Council around household sustainability (unless no such sessions are provided by Council), and
 - e. Any performance measures (such as not being subject to complaints or health and safety measures).
- 22. Council may require annual information for businesses to remain registered as suppliers, including achievement of performance measures.
- 23. A breach, by the supplier, of the terms and conditions of the agreement will result in cancellation of the agreement by Council.
- 24. Council may cancel or suspend the agreement with a supplier based on any complaints from owners.

How will the Whare Ora Loan be repaid?

- 25. The owner must repay the loan over a five-year term.
- 26. Interest shall be charged at Council's average rate of borrowing plus a margin to recover the reasonable and actual costs of Council in administering this Scheme. The interest rate shall be reviewed annually (factoring in Council's average rate of borrowing, costs of administering the Scheme, and uptake rates), and shall be stated in the relevant annual Schedule of Fees and Charges.
- 27. Council may resolve to offer an interest-free period where the circumstances justify doing so. A resolution for an interest-free period:
 - a. Must specify the period that an interest-free period is available,
 - b. May be limited to certain improvement categories (as listed in Appendix 1), or on other criteria specified in the resolution (including meeting additional terms and conditions),
 - c. Must include a resolution under section 80 of the Local Government Act 2002 that the decision is inconsistent with the Revenue and Financing Policy.
- 28. The interest rate is fixed for the term of the loan. The interest rate will not be lowered if the average rate of borrowing decreases, nor increased if the average rate of borrowing increases. The applicable interest rate is the interest rate as of the time of application.
- 29. Repayment of the loan will be through a targeted rate applied to the relevant separately used or inhabited part of the dwelling. For the avoidance of doubt,

the Local Government (Rating) Act 2002 applies to the targeted rate, including late payment penalties and other compliance mechanisms.

30. The annual targeted rate shall be set for repayment over 5 years, calculated at 20 per cent of the total borrowing (including applicable interest) owed.
31. The loan repayment will commence as an additional rate on the next 1 July following acceptance, by Council, of the application.
32. The owner may, at any time, repay the entire loan balance; however, partial lump sum payments cannot be accepted.
33. If the owner intends to sell or transfer the ownership of the dwelling during the period after this agreement has been entered into and while the Targeted Rate is still being assessed against the dwelling, the owner must, in writing, give notice of that intention to Council, and advise the owner's solicitor and the prospective purchaser about the Targeted Rate and terms and conditions of the rate.
34. Upon sale or transfer of ownership of the property, either:
 - a. the outstanding loan must be settled at the point of sale, or
 - b. Council may approve the transfer of debt to the new owner, in which case the terms and conditions of the loan must be, or must have been, listed on the sale and purchase agreement and signed by both parties,
 - c. If Council is not notified, then the new owner becomes liable for the outstanding balance.

Note: Council's Rates Remission and Postponement Policies include a Policy to address financial difficulty with the voluntary targeted rate payments.

Other matters

35. The owner is responsible for obtaining and paying all necessary resource consents, building consents, and meeting any other applicable legal requirements (**additional costs**).
36. The additional costs may be added to the loan, so long as the total loan does not exceed \$15,000.
37. Council does not endorse any supplier, nor guarantee their product, service, workmanship or business. Council accepts no responsibility for any workmanship by a supplier. Owners are expected to undertake normal due diligence when considering suppliers.

38. Council Officers may issue operational guidelines to support the implementation of this Policy and the Whare Ora Loans Scheme, including a resolution process for any disputes between owners and suppliers.
39. Council reserves the right to suspend or close the Whare Ora Loans Scheme. Any suspension or closure shall be by way of Council resolution.

Policy review

40. This policy shall next be reviewed within two years of its adoption, and then its most recent review.

Appendix 1: Approved product list

Category	Product list	Conditions
Insulation	Insulation for ceilings, walls and underfloor as well as ground vapour barriers.	Insulation products for ceiling and underfloor must be listed as an approved products lists for Warmer Kiwi Homes by the Energy Efficiency and Conservation Authority (EECA). Retrofitting insulation in external walls of existing buildings has an impact on moisture transfer creating risk of fungal growth in the wall. As a result, the following conditions must be met: 1-Retrofitted from the interior. Installation in accordance with option d) clause 4.0.5 of BRANZ Bulletin694 2- Blown-in insulation. Only included where BRANZ recommendations are met (walls must have an existing wall underlay in reasonable condition). Note building consent is required for retrofitting wall insulation.
Double Glazing	New double glazing and retrofit double glazing fitted into existing window frames.	New double glazing must meet a minimum R0.46 in accordance with 5th edition of H1 of the building code. Retrofit double glazing must include a low-e coating.
Plumbing	Rainwater collection systems and tanks, significant leak repairs, and general water conservation improvements. Efficient hot water systems (including solar hot water system, heat pump water heating, and wetback systems with new wood burner or pellet burner systems).	

	Plumbing and other work necessary for connecting to Council water and wastewater services, including payment of Council connection costs and removal/retirement of septic systems.	
Heating	Efficient heating systems (including ducted and non-ducted heat pumps, wood burner and pellet burner)	Non-ducted heating products must be listed as an "approved products lists for Council Funding Programmes" provided by Energy Efficiency and Conservation Authority (EECA). Ducted heat pump systems require careful design. They can have heating energy loss of more than 30% if the ducts are overlong and/or have many bends, or travel through uninsulated space such as attics. Where ducting is outside the thermal envelope (i.e. above the ceiling insulation) the ducting must be insulated to min R1.0. Note wood burners and pellet burners require building consent.
Renewable Energy Generation & Storage systems	Solar photovoltaic panels, micro-generation systems, associated battery systems and any necessary electric work.	
Electrification	Replacement of gas appliances with electric appliances (including hot water, heating, cooking appliance replacement and necessary work to disconnect from the gas network) and electric vehicle charging infrastructure.	