

CROFT HOUSE GRANT SCHEME (CHGS)

GUIDANCE NOTES FOR APPLICANTS

Issued by
The Scottish Executive Environment
and Rural Affairs Department (SEERAD)

New Houses Grant and House Rebuilding and Improvement Grant

These notes provide information on the Croft House Grant Scheme (CHGS) formerly the Crofters etc Building Grants and Loans Scheme (CBGLS). CHGS provides grants to crofters and cottars in the former Crofting Counties of Argyll, Inverness, Ross and Cromarty, Sutherland, Caithness, Orkney and Shetland, to build new croft houses or to rebuild and improve existing croft houses.

If you are considering applying for CHGS assistance you should read these Notes. They can save you time and effort to find out before applying whether or not you will be able to benefit from the scheme.

These Notes set out the amounts of assistance available, how to apply, the factors taken into account in considering eligibility and the requirements and conditions attached to the Scheme. They also explain how further advice and information can be obtained on particular aspects of the Scheme. However, they should not be treated as a complete or authoritative statement of the Scheme.

If you think your case merits consideration, you are free to submit an application for assistance.

Please note that loan assistance previously given under the Crofters etc Building Grants and Loans Scheme (CBGLS) is no longer available.

All completed application forms should be returned to:

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WHAT THE SCHEME IS ABOUT

Background

1. Crofters in the past have traditionally suffered from poor housing conditions. Crofting tenure requires the crofter to provide their own house although they do not own the land on which the house is built and this can preclude access to conventional forms of housing finance. This is consistent with the Scottish Executive's policy of maintaining population in areas of the Highlands and Islands of Scotland, which suffer from disadvantages of scale, terrain, climate and remoteness.

Aims and Objectives

2. The purpose of the Scheme is to improve and maintain the standards of crofter housing with the aim of attracting and retaining people in the more remote areas of the Highlands and Islands.

Provisions of CHGS

3. Assistance is provided at the discretion of the Scottish Ministers and there is no automatic entitlement to assistance. Even if an applicant meets the basic eligibility criteria, other issues have to be considered before a final decision can be reached. **The application form should be used to convince the Department that your circumstances justify support before grant can be offered.**

4. For a new house you will have to show that your existing accommodation is inadequate in some way, and that a new house would enable you to work the croft. For rebuilding and house improvements, your croft house must be in need of upgrading/renovation, or require to be extended/altered to meet the needs of your household. Assistance will not be given towards the cost of inessential accommodation, or to compensate for the neglect of normal maintenance.

5. CHGS grant is geographically targeted into priority areas, the tables below show the rates of assistance available for the construction of a new house and the rebuilding and improvement of an existing house.

New House

	Geographic Priority Area		
	High	Standard	Low
New House grant	£22,000	£17,000	£11,500

Rebuilding and Improvement

	Geographic Priority Area		
	High	Standard	Low
Rebuilding and Improvement grant	40% of costs up to a maximum grant of £22,000	30% of costs up to a maximum grant of £17,000	20% of costs up to a maximum grant of £11,500

Please see the separate card, which should be enclosed with these Guidance Notes. This provides a guide to the different priority areas and will help you to determine the amount of CHGS grant appropriate to the location of your croft. We will confirm the amount of grant applicable to the location of your croft when we acknowledge receipt of your completed application form. Areas of priority may change.

See paragraph 25 for contact details.

6. Each application will be decided on its merits.

7. Assistance for a new house and rebuilding/improvement of an existing house will be payable in 3 instalments.

WHO IS ELIGIBLE

8. Use this list to determine if you and your circumstances are within the scope of the scheme.

You must be one of the following:

- a crofting tenant;
- an owner occupier of a croft, which was acquired from the landlord within the last 7 years;
- a cottar;
- a Kyles crofter.

And you must be inadequately housed because:

- your present accommodation does not provide sufficient accommodation for you and your immediate family; **or**
- your present accommodation does not meet an adequate standard; **or**
- you currently live with parents, are at least 21 years old, and can show you have worked the croft for at least 2 years.

or

in need of a house on the croft because:

- you currently live more than 10 miles away; **or**
- the type of agricultural activities requires your constant presence on the croft; **or**
- the needs of an existing business, require you to live on the croft; **or**
- you currently live in a council house (or other tenancy).

Work must not start on the project till you receive written approval to do so from the Scottish Executive Environment and Rural Affairs Department. The assisted house must become your main residence. You must intend to work the croft.

WHO IS INELIGIBLE

9. Use this list to determine if you are outside the scope of the scheme. If you or your circumstances fall into any of these categories, assistance must be refused.

You are not eligible for assistance if you:

- are the landlord of the croft or spouse/partner of the Landlord;
- are adequately housed within working distance of the croft (10 miles), unless there are special circumstances, which require you to live on the croft;
- do not intend to work the croft.

The whole project is ineligible if work has started on any part of it, prior to approval or if the assisted house will not be your main residence. CHGS **grant** is not available if **grant** is obtained from another public funding agency for the same project, or part thereof.

OTHER REASONS FOR REJECTION

10. If you or your circumstances fall into any of these categories, assistance will normally be refused. (If in doubt, you are welcome to submit an application.)

- The croft has been “let” to a member of your family or the landlord is a member of your family;
- You would normally be ineligible for assistance, but circumstances have been drastically altered (to your benefit) in order to make you eligible.

New Houses

- You gave up ownership within the last 5 years, of an adequate house, which was within working distance of the croft;
- If a new house on the croft was assisted within the last 15 years, further new house assistance will be refused.

Rebuilding and Improvements

- The proposed improvement work is ineligible;
- If assistance was provided to improve the croft house in the last 10 years, assistance will be refused;
- The cost of the project is less than £10,000.

NEW HOUSE

GRANT RATES

11. The current rates of grant assistance for new houses are as set out in the table below.

	Geographic Priority Area		
	High	Standard	Low
New House grant	£22,000	£17,000	£11,500

Please see the separate card, which should be enclosed with these Guidance Notes. This provides a guide to the different priority areas and will help you to determine the amount of CHGS grant appropriate to the location of your croft. We will confirm the amount of grant applicable to the location of your croft when we acknowledge receipt of your completed application form. Areas of priority may change.

See paragraph 25 for contact details.

CONDITIONS

12. **Conditions apply to the GRANT for a period of 15 years for a new house. The main GRANT CONDITIONS are summarised below.**

- The house must be occupied by you or your family.
- The building must be maintained by you and your family.
- You must keep the building insured against destruction or damage by fire.
- If as a crofter, you propose to give up the tenancy of your croft, you must inform the Department of your intention in writing and provide the name and address of any proposed new tenant.
- If as an owner occupier (or if you become an owner occupier), you propose to let, sell or otherwise dispose of the croft, or the croft house site, you must notify the Department in writing with the name and address of the proposed tenant or purchaser.

WARNING – If you break any of the Conditions of Grant you must repay the outstanding proportion of the grant **with interest which is currently 12½ per cent per annum. You should note that this is a substantial penalty.** For instance if a grant of £17,000 was paid, and conditions were broken after 10 years the repayment of the proportion of grant plus interest would amount to £12,739.90.

13. Claims for NEW HOUSE payments will be made as follows –

CHGS payments of the amounts set out below will be made as work progresses, on receipt of a certificate which verifies that work for which you are claiming payment has been completed. This certificate must be signed by a surveyor, contractor or other suitably qualified person.

Stages	Priority Area		
	High	Standard	Low
Roof Tiled and windows in (wind and watertight)	£9,000	£7,000	£5,000
As above plus interior complete	£8,000	£6,000	£4,000
Certificate of Completion obtained	£5,000	£4,000	£2,500
Total	£22,000	£17,000	£11,500

You should note that a fee is payable for the preparation of legal documents. £25 will be deducted from the total amount of grant for the preparation and recording of the Notice of Payment of Grant document.

HOUSE REBUILDING AND IMPROVEMENT

GRANT RATES

14. The current rates of assistance are as set out in the table below.

	Geographic Priority Area		
	High	Standard	Low
Rebuilding and Improvement grant	40% of costs up to a maximum grant of £22,000	30% of costs up to a maximum grant of £17,000	20% of costs up to a maximum grant of £11,500

Please see the separate card, which should be enclosed with these Guidance Notes. This provides a guide to the different priority areas and will help you to determine the amount of CHGS grant appropriate to the location of your croft. We will confirm the amount of grant applicable to the location of your croft when we acknowledge receipt of your completed application form. Areas of priority may change.

See paragraph 25 for contact details.

15. The balance between the total cost and the grant must be met from your own resources.

16. **Conditions apply to the GRANT for a period of 10 years for house improvements. The main GRANT CONDITIONS are summarised below:**

- The house must be occupied by you or your family;
- The building must be maintained by you and your family;
- You must keep the building insured against destruction or damage by fire;
- If as a crofter, you propose to give up the tenancy of your croft, you must inform the Department of your intention in writing and provide the name and address of any proposed assignee;
- If as an owner occupier, you propose to let, sell or otherwise dispose of the croft, or the croft house site, you must notify the Department in writing with the name and address of the proposed tenant or purchaser.

WARNING – If you break any of the Conditions of Grant you must repay the outstanding proportion of the grant **with interest which is currently 12½ per cent per annum. You should note that this is a substantial penalty.** For instance if a grant of £17,000 was paid, and conditions were broken after 6 years the repayment of the proportion of grant plus interest would amount to £11,894.18.

17. Claims for rebuilding and improvement grants will be paid in 3 instalments.

You should note that a fee is payable for the preparation of legal documents. £25 will be deducted from the total amount of grant for the preparation and recording of the Notice of Payment of Grant document.

SOME QUESTIONS ANSWERED

18. Can I sell my current house before applying for CHGS assistance to build a new house?

You are advised against doing so. You may find you are ineligible for CHGS assistance, and may regret selling your existing home prematurely. An application for CHGS assistance should be submitted as soon as possible after you have decided on your building plans and before any work is started on the project. However you are welcome to submit an application at any time.

19. I am a tenant of a “bareland” croft, is assistance available to build a new house?

Depending on the merits of the case, and providing the normal criteria are met, assistance may be granted. However, you should not expect assistance if you have created the bareland croft yourself, or if grant was paid within the last 15 years for a new house on the croft.

20. Can CHGS assistance be used towards a second or holiday home, cottage for holiday rental or work space?

No, assistance is not available for any of these purposes. The assisted house must be your main residence, on your croft, in order to work your croft. Assistance must be used for housing purposes only.

21. Must the house be insured?

The croft house must be fully insured against destruction and damage by fire. The Department strongly advises you to take out a fully comprehensive index linked insurance policy to cover the full replacement value of the house.

HOW TO APPLY

22. Application forms are available from the contacts at paragraph 25. The application form should be completed carefully taking account of the notes provided. If you are having difficulty completing the form, you should contact your local Area Office for advice.

23. Providing the application form is complete, CHGS Branch will acknowledge receipt of the form, confirm the amount of grant appropriate to the location of your croft, and start processing the application. During this process the Scottish Executive Environment and Rural Affairs Department will notify your landlord and confirm your status with the Crofters Commission. We may need to write to you for additional information, and may send a staff member to visit you.

24. Providing certain criteria are met, we are likely to ask you to produce detailed plans, planning permission and a building warrant, if applicable. You should be aware that if you incur expenditure on preparing plans, obtaining planning permission, consents etc, you do so at your own risk.

CONTACTS

25. Further Guidance Notes, application forms and advice can be obtained from the address on page 1 of these Notes or any of the Area Offices listed below. Payment claims should be submitted to Area Offices, where payments are processed. It may be necessary for agricultural staff or surveying staff, from Area Offices, to visit you in connection with the processing of an application.

Scottish Executive Environment and Rural Affairs Department Area Offices

Area	Area Office	Address	Telephone and Fax
Argyll	Oban	Scottish Executive Environment and Rural Affairs Department Cameron House, Albany Street, Oban PA34 4AE	Tel: 01631- 563071 Fax: 01631- 566756
Highland	Inverness	Scottish Executive Environment and Rural Affairs Department Longman House, 28 Longman Road Longman East, Inverness IV1 1SF	Tel: 01463 - 234141 Fax: 01463 - 714697
Northern	Thurso	Scottish Executive Environment and Rural Affairs Department Strathbeg House, Clarence Street Thurso KW14 7JS	Tel: 01847 - 893104 Fax: 01847 - 895983
Northern Isles	Kirkwall	Scottish Executive Environment and Rural Affairs Department Tankerness Lane Kirkwall KW15 1AQ	Tel: 01856 - 875444 Fax: 01856 - 873309
Skye	Portree	Scottish Executive Environment and Rural Affairs Department Estates Office Portree IV51 9DH	Tel: 01478 - 612516 Fax: 01478 - 613128
Northern	Lairg	Scottish Executive Environment and Rural Affairs Department Ord Croft, Lairg IV27 4AZ	Tel: 01549 - 402167 Fax: 01549 - 402117
Northern Isles	Lerwick	Scottish Executive Environment and Rural Affairs Department Charlotte House Commercial Road Lerwick ZE1 0HZ	Tel: 01595 - 695054 Fax: 01595 - 694254
Western Isles	Stornoway	Scottish Executive Environment and Rural Affairs Department 10 Keith Street Stornoway HS1 2QG	Tel: 01851 - 702392 Fax: 01851 - 705793
Western Isles	Balivanich	Scottish Executive Environment and Rural Affairs Department Balivanich, Isle of Benbecula HS7 5LA	Tel: 01870-602346 Fax: 01870 - 602077

COMPLAINTS AND REFUSALS

26. If you have any complaints about any aspect of the administration of the scheme, how you have been dealt with or your application has been refused and you wish to appeal against the decision, you should put your complaint or appeal in writing and address it to:

**Head of CHGS Branch
Scottish Executive Environment and Rural Affairs Department
1st Floor
Pentland House
47 Robb's Loan
Edinburgh
EH14 1TY**

27. If you remain dissatisfied, you may wish to consider taking the matter up with any Member of the Scottish Parliament.

ANNEX A

ELIGIBLE WORK – NEW HOUSES

28. House types

The construction of new houses may be:

- traditionally constructed houses; or
- timber framed houses; or
- other suitable types will be given individual consideration.

29. Size

- New houses should have at least 3 apartments (two bedrooms and one living area) in addition to the kitchen and bathroom;
- The maximum size of a new house should be related to the size of the household and the needs of the croft.

30. Within the funding limits shown at paragraph 11, the following may also be eligible:

- central heating;
- provision of a fuel store of appropriate size;
- Connection to the mains electricity supply;
- The supply and installation of a new private generator;
- Connection to the mains gas supply;
- Installation of bulk liquefied petroleum gas tanks (sited above ground only) and associated pipe work and fittings;
- Provision of roads, bridges and boat slips;
- Provision of water supplies.

INELIGIBLE WORK – NEW HOUSES

31. House types

The following are ineligible for assistance:

- mobile homes;
- temporary structures;
- house to be built away from the croft.

32. Size

- houses with less than 3 apartments (two bedrooms and one living area) in addition to the kitchen and bathroom;
- houses of greater size than meets the needs of the household and the croft.

ANNEX B

ELIGIBLE WORK – REBUILDING AND IMPROVEMENTS

33. The proposed work must bring the whole croft house up to an acceptable standard and provide satisfactory accommodation, incorporating all anticipated improvements, for a substantial period of time. Further applications, received within 10 years following the payment of CHGS assistance, for similar or other improvement work for the same house, are likely to be refused. Consequently it is in your own interests to ensure that all necessary work is included in the one application.

34. The minimum value of investment for the rebuilding and improvement of a house (including crofter's contribution and CHGS contribution) is £10,000. Estimates should indicate that the cost of the work is at least £10,000. Applications for improvement work costing less than £10,000 will be rejected.

35. Internal improvements

Provision of

- kitchen storage;
- sink with hot and cold water supplies and drainage;
- solid/oil/gas fired cooker;
- fixed bath or shower, wash hand basin and water closet and drainage;
- renewing defective floors;
- electrical wiring or rewiring to lights and socket outlets;
- central heating.

36. Extensions, alterations or enlargements

- additional bedrooms where necessary;
- alterations to provide satisfactory kitchen and living area;
- construction of a storm porch of minimal size i.e. up to 4 square metres (no other type of porch);
- provision of a fuel store of appropriate size.

37. Major repairs

- re-roofing (which may include a new roof structure);
- renewing rones and downpipes;
- replacing doors and windows;
- re-pointing or renewing the roughcast to the walls;
- roughcasting the walls for the first time;
- providing a damp-proof course to the walls;
- providing wall and/or roof insulation;
- treating woodworm, dry rot or wet rot;
- re-pointing, roughcasting or rebuilding chimney heads, including lead flashings;
- providing foul and rainwater drainage systems;
- lowering surrounding grounds levels, treating the solum, rising damp and providing under floor ventilation.

38. Services (within the funding limits shown at paragraph 14)

- connection to the mains electricity supply;
- wiring for the first time to lights and power points in the house;
- the supply and installation of a new private generator;
- connection to the mains gas supply;
- installation of bulk liquefied petroleum gas tanks (sited above ground only) and associated pipe work and fittings;
- all necessary builder, joiner, plaster and other works in connection with the above items;
- Improvement of roads, bridges, boat slips;
- Improvement of water supplies.

39. INELIGIBLE WORK – REBUILDING AND HOUSE IMPROVEMENTS

- Maintenance work and minor repairs do not qualify for assistance unless they are clearly incidental to or associated with works of improvement which are being assisted e.g. plaster or joinery repairs following first time installation of new bathroom facilities;
- Projects where the total cost of materials and labour is less than £10,000;
- Garages.

40. Assistance is not available on improvements which the Scottish Executive Environment and Rural Affairs Department considers of a higher standard than is necessary, given that assistance comes from public funds.