

Can bridging loans be used to complete unfinished projects?

Blog

01.02.22



Bridging finance provides a short term financial solution. Often, as the name suggests, it is used to bridge the gap when buying a new property before you have sold the old one. Over the years, bridging finance has been utilised by residential homeowners and developers alike, the fast access to capital helps property dreams become a reality and allows the borrower time to source longer term financial solutions.

However, bridging loans are not just useful when it comes to buying property. In this blog, we explain the different uses for bridging finance and how TAB can help you complete unfinished developments or property projects.

Can bridging finance be used to continue a residential development?

Even the best thought out plans can sometimes head off-piste. When completing a residential development, there are many variables and – if you have harnessed skilled professionals – many more people to hold accountable and manage. Hurdles are not uncommon and financial quandaries can halt development progress. While more traditional banks may be sceptical about lending to a developer when plans have gone askew, [refurbishment bridging finance](#) can be used to borrow the capital so that a development project can be completed. Specialist finance lenders have the flexibility to look into the micro detail of each project and take the time to understand the whole story whereas traditional banks are often restricted to a computer tick box.

Can a bridging loan be used for renovation costs?

Similarly, if a renovation project has paused and requires a cash injection, a refurbishment loan could be the solution. They are also suitable for developers and investors who do not have the available capital to renovate a property following a purchase. Refurbishments and renovations after often split into two categories: 'light' and 'heavy'.

Light refurbishments are typically classed as elements that do not require planning permission. Most non-structural improvements fall under this term and can include:

- New windows and doors
- Rewiring electrics
- Central heating installation
- Kitchen remodelling
- Bathroom fitting
- Room repurposing

Heavy renovations may require planning permission. Should this not be the case, they may affect a property's structure or be considered more complex. Often heavy refurbishment can include:

- Internal or external structural work

- Property extensions
- Property conversions
- Work to load bearing walls

Can bridging loans be used to complete commercial property renovations?

Bridging loans are not just suitable for the purchase and refurbishment of residential properties. [Commercial bridge loans](#) can enable the purchase of commercial premises before another asset is sold. Furthermore, just like residential bridging loans, the commercial equivalent can be used to fund renovation projects. Whether the refurbishments are already underway and require extra capital to complete, or if the funds will be used from the outset, commercial bridging finance is an option.

Can a bridging loan be used to refurb a property bought at auction?

Bridging can be used to borrow capital for refurbishment and renovation even if the property has been purchased on auction. As long as a clear exit strategy is in place, funds can be utilised to start or complete an auction property project.

Furthermore, bridging finance can be used to purchase the property from an auction. Whether it's residential or commercial, buying a property at auction will require a deposit to be paid at short notice, often within 28 days. Bridging loans are available to cover the deposit or the entire cost of the auction property. You can even apply for capital to complete the entire project, covering the purchase and work that needs to be carried out.

Is a bridging loan the solution for you?

Bridging loans are popular with residential buyers and property investors. From regular homeowners to buy-to-let investors, access to capital through bridging is helping people complete property projects.

If you are in a position where you need to complete a property refurb but do not have the funds available, refurbishment bridging finance may be the solution to kickstart your project and reach completion. There is no cookie cutter approach to bridging finance, which is what makes it an ideal solution for so many different residential property scenarios that require capital.

If you would like to discover more about [borrowing](#), get in touch with TAB today. As a potential borrower please contact our sales team at enquiries@tabhq.com or call 0208 057 9070.

This article is for information only and does not constitute advice or a personal recommendation. When it comes to financing, any property used as security is at risk of repossession if you do not keep up with your payments. If you are unsure of the risks, you are advised to obtain appropriate professional advice. TAB is an unregulated lender so will not lend on your principal property.

Capital is at risk. Property values can go down as well as up. Borrowers may default and investments may not perform as expected. Interest and income are not guaranteed. Returns may vary. You should not invest more than you can afford to lose. TAB is not authorised by the Financial Conduct Authority. Investments are not regulated and you will have no access to the Financial Services Compensation Scheme (FSCS) or the Financial Ombudsman Service (FOS). Past performance and forecasts are not reliable indicators of future results and should not be relied on. Forecasts are based on TAB's own internal calculations and opinions and may change. Investments are illiquid. Once invested, you are committed for the full term. Tax treatment depends on individual circumstances and may change.

You are advised to obtain appropriate tax or investment advice where necessary. Understand more about the key risks [here](#).

TAB is a trading name of TAB London Limited. Registered in England and Wales with registration number: 11225821 and whose registered office is at 101 New Cavendish Street, London W1W 6XH.