



Low Cost Home Ownership Schemes in East Renfrewshire



Housing Services



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1. Who is this leaflet for?

This leaflet is for anyone in East Renfrewshire who is looking for information on how to buy a home using the schemes available to assist with such a purchase. This leaflet is a guide which explains how we can help you. This is part of a range of leaflets which include:

- **Housing Options in East Renfrewshire**
- **Private Renting in East Renfrewshire**
- **Applying for Social Rented Housing in East Renfrewshire**
- **Homeless or Threatened with Homelessness in East Renfrewshire?**

2. Low Cost Home Ownership schemes

While rising house prices can put buying a home out of reach for many people, there are sometimes schemes available that help some first-time buyers onto the housing ladder.

Low-cost home ownership schemes are usually based on purchase on a **shared ownership** basis (part rent, part buy) or a **shared equity** basis where equity finance helps to cover the total cost of the home in addition to a mortgage.

3. What are Shared Ownership schemes?

What are Shared Ownership schemes and how do they operate?

Shared Ownership schemes aim to help people on low to moderate incomes to purchase a property in a way that is affordable for them over the long term.

Homes provided under shared ownership schemes will be suitable for a variety of household sizes and designed to meet a range of housing needs.

Shared Ownership allows you to buy a % share of a property and pay an Occupancy Charge on the remainder to a housing association. You are required to pay an Occupancy Charge because a housing association allows you to occupy the whole property although technically it still owns a share. An Occupancy Charge does not

include a cost for repairs to your property. The housing association will provide you with information on how the occupancy charge is calculated.

Under a shared ownership scheme, you will have the option to purchase an initial share of 25%, 50%, or 75% in the property depending on how much income you have.

As is normally the case with any house purchase, you will have to appoint a solicitor to act on your behalf to complete the work involved in buying a home. A solicitor acting on behalf of the housing association will deal with its interest in the purchase.

You will pay for your share of the purchase price in the usual way, along with legal costs, survey fees and any other costs associated with the purchase (including Stamp Duty if applicable).

People who can afford to buy a house outright on the open market are not eligible for shared ownership housing.

The Shared Ownership Agreement (also known as an Exclusive Occupancy Agreement) that you enter into with a housing association is for a 20 year period although you will have the opportunity to extend provided certain technical legal issues can be satisfactorily overcome. You and your legal advisors will be contacted well in advance of that date to agree an appropriate way forward.

4. Who is eligible to apply for Shared Ownership?

Priority access is given to the needs of first time buyers with limited housing alternatives, members of the armed forces and veterans who have left the armed forces within the past two years, and widows, widowers and other partners of service personnel killed in action for up to two years after their partner has been killed, public sector tenants, families on low incomes and those with special needs.

5. What % of a shared ownership property can I own?

What percentage of a home can I have?

The initial stake that you will take will normally be 25%, 50% or 75% of the price of a property.

A housing association will undertake a careful assessment of your financial circumstances, which requires verification from your bank or building society that you

can afford and sustain all the costs involved in purchasing a shared ownership property.

In all cases, the maximum initial stake that you can take will be 75% of the price of a property.

You will have the option to buy additional shares any time after the first anniversary of your initial purchase. This is often known as 'staircasing'. You are advised to contact the housing association who will advise you how much additional equity you can purchase.

You are strongly advised to consult with your financial advisor before you proceed with purchasing any additional shares of your property.

When you purchase an additional share in your property, the exclusive occupancy agreement that you pay to the housing association will be recalculated to reflect the reduction in the share owned by the housing association.

6. Shared ownership – your responsibilities

What responsibilities does a sharing owner have?

Like other home owners you will be responsible for all internal and external repairs for your property, and any ongoing maintenance costs. If your home has common and shared areas (if it is a flat for example), you will be responsible for paying any common maintenance or service charges and you should ask the housing association what these costs are before you proceed with buying a shared ownership property.

A summary of the costs that you will be expected to pay to run your home are as follows:

- Mortgage repayments
- Occupancy Charge
- Home contents Insurance
- Buildings Insurance (you are advised to check whether or not this forms part of your occupancy charge)
- All repairs and maintenance to your property
- Council tax to your local authority

- Utility bills (heating, lighting and water)
- Fittings and furniture (i.e. you will be responsible for supplying your own furniture and fittings for your own home).

It is important that you take all of these costs into account when assessing whether you can afford to buy a property. You should seek independent financial and legal advice on the responsibilities that come with being a home owner both generally and in relation to any particular property you select.

You will only be allowed to let or sub-let your property with the prior written consent of the housing association. In addition, the law imposes obligations on private landlords to register with their local authority to ensure that they are a "fit and proper person" to let property and failure to comply is an offence. Any consent to sub-let a property will be conditional on you complying with these provisions. Further information on the registration process is located on the Scottish Government website at <http://www.scotland.gov.uk/Topics/Built-Environment/Housing/privaterent/landlords/registration>).

You must ensure that any lease provided to a tenant is a properly constituted short-assured tenancy that contains certain rights to terminate.

7. What if I am in financial difficulty?

Mortgage Payments

The mortgage contract is between you and your lender. If you are experiencing financial difficulties, which means you cannot pay your mortgage; you must inform your lender as soon as possible. If you fall behind with your payments and cannot agree a solution with your lender, there is a risk that they may take possession of your home and sell it. You would be entitled to your share of the money received only after all your debts have been paid. You should discuss any difficulties you are having with your lender as soon as possible.

If you are in danger of having your home repossessed, the Scottish Government provides help to home owners in financial difficulty through the Mortgage to Rent and Mortgage to Shared Equity schemes. You can find more information on these schemes at <http://www.scotland.gov.uk/Publications/2010/06/23115823/0>

Exclusive Occupancy Charge

Under the terms of the Exclusive Occupancy Agreement that you entered into with the housing association you must pay an exclusive occupancy charge. If you find that you are experiencing financial difficulties, you are advised not to let any arrears build up and you should contact the housing association as soon as possible for advice.

8. Selling your shared ownership property

What happens when you want to sell your shared ownership property?

You can sell your home or your share at any time, but you **must** inform the housing association in writing that you wish to move. Your Shared Ownership Agreement (more commonly known as an Exclusive Occupancy Agreement) may contain a right of pre-emption which means that you must offer the property to the housing association to buy back in the first instance. The housing association will advise you if this is the case.

Before your property is placed on the market for sale, you will need to obtain a Home Report. You may be responsible for Home Report costs and you are advised to discuss this with the housing association.

If, for example, you have a 25% stake in your property when you want to move, then you will get 25% of the selling price when it is sold.

An example of when the value of your property increases	
Initial property value	£100,000
Your stake - 25 per cent	£25,000
Housing Association stake - 75 per cent	£75,000
Sale price	£120,000
You receive 25 per cent	£30,000
Housing Association receives 75 per cent	£90,000

9. Shared equity schemes

Shared Ownership is different from Shared Equity. The decision to apply for Shared Equity or Shared Ownership will depend on your circumstances and preferences. We recommend that you fully consider both and then you consult with your financial

advisor before making a decision. The table below highlights some of the key differences:

Low-cost home ownership schemes based on a shared equity basis operate where equity finance helps to cover the total cost of the home in addition to a mortgage.

The Scottish Government has a Low-cost Initiative for First Time Buyers (LIFT) which brings together several ways to help households access home ownership. These include:

- the **New Supply Shared Equity scheme** to allow first time buyers to buy a new build property from a housing association
- the **Open Market Shared Equity scheme** to allow first time buyers to buy a second-hand property on a shared equity basis

You can find out more about the different options available through the Scottish Government's LIFT (Low-cost Initiative for First –time Buyers) scheme at www.scotland.gov.uk/lift

10. Open Market Shared equity scheme

What is the Open Market Shared Equity scheme?

The Open Market Shared Equity Scheme allows people on low to moderate incomes to buy homes that are for sale on the open market where it is affordable for them to do so. The scheme is currently open to help all first time buyers. Priority access will be provided to priority group applicants which include social renters (in other words, people who rent a property from either a local authority or a housing association), disabled people, members of the armed forces, veterans who have left the armed forces within the past two years, and widows, widowers and other partners of service personnel for up to two years after their partner has been killed while serving in the armed forces.

How the scheme operates

The minimum equity stake that buyers must take in a property is **60 per cent** and the maximum equity stake is **90 per cent**. Lenders normally require buyers to provide a modest deposit.

Applications to the scheme are assessed by registered social landlords who administer the scheme on behalf of the Scottish Government. Registered social landlords will undertake a detailed financial assessment of individual household circumstances using certain criteria, such as looking at the disposable income the household has. This information will be obtained from the standard application form which applicants to the scheme must complete.

There are limits set on the price of homes that can be bought under the open market scheme to ensure that only 'starter' properties are available through the scheme - these are known as threshold prices. These limits vary according to house prices in different parts of Scotland and are often referred to as local maximum price ceilings.

In the area which includes East Renfrewshire, the maximum price ceilings are as follows:

Area	No. of apts	Maximum price ceiling
Glasgow, East Renfrewshire, East Dunbartonshire	2	£75,000
Glasgow, East Renfrewshire, East Dunbartonshire	3	£95,000
Glasgow, East Renfrewshire, East Dunbartonshire	4	£105,000
Glasgow, East Renfrewshire, East Dunbartonshire	5	£160,000
Glasgow, East Renfrewshire, East Dunbartonshire	6	£230,000

11. Help to Buy (Scotland) scheme

The Scottish Government also operates the

- **Help to Buy (Scotland) scheme.** The three year scheme runs until 31st March 2016. The scheme is open to all home buyers and provides help of between 10% and 20% off the purchase price of a new build home. A leaflet with details of the scheme can be downloaded from <http://www.scotland.gov.uk/htb>

To enquire about new low cost home ownership developments in East Renfrewshire contact the **Housing Strategy Team** on **0141 577 8404** or by e-mail at: strategy.housing@eastrenfrewshire.gov.uk.

We also keep a **Register of Interest for Low Cost Home Ownership** so that we can keep people who are interested in this housing option, up to date with properties which are becoming available. If you are interested in this option, please ask the Housing Strategy Team about being added to the Register.

Some house builders also offer their own shared equity schemes in new housing developments - this will depend on the development, so you should contact house builders directly where you see a property you are interested in.

12. Contact addresses and phone numbers

<p>Housing Strategy Team East Renfrewshire Council 211 Main Street Barrhead, East Renfrewshire G78 1SY Phone 0141 577 8404</p>	<p>Opening Times Mon – Thursday 8.45am – 4.45pm Friday 8.45pm – 3.55pm</p>
<p>East Renfrewshire Citizens Advice Bureau 216 Main Street Barrhead East Renfrewshire G78 1SN Phone 0141 881 2032 www.eastrenfrewshirecab.cas.org.uk</p>	<p>Opening Times Mon, Tues, Thurs, Fri: 9.30 – 15.30 Wed: 9.30 – 15.30 and 15.30 – 18.00 (by appt.)</p>

You can contact the Housing Strategy Team at:

Telephone: **0141 577 8404** (office hours)

E-mail: housingadvice@eastrenfrewshire.gov.uk

<http://www.eastrenfrewshire.gov.uk/housing>

East Renfrewshire Council

211 Main Street

Barrhead G78 1SY

Opening Times:

Mon – Thurs: 8.45am - 4.45pm

Friday: 8.45am - 3.55pm

You can also obtain independent advice from:

East Renfrewshire Citizens Advice Bureau

216 Main Street

Barrhead G78 1SN

Telephone **0141 881 2032**

Opening Times

Mon, Tues, Thurs, Fri: 9.30 – 15.30

Wed: 9.30 – 15.30 and 15.30 – 18.00 (by appt.)