

For Leaseholders

Equity share explained

Resident Homeowners

The Council is offering resident homeowners the option of purchasing a new property with an equivalent number of bedrooms in the new development or in the local neighbourhood. It is the Council's intention that the development will be phased to ensure those who sell their property to the council will have a new home to buy and move into straight away without having to spend time in interim accommodation. If you decide to purchase a new home in the new development the exact timing of the sale and your move will be discussed with you in detail with your allocated Re-Housing and Advice Officer.

The value of your new home is likely to be greater than the value of your present home and the Council will offer an equity share package which enables you to afford to purchase the new property.

The valuation of your existing property and the new property will be undertaken at the same time so you will have certainty around the levels of equity and the matter is dealt with in a fair and transparent way.

What is an Equity Share Package?

The Council's proposed equity share scheme has been designed to enable you to afford a property in the new development with a higher value than your existing property.

Under the scheme you could use the funds from the sale of your existing property (market value plus 10% home loss payment) to buy a new development property. This would mean, that if you have a mortgage your current level of borrowing would be maintained.

If the market price of the new property is higher than the amount you will receive from the Council for your existing property, and you cannot afford to buy the property at this price, the Council would hold on to the portion that you cannot buy. No rent or interest would be charged on the Council's share. This means that you can purchase the new, higher value property.

If you want to invest more of your own savings in the new property then the Council would take a lower equity share or indeed no equity share at all if you buy outright. You would also have the option of increasing your share in your property over time by gradually buying up the Council's equity share.

What happens if I want to sell my home purchased through the equity share package?

If you decide to sell the new property you would keep your share of the proceeds and the Council would keep its share. Any increase or decrease in value that may have occurred during your ownership of the property would be shared between you and the Council according to the proportion of equity owned by each party. So if you own 75% of the property you would get 75% of the value including any increase in value.

What size home could you buy with the equity share scheme?

The equity share offer could be used to buy a property of an equivalent size (in bedrooms) to your existing property. You could also use it to purchase a smaller property than your existing home. If you wish to purchase a larger property in terms of bedrooms than your existing home then the Council would only offer equity share based on the current size of your property. This means effectively that you would be required to pay full market value on any additional bedrooms.

If you believe that your personal or financial circumstances that you would not be able to take advantage of the proposed equity share package, then do please get in touch with the regeneration team and they will be able to consider your options with you at this stage.

The equity share package will not be offered to non resident homeowners. This is because the equity share offer is designed specifically to help residents of the estates to stay in the local community.

Lease terms

The Equity share offer has been prepared to assist resident owners to afford to continue living in a property in their community and as such the leases will contain restrictive covenants concerning for example inheriting the property, and subletting.

Inheritance

In the event that the resident leaseholder who is entered into the equity share scheme passes away, close relatives that live in the property may be allowed to inherit the shared equity offer in certain circumstances, such as if the dependent would otherwise be made homeless. However resident owners will be expected to apply to the Council and name potential successors in advance.

Subletting

Leaseholders would have to reside in the property as their principle and only home in order to retain the equity share offer although there will be an exceptions policy, should leaseholders need to move away for work for example. Equity share leaseholders would have to seek approval in writing from the council.

Illustration of equity share

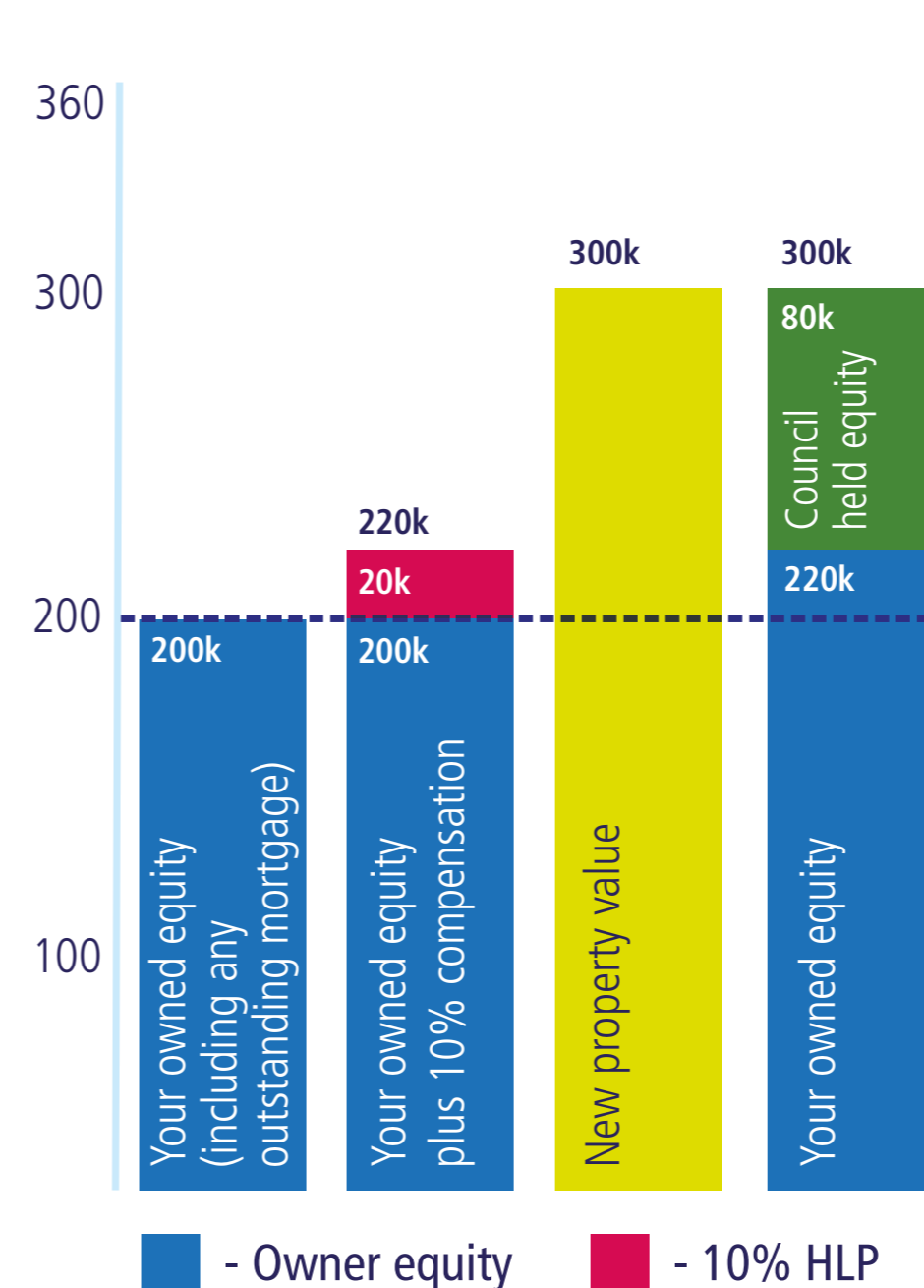
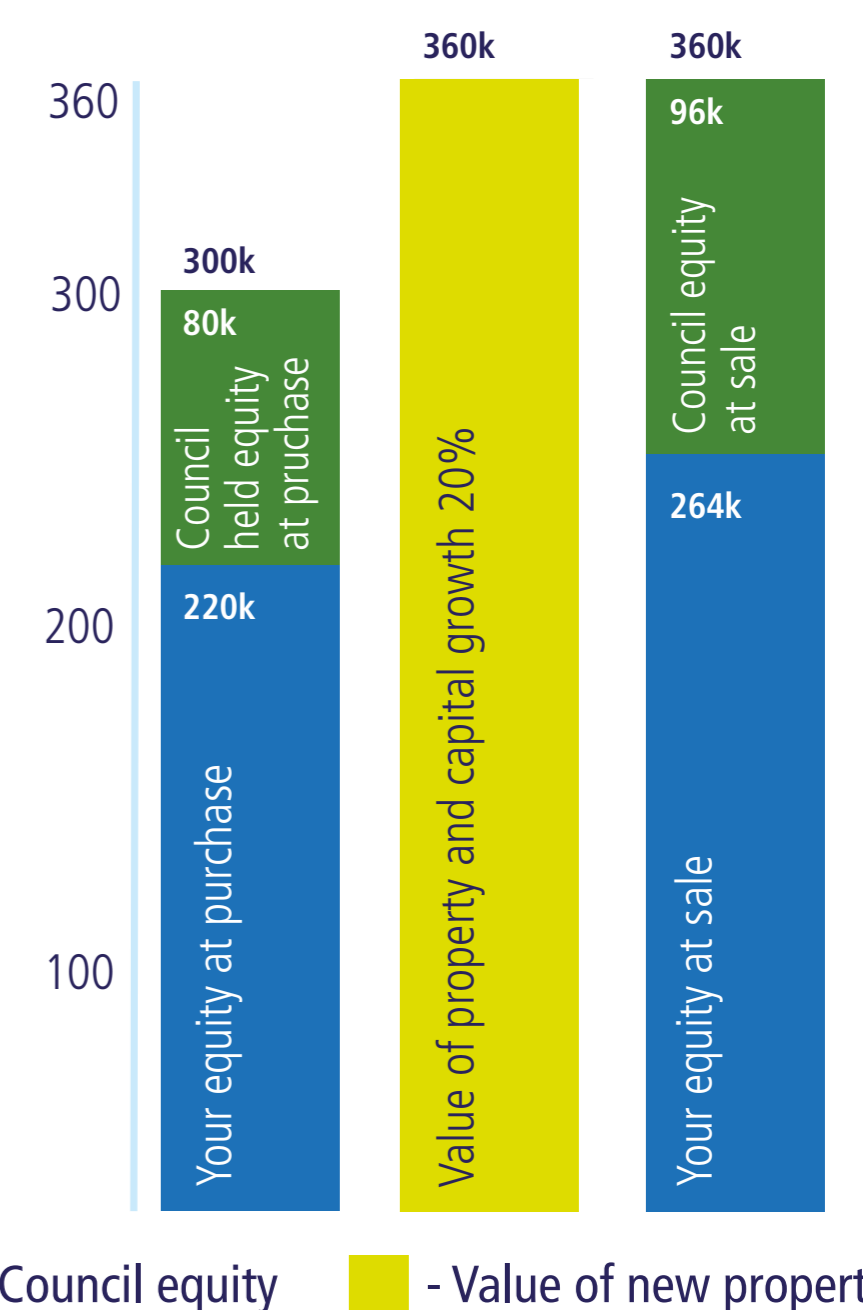


Illustration of capital growth in equity share



Legend: ■ - Owner equity ■ - 10% HLP ■ - Council equity ■ - Value of new property

These examples are shown for illustrative purposes only and do not represent anticipated values in growth.