

About Genesis Homebuy Scheme

1. About the new scheme

This is a new scheme that has recently been launched by the Genesis Housing Group.

It allows you to buy your existing home – either outright (100% of the home) or on a shared ownership basis (buying 25%, 50%, 60% or 75%, and renting the remainder from us).

The rent is calculated at 2.75% of the remainder of the share and is subject to change.

If you choose to buy part of your home on a shared ownership basis initially, you can buy more in the future, as and when your income increases.

However, please be aware that no further discount will be given on the purchase of additional shares and any new shares obtained will be purchased at the current market value of the property.

On the other hand, you may prefer to continue owning part of your home on a shared ownership basis.

(a) The Aim

We want to give as many people as possible the opportunity to get on the housing ladder. We believe that this scheme could make home ownership a reality to lots of PCHA tenants. We will use the money we get from selling shares to provide new homes for rent so that we can give even more people the chance of an affordable, secure home.

(b) Am I eligible?

We will only accept applications from assured or secure tenants who have been a tenant in local authority or housing association accommodation for at least two years starting before 18th January 2005. For those who became tenants after January 2005 the qualifying period is 5years.

(c) Can I afford it?

This will depend on the value of your home. You can get an idea of how much your home is worth from your local estate agent, property papers and the internet. You must be able to afford to buy at least 25% share in the home.

There are a number of ongoing costs that you will need to take into account when deciding whether Social HomeBuy is affordable for you. As a rough guide, we would expect your overall housing costs (rent, mortgage and service charges) to represent no more than a third of your income. You will also need to have at least £3,000 in savings (or access to) to cover the legal costs and survey fees.

2. Discount

Each sale will be entitled, to a small discount as set by the Homes and Communities Agency.

This amount will depend on:-

1. The amount you purchase whether you purchase 25%, 50%, 75% or your entire home. *(If you buy part of your home in the first instance, there is no discount on any further purchases made as you buy more).*
2. The area in which you live (please see below).

Greater London-

Barnet, Brent, Camden, City of London, Ealing, Enfield, Greenwich, Hackney, Hammersmith & Fulham, Haringey, Harrow, Hillingdon, Hounslow, Islington, Kensington and Chelsea, Kingston upon Thames, Lambeth, Merton, Richmond upon Thames, Southwark, Tower Hamlets Wandsworth, Westminster – **£16,000 discount**

Dacorum, Hertsmere, Three Rivers, Watford - **£16,000 discount**

Broxbourne, East Hertfordshire, St Albans, Welwyn Hatfield- **£13,500 discount**

North Hertfordshire, Stevenage – **£11,000 discount**

The range of discounts

25% purchase	50% purchase	75% purchase	100% purchase
£4,000	£8,000	£12,000	£16,000
£3,375	£6,750	£10,125	£13,500
£2,720	£5,500	£8,250	£11,000

If the property is sold within the first five years then a % of the discount will have to be paid back based on the value of the property at the time of the sale.

3. Conditions of the scheme

Each home can only be bought by the legal tenant, who may wish to include family members in the purchase if they are permanent residents in the home.

No sales will be made to tenants who have rent arrears.

4. Repairs and Maintenance

After you have become a home owner (part buy or outright buy), you will be responsible for the cost of repairs.

If you live in a house then you will be responsible for repairs to the inside and outside of your home. If you live in a flat then you will be responsible for repairs to the inside of your flat. Repairs and improvements to the communal areas and facilities (e.g. lifts and roofs) will be undertaken by the Genesis Housing Group, for which you will pay a monthly service charge. If you decide to buy your flat we will let you know the expected cost of the improvement programme for your block over the next 5 years.

5. Mortgage, rent and service charges

Unless you can afford to buy a share with savings, you will have to arrange a mortgage from a bank, building society or other lender which you will be required to pay back in monthly instalments.

As with all mortgages, your homes will be at risk if you default on your mortgage payments.

If you choose to part-buy your home you will be charged rent on the proportion that continues to belong to the Group.

If you currently pay a service charge to cover the cost of providing services to your home, this will continue after your purchase regardless of the proportion of your home that you buy. The service charge will be calculated in terms of the lease. We will clearly indicate what service charges are associated with your property.

6. The basis of the sale

If you live in a house: You will have the Freehold ownership of your home if you are buying your house outright (100%). If you are buying your house on a shared ownership basis (25%, 50% or 75%) you will have a shared ownership lease in the first instance.

If you live in a flat: You will have an outright purchase lease once you buy the property outright. If you are buying your flat on a shared ownership basis (25%, 50% or 75%) you will have a shared ownership lease in the first instance.

This is in line with general property ownership law.

Will the valuation take into account the value of any property improvements I have undertaken?

Any major alterations to your property must have been carried out with the approval of your landlord PCHA. You should therefore have a letter giving consent to the works. This letter may give a value for the works which can be taken into account in valuing your property. If the letter does not give a value, then you will need to supply proof of the costs of the works you carried out - such as receipts. It will not be possible for the independent valuer to take into account any work you have done in the past without the necessary consents and unless there is evidence of the value or costs of the works.

What about selling?

You can sell your home at any time, however if you sell within 5 years then you will have to repay some or all your discount, as covered in item 2.

7. Next steps

Step 1

If after reading all of the above information and you feel that you are able to afford purchasing your home under the Social HomeBuy Scheme, either outright or on a shared ownership basis, then please complete the expression of interest form enclosed and return it to us with a £25 cheque to cover the costs of an internet guide to the value of your home.

Step 2

We will send you an application form and a cost guide to guide you to the likely costs including service charges, rent and mortgage. This cost estimate

will be based on the internet guide of the value of your home. We hope this will give you some information to help you decide whether to continue with your application.

Step3

If you feel that the scheme is the right option for you, once you have studied the costs guide, if you wish to progress, please return the completed application form and enclose 3 months copies of payslips and bank statement details or Bank book as proof of savings. We will also require copies of utility bills with your name on them, along with copies of your driving licence and passport.

We might also need to obtain proof that you meet the qualifying period mentioned above on the first page part 1(b), by providing us with evidence of your previous tenancy if your tenancy with PCHA commenced after 18th January 2005.

Step4

We will assess your application against the eligibility criteria and check affordability based on your earnings and savings. We will probably also need to meet with you to talk about your application and to discuss the financial implications of owning your own home.

If your application is accepted we will carry out a property check on the property and then arrange for a valuation to be carried out by a qualified Chartered Surveyor, in order to obtain the actual market value of the property.

Step 5

You will need to appoint your own solicitor and arrange for a mortgage.

Please complete:

The Expression of Interest Form

Please note that it takes between 4 – 6 weeks to assess each application

Please telephone:

The Moves Team, on **0208 758 8300** if you have any questions about the valuation and purchase process

Social Homebuy

Policy Statement

Social Homebuy will be available to Assured or Secure Tenants of properties owned by PCHA, provided the following criteria are met:

- **We will only accept applications from assured or secure tenants who have been a tenant in Local Authority of Housing Association accommodation for at least two years starting before 18th January 2005. For those who became tenants after January 2005 the qualifying period is 5 years.**
- **There has not been a breach of a tenancy condition within the last 2 years**
- **The applicant is not subject to a possession order granted by the courts**
- **The applicant's rent account is clear at the time the application is submitted and at the time the offer is made; and has not been in arrears by more than 3 weeks rent within the last 12 months**
- **The property does not fall within one of the restrictions as set out below**

Applicant eligibility

In order to be eligible for Social Homebuy, the applicant must be a secure or assured tenant, (excluding assured Short hold tenants and long leaseholders) of PCHA and occupy self contained accommodation.

Tenants may jointly purchase with up to 3 members of their family, all of whom must live with the applicant in the property at the time the application is made.

Tenants who have the Right to Acquire or preserved Right to Buy may also be offered the SHB scheme. They must however opt for one scheme or another. Discounts cannot be combined.

Property eligibility

The following properties are eligible to be included in the Social Homebuy scheme:

- All properties with which PCHA have a Freehold interest
- All properties held on long lease

Properties not included in the Social Homebuy scheme include:

- Commercial Premises
- Properties held in Trust
- Properties affected by restrictive covenants
- Leasehold properties where assignment is prohibited
- Properties in which PCHA have insufficient interest
- Leasehold properties where it is not capable of granting a 125 year lease
- Property which is particularly suitable for occupation by Elderly Tenants such as dwellings located in Sheltered Housing schemes
- Properties subject to a legal charge which cannot be transferred
- Rough Sleeper Initiatives funded properties

Discounts available

Each sale will be entitled, to a small discount as set by the Homes and Communities Agency.

This amount will depend on:-

The amount your purchase whether you purchase 25%, 50%, 75% or your entire home. *(If you buy part of your home in the first instance, there is no discount on any further purchases made as you buy more).*

2. The area in which you live.

Equity Stake

- Tenants will be able to purchase part of their existing rented home, the minimum stake being 25%. Tenants will pay an affordable annual rent on the remaining unsold equity set at 2.75% of the value of the equity owned by PCHA
- Further shares in the property may be bought at any time in increments not less than 10% of the property value.

Resale

- For 21 years from the date of conveyance of the 100% interest in a property, the purchaser and any subsequent purchaser is obliged to offer the property back to PCHA who can purchase it at the prevailing market value or nominate another RSL to purchase it.

EXPLANATORY NOTES

Survey & Legal Costs: You will be responsible for the costs of your own survey of the property and the legal fees involved in the purchase. You will need to appoint a solicitor or licensed conveyancer to handle the legal formalities of buying a share in your home.

Stamp Duty Land Tax: This is a form of tax that you have to pay when you purchase a property over a certain value.

Stamp Duty Land Tax was introduced in December 2003 and replaces the old stamp duty on purchases of flats, houses and other land buildings

It is a percentage paid on the purchase of a home or non-residential property, graded into bands, which start at £125,000.

The bands are 0% paid at 0 - £125,000, 1% paid on properties costing between £125,000 and £250,000, 3% between £250,000 and £500,000 and 4% for more than £500,000.

However it was announced that from early September 2008, for a limited period of 12 months, properties worth up to £175,000 will be exempt from the charge.

Land Registry: You will have to pay a fee to the land registry to register yourself as the leaseholder.*

Estimated Value: The estimate has been constructed using basic information about your property (postcode, number of bedrooms, type and style of accommodation) and data from the land registry, local estate agents and surveyors. A full valuation by a qualified person will have to take place before we make a formal offer.

Mortgage repayments: Unless you can afford to buy a share with savings you will need to arrange for a loan or mortgage from a bank or building society or other approved lender. The maximum amount you can borrow will depend on your income.

You should ask your lender how much you can borrow and the costs of the mortgage. There are different loans you can get.

Mortgage interest rates can go up and down and this will have a big effect on the amount of your monthly repayments. If you do not keep up repayments on a loan secured against your house you could lose it.

Service Charge: This figure may differ depending on the characteristics of your home. Service charges cover management fees, building insurance and the costs of service charge to any external or communal areas e.g. gardens and lightning. In the case of flats, service charges can be quite substantial because they also cover the costs of a sinking fund (e.g. roof replacement) and cyclical maintenance for the future (e.g. redecoration of the buildings exterior and communal areas). Those buying houses should make their own provisions for the costs of external maintenance and repairs.

Maintenance costs: As a homeowner you will be responsible for carrying out any internal repairs yourself. Those buying houses will also be responsible for external repairs. For instance you will need to pay for the repair of your plumbing or electrics...

* Your legal representative, building society or bank will be able to advise you further