

## **Social Homebuy your guide**

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### **1 Introduction**

Have you wanted to buy your home under the Right to Buy Scheme but not been able to afford it? Homes for Islington can help you. Social Homebuy is a new scheme which aims to bridge the gap between being a tenant and owning your home outright. It is more affordable than the Right to Buy and you still qualify for a discount.

Social Homebuy is a type of shared ownership scheme proposed by the government. This booklet is a general guide for Islington council secure tenants. You should get independent advice if you are thinking about buying your home, or on any aspect of the process or the implications of owning your home.

What is Social Homebuy?

Social Homebuy enables secure tenants and certain family members of theirs to purchase a share in the home they currently occupy and pay rent on the share they do not own. You would become a homeowner. The council owns the remaining share (or equity) of the property which means both the purchasers and the council share any increases or decreases in the property's value.



If you purchase under Social Homebuy terms, you can increase your share until you eventually own your home outright. Buying additional shares is known as “staircasing”. See section 4 for more details.

If you purchase under Social Homebuy and do not purchase your home outright you are not allowed to sublet (rent out) the property.

What will I have to pay?

You will pay service charges for the portion you own and a rental element for the portion that council will still own. You will pay the rent as part of the services charges. See section 3 for more details.

Who can apply for Social Homebuy?

Most of Islington council’s secure tenants and certain family members who live with them will be approved to buy under the terms of the Social Homebuy scheme. The initial qualification criteria are very similar to those for the Right to Buy scheme but there are two exceptions. Section 5 explains all the criteria in detail. It lists the circumstances under which a person will be denied and which properties the council is not permitted to sell.

Unlike the Right to Buy scheme, there are additional exceptions for Social Homebuy applications. You will not be approved if you are claiming housing benefit or Council Tax benefit, or if the council is taking proceedings against you due to anti-social behaviour. Your application will not be approved if there are any plans to demolish your home. We also have a duty to assess whether you will be able to afford all the costs of home purchase so if you cannot afford to purchase the minimum share we will not sell to you.

How much can I buy?

The minimum share you can buy is 25 per cent. Above that portion the amount you can buy depends on how much you can afford. This will be rounded down to the nearest 5 per cent. So, for example, if you can afford to buy 38 percent, you can initially purchase 35 per cent. Later you can staircase towards full ownership by purchasing additional shares. The minimum additional share is 10 per cent.

The discount

Under the Social Homebuy scheme you will still qualify for the Right to Buy discount. This will be proportional to the portion of the property you buy. The maximum discount is £16,000. The table below gives examples of how this would work.



Percentage of share bought	Maximum discount you qualify for
25 per cent	£4,000
50 per cent	£8,000
75 per cent	£12,000

As you staircase you can receive a further discount on every share you buy. For example, if you bought an extra 10%, at the current discount rate this would give you a discount of £1,600.

What if I have already applied for the Right to Buy?

If you have a current claim under the Right to buy scheme, you can convert to a Social Homebuy application if your application has been approved (i.e. received form RTB2) or up to the point where you have received the offer notice (section 125 notice). If you have accepted the offer, you can still convert to Social Homebuy as long as you tell us within 12 weeks of the offer issue date. If any of the additional exceptions apply to you or your home, you will not be allowed to convert.

You will be allowed to convert back to the Right to Buy scheme if you originally applied to buy your home under the Right to Buy Scheme and if your Right to Buy application is still live. However if you originally applied under the Social Homebuy Scheme you cannot convert to the Right to Buy Scheme.

You will be allowed to convert back to the Right to Buy scheme if you do so within eight weeks of receiving the Social Homebuy offer. If your application for Social Homebuy was not approved because we assessed that you could not afford to buy the minimum share of your home, you should think very carefully about purchasing outright as it is likely that if you do complete the purchase you will find yourself in financial hardship and may risk losing your home.

### Support

For tenants seeking to buy under Social HomeBuy the council is able to offer assistance towards covering the costs of your purchase. Unlike the Right to Buy, when a property is bought through Social HomeBuy, the council is allowed to hold on to 100% of the money, in order to spend it on affordable housing in the borough. As a result of this difference, the council have been able to make financial support available for people who buy through Social HomeBuy.

There is support available up to £5,000. This is a cash incentive that is paid by the council upon completion. The £5,000 is to pay for the costs associated with buying a home, such as solicitor's fees, lender's fees and stamp duty. This means that if you convert from the Right to Buy to Social HomeBuy you



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will still be able to buy your home outright, and you will be up to £5,000 better off. If your associated costs are less than £5,000 the council will pay up to the amount you have spent. The incentive is in addition to and separate from the discount.

## **2 Step-by-step guide**

### Step 1 Applying

Once you have read this booklet and decided to apply for the Social Homebuy scheme, please ask for an application pack. Our contact details are in Section 6.

We cannot take any responsibility if your form or any other documents you send us are lost in the post. You are advised to bring in the form and any other documentation in person or send it by registered post. If you need help with filling in the form you can contact us and we will be happy to assist you over the telephone or arrange to meet you in person.

### Step 2 Initial qualification

At the initial qualification step we assess whether you, as a person, are qualified to buy and whether we are allowed to sell the property you live in. (see Section 5 for more details). The criteria we use at this stage are very similar to those used to assess claims for the Right to Buy. Therefore, if you have been previously been admitted for the Right to Buy scheme but where unable to complete the purchase, it is likely that you will qualify for Social Homebuy at this step.

At least one of the applicants who wish to buy through Social Homebuy must be a secure tenant of the property being purchased. You must have been a public sector tenant or licensee for a certain length of time (see section 5). Any other applicants must be family members of the secure tenant and have lived in the property for at least one year before the application was made. We will check your tenancy status at various times during your application.

If you are a joint tenant and one or more of the other joint tenants does not want to buy with you but does not object to the sale then any rights they may have as a tenant will end on the date of completion.

If we are unsure if you or any family members qualify, we may ask you to provide information or documentation confirming this. We do this to protect your interests as well as the council's. There are certain people who wish to buy properties from the council without the consent of the tenant. This is against the law and we will do everything we can to prevent this from happening.



Within four weeks of receiving your application, we will inform you if you have the preliminary qualification or eight weeks if you have had a tenancy with another landlord which you are depending on to qualify.

### Step 3 Secondary Qualification

Once we have established that you qualify to buy your home through Social Homebuy, we will assess the likelihood that you will be able to afford the one-off and on-going costs of home ownership. You will have to prove that you have enough money in a savings account to pay the one off costs (see section 3 for more details). We will also send you an income and expenditure form to fill in the financial details of all the people who want to buy the property.

We will need you to provide documents such as bank accounts, wage slips, utility bills etc to support your application. We need to receive this information within four weeks of the date we request it. It is our normal procedure to check some of the information, so we may send you letters to give to your employers, bank etc asking for them to confirm that the information you have given us is correct. You will also have to sign a disclosure form giving us your permission to ask for this information as well as paying for any charges made for supplying it.

If your total income is more than your total necessary expenditure and you have enough money in a savings account to cover the likely one-off costs of home purchase then your application will progress to the next step.

### Step 4 Valuation

You will be contacted by the council's valuers to arrange a suitable time for them to visit your property. The organisation used by the council is Cushman and Wakefield. Please make sure that you keep to the appointment, or contact them to rearrange it to avoid delaying your application. You can telephone Cushman and Wakefield direct on 020 7152 5425.

Your home will be valued as at the date we received your application form and will reflect its condition and state of repair.

Any improvements you have made and listed on the application form and will not be included in the valuation. If Cushman and Wakefield is unable to gain access to your home within a certain time period, a "Desktop Valuation" will be carried out. This means that Cushman and Wakefield will assume that your home is of average condition and the value of your home will be based solely on the market value of similar properties in the same area that were sold on the market and during the same period of time as you made your Social Homebuy application.



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The valuation will also take into account any service charge contributions you are likely to make, generally in the first five years after you buy.

Any repairs or works that you are entitled to as a tenant will be carried out as normal until you become a home owner.

#### Step 5 Final Qualification

When we receive the details of the valuation of your home, we will calculate what your estimated annual service charges for the next year will be and give you an estimate of what major works contributions over the next five years are likely to be. We can then make a full assessment of your financial position (taking into account your income and expenditure) and calculate whether you will be able to afford at least a minimum share of 25 per cent.

#### Step 6 Offer

Once we have established that you are able to afford to buy the minimum share of at least 25 per cent of your home, we will issue an offer notice. You will receive this within 12 weeks of the final qualification date.

#### **The offer contains the following information:**

- The length of the lease
- What kind of lease it is
- The market value of your home
- The full discount you would be eligible to if you were buying outright
- The purchase price of your home if you were buying outright
- The estimate service charge you would pay if you were buying outright
- The estimated major works costs you would have to contribute to over the next five years if you were buying outright
- Structural defects in your home (or the block your home is in if it is in a block) that we are aware of from the latest stock condition survey

#### **You will receive an illustration of the ongoing costs in buying your home through the Social Homebuy scheme that will tell you:**

- The price of buying a 25, 50 and 75 per cent share in the property
- The one-off costs you would be liable to pay
- The monthly mortgage repayments you would expect to pay (based on a 25 year capital and interest mortgage and the current national rate of interest) based on a 25, 50 and 75 per cent share
- The rent you would be paying in the first year after completion relating to the purchase of a 25, 50 and 75 per cent share
- The estimated annual service charges\* you would have to pay in relation to a 25, 50 and 75 per cent share
- The maximum share we will allow you to buy



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\*Most of the annual service charges will be apportioned to the share you buy. However, we will charge the full amount for buildings insurance and ground rent whatever share you buy.

We will also include a copy of our standard lease so that you can see what your rights and responsibilities will be as a homeowner and what the council's rights and responsibilities will be. The actual lease you have may differ slightly from the standard lease depending on whether there are any particular restrictions relating to the block or location your property is in. If you intend to go ahead with the purchase, our solicitors will provide your solicitors with a copy of the actual lease.

The offer will only be valid for 12 weeks from the date that it was issued. You need to tell us what your intention is within this time. You should carefully consider the information that is contained in your offer notice. If you already have a solicitor, you should give them a copy of your offer and the standard lease. They will be able to advise you if there are any clauses in the lease which may be of concern to you.

If you want to accept the offer, it is at this stage that you should apply for a mortgage. Most mortgage offers are valid for three months, although this will depend on your lender. Not all mortgage deals on offer are available for shared ownership purchases, although this is changing rapidly as shared ownership schemes become more popular. You should tell your mortgage provider straight away that you are buying on these terms. If you are finding it difficult to get a mortgage because of the construction type of your property, you should consider whether it is a good idea to buy it. If you want to sell your property at a later date, it is likely that a prospective purchaser will experience the same problems as you. Neither the council nor Homes for Islington can arrange a mortgage for you nor recommend a lender. You could ask family, friends or your solicitor for recommendations, or you could find out how to contact an independent financial advisor by visiting the Financial Services Authority website at [www.fsa.gov.uk](http://www.fsa.gov.uk).

Although your mortgage lender will survey your home, this will be purely for valuation purposes and will not uncover any existing structural problems. You may also want to consider having your home surveyed by an independent qualified surveyor (certified by the Royal Institute of Chartered Surveyors) as there is a possibility that we may not have seen and considered defects which occurred after the last stock condition survey. If you want to dispute the price, you can submit a surveyor's report, as a reason why our valuation is too high within 12 weeks from the date of your offer notice.

You will also need to instruct a solicitor to act for you if you want to accept the offer. You should be aware that it may take up to three weeks for our solicitors to contact yours.



## Step 7 Accepting the offer

Your offer will contain a form which you should use to tell us your intention. You will have four options.

### **Accept the offer**

If you wish to accept our offer, you will have to decide what share you want to purchase initially. You do not have to buy the maximum amount if you do not want to, and you should certainly think carefully if buying the maximum amount leaves you with very little money. However, you should also be aware that if you want to increase your share in future that the cost of the share you buy will reflect the market value of the property on the date that you request to do so.

This means that if property prices go up, the extra share will cost you more than if you had bought a larger amount initially. However, if property prices fall then the cost will be lower. You should also bear in mind that although you will qualify for a discount on future shares, you will be subject to the Right to Buy discount rules at the time. If the maximum discount decreases then your discount will be reduced.

You should give us contact details of the solicitor you have chosen to act on your behalf so that our solicitors can contact them.

Please note: You will have 12 weeks from the issue date of the offer to complete the purchase. If you do not do so, you will be served with a “preliminary notice to complete” which allows you 56 days to either complete the purchase or submit relevant reasons why you need more time. If you do not complete the purchase or give us reasons why you cannot do so during the initial 56 day period, you will be served with a “final notice to complete” giving you a further and final 56 days to complete. You cannot appeal against the final notice.

### **Dispute the price**

If you think that our valuation is too high, you can request a re-valuation. You should give us reasons why you think it is too high and send us copies of any documents supporting your opinion such as a surveyor’s report. We will then liaise with Erinaceous and reconsider the valuation based on the information you have provided us with. This will take approximately five weeks from the date we receive your request and if we agree you will be issued with a new offer. You will not be able to request another re-valuation if you have already had one. The second valuation may be higher than the original valuation.

### **Appeal against your means test**

Your circumstances may have changed since you submitted your financial documents to us. For example, you may receive an offer of permanent employment which substantially increases your salary; you are given a cash gift or received an inheritance; or you may have omitted to tell us something



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which you believe affects your financial circumstance. You can ask us to recalculate your means test if you want to buy a larger share than we say you can on this offer. You will then have to tell us what share you want to buy, explain in writing why you believe you can afford to buy a larger share and submit additional documentation to prove you can afford to buy it.

You can appeal against your means test at any time before you complete the purchase. However, you will not receive a new offer and will remain subject to any time limits for response or completion.

### **Withdraw your application**

If you do not wish to purchase for any reason, you can send the intention form back to us stating this. If you do not reply to us within three months of the offer issue date, your application will be automatically withdrawn. You will have to make a new application if you later change your mind. The new application will be subject to changes the government or Islington Council make to the rules of the scheme as well as market values at the time the new application is made.

### **Step 8 Conveyancing**

Conveyancing refers to all the legal and administrative work associated with transferring the ownership of land or buildings from one owner to another. The council's solicitors will act on behalf of the council and will prepare the documents relating to the sale. They will forward the documents to your solicitors who will review them, carry out all the necessary administration and should ensure that you are aware of all your rights and responsibilities as a leaseholder.

The council's solicitors will take approximately eight weeks to prepare the necessary paperwork. You should ask your solicitor how long they are likely to need. Remember that if you are unable to complete your purchase before your offer expires then we may serve you with notices to complete. This is why it is important that you give us your solicitor's contact details as soon as possible.

### **Step 9 Completion**

When your solicitor and the council's solicitors agree a completion date, we then check your rent account. We will not let completion go ahead if you owe four or more weeks rent.

Your solicitor will arrange for payment of the property purchase price for the share you are buying.

You will also have to pay:

- rent to the next month
- ground rent to the next financial year



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- a service charge apportionment for the rest of the financial year to the next quarter.
- An engrossment charge which is a fee that you are liable to pay for the administration the council's solicitors have completed in preparing the formal and final version of your lease in readiness for signing and sealing.

### **3 The costs of buying and owning your home**

#### One-off costs

##### Conveyancing fees

You will have to pay your solicitor for their time. Solicitor's fees vary widely so you are advised to ask for several quotes. You should not be charged a higher fee just because it is a shared ownership purchase. You may have family or friends who can recommend a solicitor that they have used themselves, or your mortgage provider or bank may be able to recommend a solicitor.

##### Survey

You do not have to have a survey carried out, but you are strongly advised to do so. There are several types of survey you can obtain. The price will depend on the type of property, how big it is and how detailed you want the survey to be.

##### Stamp duty

This is the tax you pay when you buy a property. It is calculated as a percentage of the total value of the property, not the share you are buying. Your solicitor can give you more advice about this.

You have a choice about the basis on which you will pay stamp duty:

- 1) On the Market Value, as if you are purchasing the whole property
- 2) On the Premium, which is the value of the share you are buying. If the value of this share is below the minimum threshold you will not have to pay stamp duty.

If you staircase you will only have to pay stamp duty if your share becomes greater than 80%. Any further staircasing payments which take you above 80% (including the acquisition of the freehold) will attract stamp duty. Stamp duty will be payable on the amount actually paid at the appropriate rate in force at the time the payment is made.

If you have any questions you should ask your solicitor or visit the Stamp Taxes section of HM Revenue and Customs website [www.hmrc.gov.uk](http://www.hmrc.gov.uk) or telephone them on 0845 603 0135.



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The threshold bands apply to the total value of the property, not the share you are buying.

### Stamp duty tax bandings

Rate	Property purchase price
0%	£0 up to £175,000 (until 2 September 2009 inclusive)
1%	£175,001 up to £250,000
3%	£250,001 up to £500,000
4%	£500,001 or more

### Examples paying stamp duty on the Premium

The market value of a property is £300,000. The initial purchase is 50%, which comes to £150,000. This is below the stamp duty threshold, so stamp duty is not payable.

The market value of a property is £300,000. The initial purchase is 75%, which comes to £225,000. This means that stamp duty is payable at a rate of 1%, which is £2,250.

### Valuation fees and mortgage costs

Cushman and Wakefield do not charge you for the valuation they carry out but your mortgage provider will carry out its own valuation and there is normally a charge for this. Some mortgage providers also charge an administration fee for arranging the mortgage. Both these types of fees vary depending on your mortgage lender.

### Ongoing costs

#### Mortgage repayments

Usually you will need to take out a mortgage to buy your home. A mortgage is a long-term loan, which is secured on your property. There are various ways to pay back this loan and you should seek advice from your bank/building society or a financial adviser for details of all your options.

#### Service charges

If you are buying a flat or maisonette you will have to pay a service charge. This covers your share of the cost of maintaining repairing and improving the structure and exterior of your building, the common parts and the estate if you live on one.

If you are buying a house you will have to pay a service charge for any Homes for Islington service you receive, such as grounds maintenance, estate lighting, and repairs to estate roads or paths.

Broadly speaking there are two types of service charges; annual service charges major works service charges. The annual service charges are for your share of any day to day services provided to the building or the estate, such as caretaking, grounds maintenance, block or estate lighting. The annual service charge also includes building insurance and a management fee, which pays for Home Ownership, Area Housing Office and central costs.

Major works service charges are for large scale repairs. Your offer for Social Homebuy will give you itemised estimates of how much you might have to pay over the next five years if you bought outright. The estimate protects you from having to pay more than we quoted for the first five years after you complete the initial purchase. This is known as the protection period. You should bear in mind that your offer will only give you information for the next five years, and that there will be cyclical repairs after this period expires.

Your annual and major works service charges will be a proportion of the property you own. This means that if the cost of caretaking for your property is £300 a year and you own 40 per cent of your property, you will pay £120 a year through the service charge. The exceptions to this are the ground rent and building insurance, for which you will be charged as if you had bought the property outright.

You should look at your Section 125 Landlord's Offer Notice for further information on these charges and bear in mind that they can be very high, especially in estate-based or high-rise properties.

You should be aware that if you do not pay your service charges on time we can ask the court for a money judgement against you. This may affect your future ability to obtain credit.

### Rent

The council will continue to own the share of the property you do not purchase, and you will continue to pay rent on this share. The rent will be the same rate\* as when you were a tenant, except that you will only pay for the proportion of the property you do not own. For example, if you buy a 40 per cent share of the property, you will pay 60 per cent of the rent you did when you were a tenant. The rental element will be included in your annual service charge.

\*As a homeowner you will pay your water rates directly to the water company, rather than as part of the rent as most tenants do. This means that if you did pay water rates as part of your rent we will deduct the water rate element out of the rental element so that you do not pay for the same service twice.

### Buildings insurance



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This covers the cost of rebuilding your home in the event of it being destroyed by fire or some other incident. If your home is a flat or maisonette, it will be a condition of the lease that the landlord arranges the buildings insurance for you. Your buildings insurance charges will be included in your annual service charge.

#### Contents insurance (optional)

We recommend that you take out contents insurance to cover your furnishings, furniture, household goods and personal belongings against accidental loss or damage, theft etc. Buildings insurance does not cover these things.

You are free to make your own arrangements, but the council has a scheme with Norwich Union to provide contents insurance for both its tenants and leaseholders. You can get more information by calling Contact Islington on 020 7527 2000 or email [contact@islington.gov.uk](mailto:contact@islington.gov.uk).

#### Mortgage payment protection insurance (optional)

This is an insurance policy that will protect you if you are unable to make your mortgage payments through loss of income due to unemployment, illness or injury. We recommend that you seek financial advice to find out which policy best suits you and your individual circumstances.

#### Life assurance (optional)

This policy will pay off your mortgage should you die before the end of the mortgage term. There are various different types of life assurance policy available. The benefit of taking out a life assurance policy is that your family will not be burdened with the remainder of your mortgage debt. We recommend that you seek financial advice to find out which type of policy is best for you.

#### Council tax and utilities

The majority of Islington Council tenants pay the water rates in with their weekly rent. When you become a homeowner you will be responsible for paying water rates direct to the Water Company. You will also have to pay charges for gas and electricity direct to the company that supplies you.

There is a website that can help you find out which gas and electricity suppliers can offer you the best deals on prices: [www.uswitch.com](http://www.uswitch.com). Or contact their customer helpline 0800 404 7691.

As a homeowner you will also have to pay council tax.



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For enquiries about council tax:

Email: [council.tax@islington.gov.uk](mailto:council.tax@islington.gov.uk)  
Telephone 020 7527 2633  
(8.00am - 8.00pm, Monday to Friday)  
Credit Card Hotline: 020 7527 8000

Or you can write to:

Head of Revenue  
P.O. Box 10541  
222 Upper Street  
London  
N1 1YJ

Council tax benefit

If you receive a low income you may be entitled to council tax benefit. If you have any enquiries about benefit entitlement, you can contact Islington Benefits Service:

Islington Benefits  
PO Box 13645  
London N7 7WB  
Phone: 020 7527 4990

Other costs

If you buy a house you will be responsible for all aspects of maintaining, repairing and decorating the inside and outside of your home and garden.

If you buy a flat or maisonette, you will be responsible for paying for all the maintenance, repair and decoration of the internal parts of your home. This includes doors and door frames, window glass (but not the outside of the window frames), sanitary fixtures and fittings, tanks, pipes, wiring, waste pipes and cookers and heaters.

You will have to pay for servicing, repairing and replacing any central heating system, hot water boilers, or electric storage heaters unless these are part of a communal system that serves other properties in your building too.

Homes for Islington will no longer carry out an annual service of any gas boilers or other appliances. We strongly advise you to arrange for these to be inspected once a year by a CORGI-qualified fitter. Advice and details of how

to contact a CORGI fitter can be found by visiting the CORGI website [www.trustcorgi.com](http://www.trustcorgi.com), or telephoning 0800 915 0485.



Kier Islington is the company that provides gas safety checks to HFI's tenanted properties. If you would like to use Kier Islington to carry out gas safety checks to your property contact them on 020 8532 7465. They are open from Monday to Saturday, 8 am to 8 pm. You will pay Kier Islington directly for this service.

You may also have to pay residents' parking charges and any garage or parking space rent if you have this service from Homes for Islington.

## **4 Staircasing and selling your home**

### Staircasing

After you have made your initial purchase, you may find that your circumstances have changed. You may have got a new job or a pay rise and feel that you would like to purchase another share in your home, or even buy the whole remaining share.

You can buy more shares in minimum increments of 10 per cent. If you own 85 per cent you will have to buy the remaining 15 per cent, as if you only buy 10 per cent there would be 5 per cent left, and you cannot buy a share of only 5 per cent.

When you inform us that you want to buy an extra share we will again have to assess whether or not you can afford to do so. You will have to provide us with your income and expenditure documents to re-establish that you can afford it. We will order a valuation based on the date you made your request.

You will be charged for the cost of the valuation, though if you go on to purchase the additional amount this cost will be deducted from the price you pay. If you do not purchase an additional amount you will not get a refund of the valuation charge.

You should be aware that you will be subject to paying for all the one off costs again, so you will have to prove that you can afford to pay for these too. When staircasing takes place, the Social HomeBuy owner will not be liable for SDLT on the further share purchased. However, this is subject to the condition that immediately after staircasing, the Social HomeBuy owner's share in the property must not be greater than 80%.

The process is very similar to when you made your initial purchase. You will receive an offer telling you the minimum and maximum amounts we will let you buy based on your affordability and the discounts you would qualify for. We will also provide you with an illustration of how your rent, annual service charge and major works payments will change depending on the increase in



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share you buy. You will then have to tell us what you want to do; accept the offer (and tell us how much you want to buy), appeal against the means test, dispute the price or withdraw your application.

When you have bought a further share, we adjust your rent and service charge accounts accordingly. Your rent will be reduced and your service charge account will be increased in proportion to the new shares. You will now have to pay an increased share of any major works you are liable to contribute to although you will be protected by your original offer if you are still in the reference period.

If you make a final payment to buy out the council's share, you will become the full leaseholder of your property if your home is a flat. If your home is a house you will become a freeholder. You will not pay us any more rent but you will pay the full amount for your service charges and any contributions to major works. If you are a leaseholder your obligations under the lease will be exactly the same as if you had bought the property outright under the Right to Buy scheme. One of the major distinctions between a Right to Buy lease and a Social Homebuy lease is that you are not allowed to sublet the property if you have purchased under Social Homebuy and you have not bought outright. This restriction will no longer apply.

#### Please note

- You can only staircase up. We do not allow you to staircase down, so you will have to think very carefully if you can afford to maintain the extra costs.
- If there are any plans to demolish your home or you have had any proceedings against you due to anti-social behaviour then you will not be allowed to staircase.

#### Selling your home

If you want to sell your share, you will not have to buy out the council's share before you do so, you simply sell the share you own. The new owner will take on the remainder of your lease and will be subject to the same rights and responsibilities that you had.

When you tell us that you want to sell, Cushman and Wakefield will carry out a valuation to determine the current market value of the share you own. You cannot sell your share for less than this price. If you sell it for more, we will share the difference with you in direct proportion to the share that you and the council own.

Example: The council has determined that the market value of your home is worth £300,000 and as you own a 50 per cent share, your share is worth £150,000. If you sell your share for £150,000 then you must share the difference with the council (in proportion to the share you own), so you will have to give the council £150,000.



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Your lease will specify that when you want to sell, you have to inform the council. We have a list of potential buyers who want to buy on shared ownership terms and your property must first be offered to these people. If no one from the list wants to buy it within eight weeks of the offer date, you will have to sell it on the open market.

If the buyer is someone we have nominated, they will receive a discount on the initial purchase and on any future shares they buy. If you sell on the open market, the buyer will not receive any discounts and you will have to pay any costs outside the council's administrative duty under the terms of the lease, such as estate agent's costs. It is therefore worthwhile advising potential buyers to contact the council to see if they qualify to be put on the nomination list.

Please note that if you want to sell your home and you have staircased up to 100 per cent ownership, you will have to sell your home on the open market. The council cannot help you to do this, and you will be responsible for any costs involved in selling, and Cushman and Wakefield will not value the property.

#### Repayment of discount

If you sell your home before the five years have passed from your initial purchase you will have to repay some or all of the discount.

How much you have to pay is affected by when you sell, the amount of the discount you received in total, the original market value and the current value of your home. The amount is proportional to the share that you own.

We do have discretion to waive repayment of some, or all, of the discount if you need to sell your home and if repaying the discount would cause you hardship. If you are in this situation you should write to Home Ownership.

The Government has given guidelines on the situations where it might be appropriate to consider waiving repayment of the discount. You can find these on the Homes for Islington website, or ask Home Ownership for a copy.

### **5 Circumstances under which your application for Social Homebuy will be refused**

Reasons relating to the people applying.

You cannot purchase under Social Homebuy if:

- The property is not the sole or principle home of at least one tenant who has applied to buy
- You are the legal partner or family member of a secure tenant of a secure tenant and that secure tenant does not want to buy
- You are a joint tenant and one or more of the other joint tenant(s) do not wish to buy **and** refuse to allow you to make an application in your



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own name. Note: permission for one or more tenant(s) to make an application must be **in writing** from the joint tenant(s) who do not wish to buy.

- You are applying jointly with a secure tenant(s) as a family members but do not live **and** have not lived in the premises continuously for the immediate 12 months before the application was made. Note: the council may exercise some discretion in these circumstances if there are medical reasons for the family member caring for the joint tenant(s).
- You are a tolerated trespasser
- You are not the secure tenant
- At least one tenant who wishes to purchase does not meet the qualifying period

The qualifying period is a total of two years as a tenant or licence of a public authority or other registered social landlord if:

- a) Your current tenancy was granted before 18 January 2005 and has been continuous; or
- b) You have had a continuous series of tenancies or licences from 18 January 2005 (but you must hold a secure tenancy at the time you make your application)

Otherwise the qualifying period is five years.

- You have a bankruptcy petition against you; or a receiving order against you; you are an undischarged bankrupt; or you have made a composition or arrangement with your creditors, the terms of which are still outstanding.
- You have a current claim for housing benefit or full council tax benefit.
- If an application is being made to a court due to anti-social behaviour in respect of:
  - A demotion order which alters the status of your tenancy from a secure tenancy to a demoted tenancy; or
  - Possession under ground 2 of schedule 2 of the Housing Act 1985 relating to a breach of tenancy conditions; or
  - A suspension order under section 121a of the Housing Act 1985.



## **Reasons relating to the property**

Types of property that cannot be sold:

The council leases the property from another landlord and there are less than 21 years remaining on that lease where the property is a house or 50 years otherwise (there are some exceptions to this where the council's landlord is a housing association).

The home has features which are substantially different from those of ordinary homes and is designed to make it suitable for occupation by physically disabled persons. It must also be one of a group of homes that the council normally lets to physically disabled persons. It must also be one of a group of homes that the council normally lets to physically disabled persons and have services or facilities provided in close proximity to the group of homes to assist those persons.

The home is one of a group of homes generally let to people who are suffering, or who have suffered, from a mental disorder, and special services or facilities are provided to them (e.g. social services).

The home is one of a group of homes that are particularly suitable for occupation by elderly persons and that the council normally lets to such persons and physically disabled persons.

There must be special facilities provided to the group of homes to assist those persons.

The home is particularly suitable for occupation by elderly persons and was let to the tenant or a predecessor for occupation by a person aged 60 years or more.

Homes where there has been any proposal by the council to demolish them.

**There are other properties within Islington that cannot be sold under the Right to Buy (and therefore Social Homebuy). These are listed below:**

Some homes which are let as part of a business premises (ie public houses, shops).

Homes given to students so that they can follow certain full-time courses at a university or college (unless the tenancy continues for more than 6 months after the tenant stops attending the course).



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Properties which have been bought for development and which are being used as temporary housing before the land is developed.

## **6 Visiting our offices**

To talk to us about any of the information contained within this booklet you can write to, visit or telephone us at:

Home Ownership  
50 Isledon Road  
London  
N7 7LP

Phone: 020 7527 7715 or 020 7527 7720

Fax: 020 7527 7711 or 020 7527 7733

Email: [homeownership@homesforislington.org.uk](mailto:homeownership@homesforislington.org.uk)

To talk to your area housing office (or Partners for Islington if they manage your property) about any matters relating to your tenancy you can write to, visit or telephone them at:

Partners for Islington  
4-6 Colebrooke Place  
London  
N1 8HZ  
Tel: 020 7288 8310

Central Street Area Housing Office  
85 Central Street  
London  
EC1V 8DT  
Tel: 020 7527 6250

Holland Walk Area Housing Office  
85/88 Holland Walk  
London  
N19 3XS  
Tel: 020 7527 7480

Lyon Street Area Housing Office  
1 Lyon Street  
London  
N1 1DQ  
Tel: 020 7527 6880

Upper Street Area Housing Office  
Northway House  
257 Upper Street  
London



N1 1RU  
Tel: 020 7527 5300

All our offices are open from 9am until 4:45pm Monday to Friday.

You may have more questions about Social Homebuy such as:

- What happens at each stage of the process?
- How long will things take?
- When do I need to sort out a mortgage or get a solicitor?
- What other costs are there when buying?
- What will my responsibilities be as a homeowner?

Home Ownership is here to answer your questions. You can come in to talk to us or contact us by telephone.

If you want to come in to discuss these and any other questions you have, please contact us to arrange an appointment. We are open from 9am to 4.45pm, Monday to Friday.

Home Ownership  
50 Isledon Road  
London  
N7 7LP  
Phone: 020 7527 7715 or 020 7527 7720  
Fax: 020 7527 7711 or 020 7527 7733  
Email: [homeownership@homesforislington.org.uk](mailto:homeownership@homesforislington.org.uk)

If you would have difficulties in coming to our offices, we would be more than happy to come and visit you at your home. Just give us a call to arrange a suitable time for us to come over. Remember to always ask for identification before inviting anyone into your home.