Appendix 1

MONMOUTHSHIRE COUNTY COUNCIL

LOW COST HOME OWNERSHIP SCHEME USK

POLICY AND PROCEDURE DOCUMENT

May 2013

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Policy

It is the policy of Monmouthshire County Council to make the low-cost houses in Usk available for purchase to local people who might not otherwise be able to afford their own home within the area.

Background

In 1989/90 eleven properties were constructed in Usk under a 'Build for Sale' scheme. This scheme had its own individual Welsh Office consent dated 7th March 1990 and was known as the 'Monmouthshire Model'. The scheme is a low cost home ownership scheme and the houses are arranged in three terraces consisting of one terrace of three dwellings and two terraces of four dwellings.

The Council provides an equity loan (usually 30%, but can be up to 50% if funding is available) of the purchase price. The purchaser funds the balance through a conventional mortgage and savings. No interest is paid on the loan, but when the loan is repaid the amount repayable will be the same agreed percentage of the value of the property at the time.

Categories of People Eligible to Apply

The Secretary of State for Wales agreed that the houses were to be sold to persons resident within the community of Usk and the immediate adjoining communities of Llanbadoc, Gwehelog Fawr and Llantrissant Fawr. However if the response from the identified communities is limited, consideration will be given to applicants with strong links to the Usk area, for example households who have had to move away in order to access accommodation and would like to return. If there is no response from the Usk area then the Council will cascade out to the immediately adjoining communities using community council boundaries.

In addition the properties are only offered to persons who meet one or more of the following categories:

1. The homeless
2. Existing housing association tenants
3. People on the Council's waiting list
4. First time buyers
5. People who have previously lived in the area but have had to move to access accommodation
6. People who have previously lived in the area and need to return in order to provide support to a dependent child or adult or to receive support from a principal carer
7. Applicants who are principally employed in the area (>20 hours per week)

8. Applicants with a firm offer of employment in the area and who would otherwise be unable to take up the offer because of a lack of affordable housing.

The scheme was devised as a means of maintaining, in perpetuity, low cost home ownership in the Usk area, therefore the above criteria also applies to any subsequent resale.

Future Sales

In the Conveyance the purchaser grants a right of pre-emption to the Council. This means that when they want to sell the house they must first offer it to the Council. The Council then has two months in which to decide if it wants to buy back the house. The policy has always been to buy these houses back for immediate re-sale. However, if the council decides not to buy the house back, the owner can only sell to a person who fulfils the criteria mentioned above. Whether or not the council buys back the house, the price for which the property can be sold will be the equivalent percentage value of your home at the time you sell (e.g. 70%, 60% or 50%) of the market price at that time. This means that if you bought with a 30% equity loan and the current open market value at the time you wanted to sell was £100,000 you could only sell at £70,000. This ensures that the purchaser is able to buy a low cost house. That purchaser will be bound by the same restrictions as to re-sale. There is a requirement that the owner will use the house as their only and main home.

Procedure

The procedure set down is as follows:

1. The owners must give formal indication to the council that they wish to sell the house.

2. The council then has two months to give formal notice to the owners that it wishes to repurchase the property. Cabinet Decision made that the Council would repurchase the property.

3. On receipt of formal notice from the owner, the Housing Strategy Officer will inform the Head of Finance who will then authorise the purchase of the property on a ‘money in money out’ basis.

4. Once authorisation has been given by the Head of Finance the Housing Strategy Officer will arrange for one of the Council’s Asset Management Team to value the property.

5. The Housing Strategy Officer will inform the owner of the valuation and agree a purchase price.

Appendix 1

6. Once the purchase price has been agreed the Housing Strategy Officer will pass all the relevant information to the Council's Legal Department to arrange the purchase.

7. The property should then be immediately advertised on the Homesearch Website.

8. Interested applicants should be sent guidance notes and an application form (see appendix B and C).

9. Following the closing date applications should be short listed based on the following order of priority:

   a. Persons becoming homeless within the above communities
   b. Existing Housing Association tenants of the communities
   c. Persons registered on the housing waiting lists for the communities
   d. First time buyers
   e. People who have previously lived in the area but have had to move to access accommodation
   f. People who have previously lived in the area and need to return in order to provide support to a dependent child or adult or to receive support from a principal carer
   g. Applicants who are principally employed in the area (>20 hours per week)
   h. Applicants with a firm offer of employment in the area and who would otherwise be unable to take up the offer because of a lack of affordable housing.

   If two or more applicants have the same priority status, further short listing will be based on the length of time they have lived in the communities.

10. The Housing Officer will inform all applicants, in writing, whether or not they have been successful. Successful applicants should be asked to obtain a mortgage certificate and provide the details of their solicitor (see appendix D).

11. This information should then be passed to legal who will liaise with the applicant's solicitors regarding the sale of the property.