



HOUSE SALES

Incorporating Equity Sharing

Guide for Tenants

AS PER GOVERNMENT LEGISLATION, THE HOUSE SALES SCHEME WILL END AT MIDNIGHT ON 27 AUGUST 2022. YOUR APPLICATION MUST BE RECEIVED BY CHOICE HOUSING IRELAND LIMITED BY THIS DATE.

Buying your home or a share in your home

This booklet provides tenants with a guide to buying all or part of their Choice Housing Ireland Limited property.

IMPORTANT: End of House Sales Scheme in Northern Ireland

Housing association tenants' statutory right to buy their home will end at midnight on **27 August 2022**. Tenants who are eligible and wish to apply to buy their home **must** ensure that their application is received by Choice Housing Ireland Limited before this date. Choice Housing Ireland Limited will not be responsible for any applications not received or lost in the post.

Can I buy my home?

Most tenants can buy their home. We have set out the conditions of the House Sales Scheme below so that Choice Housing Ireland Limited tenants can ascertain whether they are eligible to apply.

The House Sales Scheme has been expanded so tenants can buy a portion of their home under equity sharing. The scheme is flexible enough to allow tenants to decide whether they want to buy all or a part of their home right up to the 'Offer Stage'.

Who can apply?

Choice Housing Ireland Limited tenants must have a minimum of **five years tenancy** with Choice Housing Ireland Limited or a qualifying landlord (for example the Northern Ireland Housing Executive or a registered Housing Association). A full list of qualifying landlords is at the end of this document. If a former tenancy is not with Choice Housing Ireland Limited, proof of the tenancy is required for eligibility and discount purposes.

Tenants without the five years qualifying tenancy may still be eligible to apply if they succeeded or were assigned their tenancy from a spouse or parent.

Introductory tenants are not eligible to apply, but the time as an introductory tenant will count towards eligibility and discount.

The property **must** be the tenant's only or principal residence.

Can tenants of flats and maisonettes buy?

Tenants of flats and maisonettes can apply under the scheme. Tenants who buy their flat or maisonette will have to pay an annual service charge and ground rent in addition to the normal purchase price. The service charge is an estimate of the annual costs incurred by Choice Housing Ireland Limited. These costs include improvements, repairs, caretaking if applicable, and administration costs. The estimated service charge for the first five years will be supplied to all applicants. The service charge is reviewed annually.

Who cannot buy?

The following is a list of the circumstances where tenants cannot take advantage of this scheme due to restrictions on the sale of specific property types:

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Dwelling Types

- Tenants of sheltered dwellings.
- Tenants of 1 and 2 bed bungalows.

Squatters

Squatters will not be able to apply if they were not originally allocated the dwelling by Choice Housing Ireland Limited. If a squatter is granted the legal tenancy, the discount entitlement and eligibility is calculated from the date the tenancy was granted.

Rent and other Arrears

Tenants with arrears can apply, but the applications will not be completed until all arrears for rent or other payments owed to Choice Housing Ireland Limited have been paid.

Anti Social Behaviour

Tenants will not be eligible under the scheme if Choice Housing Ireland Limited is actively considering taking legal action for possession of the dwelling due to anti-social behaviour.

Notice Seeking Possession

Tenants will not be eligible under the scheme if they have been served with a Notice Seeking Possession (NSP) at any time within the previous three months, or where Choice Housing Ireland Limited is actively considering serving a NSP in the subsequent three months. This also applies where legal proceedings pursuant to a NSP are pending or ongoing.

Can I buy my home with other people under the scheme?

Up to four people (including the secure tenant) can apply under the scheme. A joint purchaser **must** be one of the following:

- The spouse of the tenant, **or**
- A person who has resided with the tenant for 12 months prior to the application under the scheme.

If the tenant is in receipt of Housing Benefit at the time of the application, any joint applicants and/or joint purchasers **must** be included within the Housing Benefit Claim.

Where the tenant is not in receipt of Housing Benefit, two items of proof are required – one for the 12 month period prior to the application and one to confirm the current occupancy. The following are the required documents:

- Benefit notifications

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- Wages / Salary slips (where they indicate the employee's address)
- Bank / Building Society Statement
- Utility Bills

National Insurance Numbers **must** be provided for **all** joint purchasers. Incomplete applications will be returned to the applicant.

Joint Tenants

Where there is a joint tenancy, all parties named in the tenancy agreement must apply together.

How is the property price assessed?

The property price is based upon the following factors:

The Market Value of the dwelling as at the date of the completed application

- Less the eligible **Discount** (when applicable)
- Subject to the **Historic Cost** (when applicable)
- The market value shall be that assessed by a suitably qualified professional valuer as at the date of the completed application to purchase (that is the date of receipt of all required information). The valuation will be adjusted to take account of any improvements which were carried out to the property by the tenant.

The Market Value

The **Market Value** is the price of the dwelling as assessed by an Independent Professional Valuer as at the date of application.

It is solely the responsibility of Choice Housing Ireland Limited to request an Independent Professional Valuer to value the property. No other independent valuation will be considered. This market valuation is valid for six months.

If not satisfied with the assessment of the market value, tenants shall be entitled to request a re-determination of the purchase price. This re-determination will be completed by Land and Property Services at a cost to the tenant of approximately £600 – exact cost to be confirmed with LPS at the time of instruction. The revised Market Value may increase or decrease, but it is final and binding upon the tenant and Choice Housing Ireland Limited.

Tenants applying to purchase their homes are responsible for the payment of the valuation fee (£150 or £210 depending on location) and, if applicable, the reassessment fee (approx. £600). Should the Tenant complete the purchase of their home, the cost of both the original valuation by a Professional Independent Valuer and the second valuation by Land and Property Services will be repaid. A refund is only applicable where the tenant buys 100% of their home in a single tranche or to the first tranche in an Equity Sharing purchase.

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Discount

Tenants are entitled to **Discount** which is assessed as follows (IMPORTANT: except where **historic costs** apply, see below):

- 20% of the market value after five completed years with Choice Housing Ireland Limited or another qualifying landlord tenancy, plus the following:
- An increase of 2% of the market value for each additional year's tenancy up to a maximum of 60%.
- **The maximum discount an applicant can receive is £24,000**
- Discount received under the scheme must be repaid in full if the dwelling or equity in the dwelling is sold within 5 years from the date of purchase.
- If you already purchased a dwelling under the House Sales Scheme, previous discount received and not repaid will be added to the market value.

How long is the market valuation valid for?

The market valuation, which is completed at the commencement of the house sale process, is valid for six months. Completion MUST take place within this six month period.

Should the process exceed the six month validity period, you will need to pay for a further valuation to be completed. Choice Housing Ireland will then re-calculate your discount and offer price based on the new valuation figures. Please be aware that the value can increase or decrease and liability for this lies solely with the tenant.

Should you choose not to progress with the sale at this time, and wish to proceed in the future, you will need to apply again in the same manner, submitting a new application form and paying for a new valuation to be completed.

Are there any restrictions to me selling my home?

Should the purchaser (previous tenant) choose to sell the house within ten years of purchase, Choice Housing Ireland Limited must be given first option to buy back the property. Where Choice Housing Ireland Limited, or another registered housing association, is not prepared to buy, the property can be sold on the open market.

Discount received under the scheme must be repaid in full if the dwelling or equity in the dwelling is sold within 5 years from the date of purchase.

Historic Costs

Historic Costs relate to the amount that it cost Choice to build, improve or buy the property during the current and previous ten financial years. We can only sell your home for less than this historic cost if the market value is lower. You would not receive a discount in these circumstances.

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Historic Costs do not include repair costs. Any improvements that you have carried out will not be included in the price you have to pay to buy your home.

Historic Cost Example

If a dwelling was built, refurbished, adapted, improved or purchased within the current and previous ten financial years, with a cost to Choice Housing of £100,000 this would be the '**Historic cost**'.

The following two scenarios are then possible:

1. The property is valued with a market valuation of £90,000 (therefore less than the **Historic cost**) - there will be no tenancy discount applied but Choice can sell the property to you at the market valuation price of £90,000, or
2. The property is valued with a market valuation of £110,000 (therefore higher than the **Historic cost**) – discount can be applied down to the **Historic cost** price. Therefore, Choice can calculate the tenancy discount and offer the property to you for a minimum offer price of £100,000.

Historic Cost Calculation Example

Provision and Acquisition (How historic cost is calculated)

Scheme Completed	2015
Total Costs of Scheme	£3,490,000
Initial Capital Value of Your Individual Property	£60,000
Total Initial Capital Value of Scheme	£1,975,000

Provided within the current and previous ten financial years therefore: $60,000/1,975,000 \times 3,490,000 =$
£106,025

Calculation (How actual selling price is calculated)

No of years applicant has been a tenant = 20 years

Market Valuation	£120,000
Discount Amount	£24,000 (50% discount but capped at £24,000)
Discounted Selling Price	£96,000 (less than historic cost)
Actual Selling Price	£106,025

Actual Selling Price is affected by the Historic Cost, as the discounted (limited to the cap of £24,000) selling price would be less than the Historic Cost. The actual discount given to the tenant will then be calculated based on these figures ie $£120,000 - £106,025 = £13,975$.

Equity Sharing

What is Equity Sharing?

Equity Sharing is a part ownership, part rental scheme. Equity sharing allows tenants to buy as little as 25% of their home. Whatever percentage of the home is bought, the remaining portion is rented from Choice Housing Ireland Limited.

Are there different eligibility rules for Equity Sharing?

No, the rules and criteria are the same.

What is the minimum equity tenants can purchase?

Tenants can buy any percentage of equity above the 25% minimum in multiples of 5%. Buying additional equity is known as staircasing. After buying the initial equity, the smallest amount of equity that can be purchased is 5%.

How much discount can I receive under Equity Sharing?

The maximum discount is £24,000. Under Equity Sharing, discount is related to the level of equity purchased as shown in the table below. As discount can only be accrued by tenants, it is calculated at the time the initial equity is purchased. For example, an applicant with no entitlement to discount at the purchase of initial equity as a result of historic cost will not have an entitlement to discount whenever additional equity is purchased.

Equity Purchased	% Discount	*Maximum Possible Discount
25%	35%	£8,400
30%	42%	£10,080
35%	49%	£11,760
40%	56%	£13,440
45%	63%	£15,120
50%	70%	£16,800
55%	73%	£17,520
60%	76%	£18,240
65%	79%	£18,960
70%	82%	£19,680
75%	85%	£20,400
80%	88%	£21,120
85%	91%	£21,840
90%	94%	£22,560
95%	97%	£23,280
100%	100%	£24,000

* Only where the tenant is entitled to receive the maximum discount

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If I buy equity in my home how much rent will I be expected to pay?

Under equity sharing the rent will be reduced by:

- The average maintenance costs and
- The % level of equity purchased by the Tenant.

The Equity Rent will be increased annually in accordance with the Choice Housing Ireland Limited Rent Scheme. The maintenance costs calculated when you initially buy equity in the property will remain the same in following years. Applicants paying rent can still apply for Housing Benefit.

If I buy equity in my home what will I have responsibility for?

Once you have bought an equity share, you will be responsible for **ALL** of the following costs:

- All maintenance and repairs and their associated costs
- Service charges where applicable (mainly for flats)
- Payment of Rates through the Rates Collection Agency
- Insurance charges
- Solicitor and building society valuation fees
- The independent valuer in the purchase of second and subsequent equity at a rate set by Choice Housing Ireland Limited.
- The payment of Land and Property Services fees where the applicant challenges the valuation of the dwelling in the purchase of second and subsequent equity.

Equity Sharing Example

For a dwelling with a Market Value of £70,000 the equity sharing prices are set out in the table below

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Equity Purchased	Dwelling Market Value	Market Value of Equity	*Maximum Possible Discount	Equity Sharing Price
25%	£70,000	£17,500	£8,400	£9,100
30%	£70,000	£21,000	£10,080	£10,920
35%	£70,000	£24,500	£11,760	£12,740
40%	£70,000	£28,000	£13,440	£14,560
45%	£70,000	£31,500	£15,120	£16,380
50%	£70,000	£35,000	£16,800	£18,200
55%	£70,000	£38,500	£17,520	£22,980
60%	£70,000	£42,000	£18,240	£23,760
65%	£70,000	£45,500	£18,960	£26,540
70%	£70,000	£49,000	£19,680	£29,320
75%	£70,000	£52,500	£20,400	£32,100
80%	£70,000	£56,000	£21,120	£34,880
85%	£70,000	£59,500	£21,840	£37,660
90%	£70,000	£63,000	£22,560	£40,440
95%	£70,000	£66,500	£23,280	£43,220
100%	£70,000	£70,000	£24,000	£46,000

*Only where the tenant is entitled to receive the maximum discount.

If I buy equity in my home can I sell it?

If you choose to sell the house within ten years of your first equity purchase, Choice Housing Ireland Limited must be given the option to buy back the property. Where Choice Housing Ireland Limited, or another registered housing association, is not prepared to buy, the property can be sold on the open market. Choice Housing Ireland Limited will then recover the equity owed at that time.

For example if a tenant buys 50% equity in a dwelling with a market value of £70,000 in year 1. In year 10 they decide to sell the property, and Choice Housing Ireland Limited, or another registered housing association, is not prepared to buy it back, Choice Housing Ireland Limited will then have the open market value assessed. The table below shows how much would have to be paid. Estate agents fees and other costs will also have to be paid by the tenant.

Year 1

Market Value	£70,000
Tenant buys 50% equity	£35,000

Year 10

Market Value	£120,000
Tenant Owes Choice Housing Ireland Limited	£ 60,000

A step by step guide to buying under the scheme

Step 1

Once we receive a completed application, Choice Housing Ireland Limited will check its eligibility. You must supply us with relevant evidence and correct valuation fee.

Step 2

An independent valuer will be sent out to value the property. They will try to complete the valuation within three weeks. This valuation will be valid for six months.

Step 3

Once the property has been valued, you will be sent an 'Offer' to buy your home. The Offer will contain:

- The market value of the property
- Any discount you are entitled to
- The Historic Cost (where appropriate)

You now have 3 options before you proceed to the next step:

1. If you want to have the Market Value of the property reassessed by Land and Property Services.

Applicants can challenge the Market Value as assessed by the Independent Valuer by writing to Choice Housing Ireland Limited within one month of receiving the Offer. The Market Value will be then assessed by the Land and Property Services. The reassessed valuation is final and binding on both parties, and may increase or decrease. After the Market Value has been reassessed, you will be sent a 'Redetermined Offer'. Tenants are responsible for the payment of the reassessment fee. (If the sale completes, both the original valuation and the reassessment fee is repaid to the purchaser.) This valuation is valid for six months.

2. If you want to go ahead with the application and buy the property outright, you must write to Choice Housing Ireland Limited within six weeks from the date of the offer letter.

Where the application to buy the property goes ahead, Choice Housing Ireland Limited will draw up a 'Contract for Sale'. The contract will need to be signed by the applicant and Choice Housing Ireland Limited Board, and will constitute a binding legal contract. You will need to tell us who your solicitor is when accepting the offer as the contract is sent to your solicitor for signing.

3. If you want to buy equity in your home, and you have decided on the amount you want to buy. You can still change your mind on the amount at a later date if your circumstances change.

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When you agree to buy equity, Choice Housing Ireland Limited will send you an **Equity Sharing Offer**. You have **6 weeks** to respond. If you accept the Offer Choice Housing Ireland Limited will draw up a contract of sale. You will need to tell us who your solicitor is when accepting the offer as the contract is sent to your solicitor for signing.

At any time in this process, you can tell if you want to increase or decrease the amount of equity you want to buy.

If you change the equity amount you will be sent an 'Amended Offer'. You then have **3 weeks** to respond to this. At this point you must decide to either go ahead with the purchase, or cancel the application.

Step 4

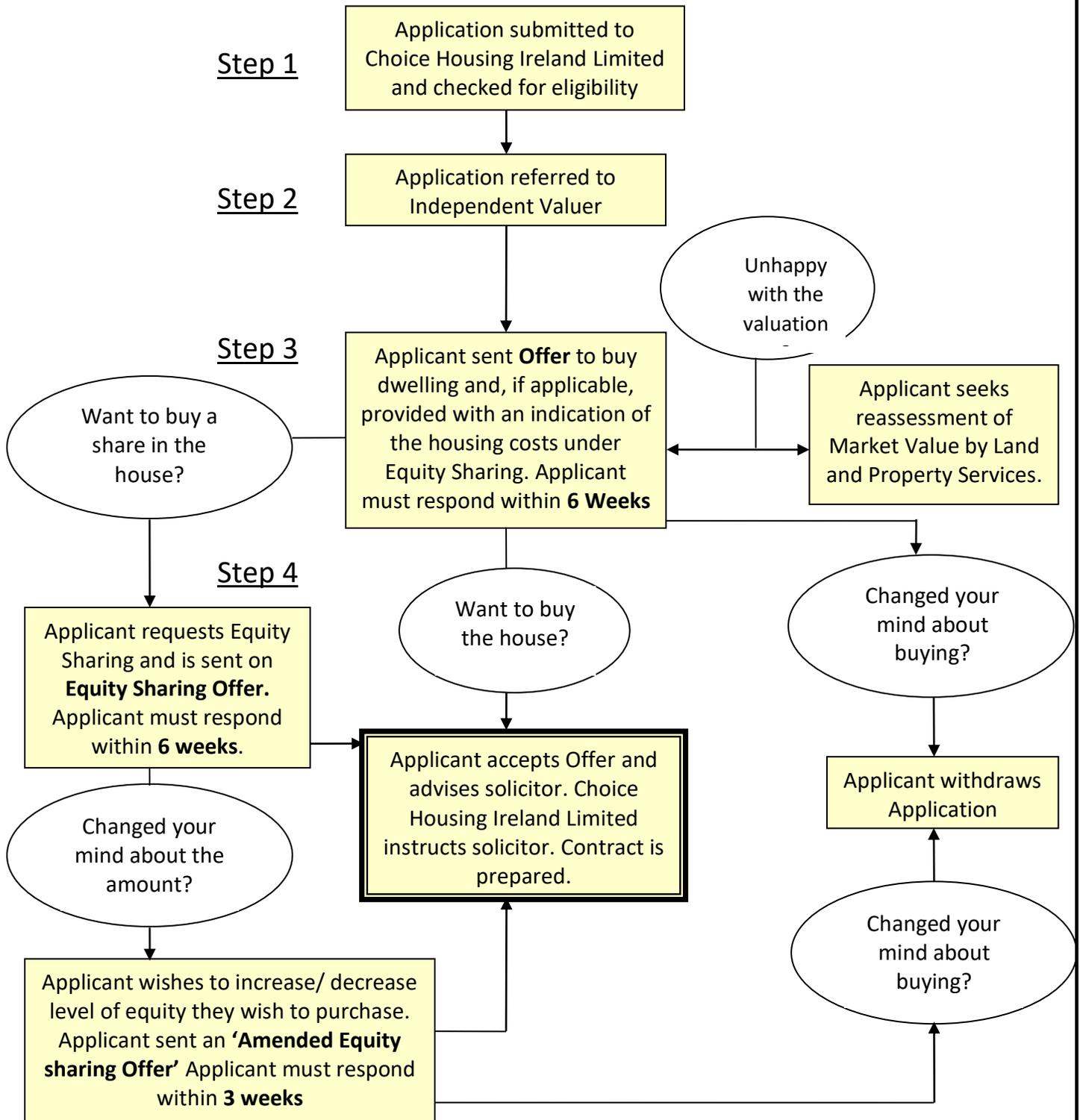
Once you accept an 'Offer', the solicitors will draw up a Contract of Sale. The contract will need to be signed by the applicant(s) and Choice Housing Ireland Limited and will constitute a binding legal contract. You will need to tell us who your solicitor is when accepting the offer as the contract is sent to your solicitor for signing.

Mortgages

If you require loan finance you can normally obtain it from a Building Society or other recognised lending. You are not required to enter into any financial commitment before you sign the contract to buy all or equity within your home.

The following diagram illustrates the main steps involved under the House Sales incorporating equity sharing:

House Sales incorporating Equity Sharing Process Main Steps



If the sales process exceeds the valuation validity period (which is six months from when the valuation report was completed), a new valuation will be required (at an additional cost to the tenant) and new discount calculations will be completed based on the new valuation.

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Tenancies to be recognised for qualification and discount purposes

1. (a) The Northern Ireland Housing Executive.

(b) A district council within the meaning of the Local Government Act (NI) 1972.

(c) A registered housing association within the meaning of Chapter II of Part II of the Housing (NI) Order 1983.

2. One of the following bodies in England and Wales:-

- A District Council
- A County Council
- A London Borough Council
- The Common Council of the City of London
- The Council of the Isles of Scilly

Any of the following bodies set up as a result of the abolition of the Greater London Council and the metropolitan county councils:

- A Metropolitan County Authority
- The Northumbria Police Authority
- A Metropolitan County Fire and Civil Defence Authority
- The London Fire and Civil Defence Authority
- A Metropolitan County Passenger Transport Authority
- The London Waste Regulation Authority
- The West London, North London, East London and Western Riverside Waste Disposal Authorities
- The Merseyside and Greater Manchester Waste Disposal Authorities
- The London Residuary Body
- A Metropolitan County Residuary Body
- A New Town or Urban Development Corporation
- The Commission for the New Towns
- The Development Board for Rural Wales
- A Housing Action Trust

A Housing Association registered with the Housing Corporation or Housing for Wales and if it is not:

- A charity
- An association which has not received public subsidy
- A co-operative association

The Housing Corporation Housing for Wales

3. Corresponding authorities and bodies in Scotland are:-

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- (a) A Regional Island or District Council.
- (b) A joint board or joint committee of such a council.
- (c) The common good of such a council or a trust under its control.
- (d) A development corporation (including an Urban Development Corporation).
- (e) Scottish Homes.
- (f) A housing association which falls within paragraph (a) of section 61 (2) of the Housing (Scotland) Act 1987.

4. Additional tenancies to be recognised for qualification and discount purposes:

Regular Armed Forces of the Crown Accommodation

An Education and Library Board established under the Education and Libraries (NI) Order 1986.

The Fire Authority for Northern Ireland established under the Fire Services (NI) Order 1984.

The Northern Ireland Electricity Service established under the Electricity Supply (NI) Order 1972.

The Northern Ireland Transport Holding

Company established under the Transport Act (NI) 1967.

The Police Authority for Northern Ireland

The Sports Council for Northern Ireland

An Area Board established by section 1 (2) of the Electricity Act 1947

A Community Council

A Fire Authority for the purposes of the Fire Services Acts 1947 to 1959

A government (including National Health Service Properties)

An Internal Drainage Board within the meaning of Section 6 of the Land Drainage Act 1976

A Minister of the Crown

A parish council and the trustees of a parish under Part II of the Transport Act 1968

A Water Authority established in accordance with Section 2 of the Water Act 1973, and a water authority in Scotland as constituted under Section 3 of the Water (Scotland) Act 1980.

The Agricultural and Food Research Council

The AFRC Institute for Grassland and Animal Production

The British Broadcasting Corporation

The British Coal Corporation

The British Gas Corporation

The British Railways Board

The British Waterways Board

The Central Electricity Generating Board

The Church Commissioners

The Civil Aviation Authority

The Commissioners of Northern Lighthouses

The Countryside Commission for Scotland

The Electricity Council

The Highlands and Islands Development Board

The Historic Buildings and Monuments Commission for England.

The Lake District Special Planning Board

The Lee Valley Regional Park Authority

London Regional Transport

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Inner London Education Authority
The Medical Research Council
The National Bus Company
The National Library of Wales
The National Museum of Wales
The Natural Environment Research Council
The Nature Conservancy Council
The North of Scotland Hydro-Electric Board
The Peak Park Joint Planning Board
Police Authorities
The Post Office
The Prison Service
The Science and Engineering Research Council

The Secretary of State, where the dwelling-house was at the material time used for the purposes of Her Majesty's Coastguard

The Secretary of State, where the dwelling-house was at the material time used for the purposes of any function transferred to him under Section 1 (2) of the Defence (Transfer of Functions) Act 1964 or any function relating to defence conferred on him by or under any subsequent enactment.

The South of Scotland Electricity Board
The Sports Council
The Scottish Sports Council
The Sports Council for Wales
The Trinity House
The United Kingdom Atomic Energy Authority
The Welsh Development Agency
Community Councils in Wales

Tenancy periods with former Public Sector bodies which have now been privatised will be eligible for discount only in respect of the period up till date of Privatisation.

5. The landlord condition is not satisfied if the interest of the landlord belonged to the Trinity House, where the dwelling-house was held otherwise than in connection with its functions as a general lighthouse authority within the meaning of section 634 of the Merchant Shipping Act 1894.