

EAST DUNBARTONSHIRE - SHARED EQUITY FOR SALE SCHEME (SESS)

The Shared Equity for Sale Scheme (SESS) aims to help residents to access home ownership. Income caps apply so residents may only be eligible if they have a maximum gross annual income equal to or less than the income thresholds detailed in the table below.

Income Levels

Bearsden and Milngavie	Income Threshold	Maximum Mortgage to Income Ratio*
Single Applicant Income	£42,713	Maximum mortgage = 3.5 times gross annual income*
Household with More than One Income	£49,834	Maximum mortgage = 3 times gross annual income*
Strathkelvin	Income Threshold	Maximum Mortgage to Income Ratio*
Single Applicant Income	£31,572	Maximum mortgage = 3.5 times gross annual income*
Household with More than One Income	£36,834	Maximum mortgage = 3 times gross annual income*

* To ensure affordability, the maximum mortgage can generally be no higher than the ratio detailed above.

Income levels may be higher for applicants purchasing a shared equity home in Bearsden or Milngavie, given that property prices tend to be significantly higher in these localities compared to other areas of East Dunbartonshire.

In those circumstances where a single income is being used to apply for multi-person household with non-earning dependents (in particular for children), the upper maximum threshold of £36,834/£49,834 will also be considered.

Eligibility Criteria

The scheme is predominantly aimed at first time buyers* living in East Dunbartonshire. However other eligibility criteria apply, as detailed below.

- Households Subject to Homelessness*
- Existing tenants currently living in social housing*
- Disabled Households living in unsuitable housing*
- Residents living in housing that is Below Tolerable Standard
- Those who are leaving the armed forces or are veterans*
- Homeowners experiencing a significant change in circumstance such as separating households or owners subject to mortgage stress*

* Please note that checks will be carried out on all applications to ensure that applicants meet the eligibility criteria.

Preference will be given to those on the Council's housing list living in East Dunbartonshire Council or who have a connection to the area as determined by the Council's Housing Policies and Procedures.

Thereafter, applicants will be ranked in order of date of application. Residents living outwith East Dunbartonshire, could be offered a shared equity property but only once the above groups have been exhausted.

How SESS Works

The level of equity stake held by the Council will depend on how much stake the purchaser takes or the fixed price value the Council places on the property. Generally applicants will be required to take an equity stake (the Purchase Price) of between approximately 60% and 80% of the Market Value. In some

circumstances a lower stake may be offered depending on the difference between the purchase price and the market value.

The purchaser can increase their equity stake up to a maximum of 80% after 2 years. However, the Council will always hold at least a 20% (this is known as a "Golden Share") to ensure that the property remains affordable in perpetuity.

The Council's share will be secured by way of a standard security over the property granted by the purchaser in favour of the Council (this is the same way that debt is secured by a mortgage lender in Scotland). The purchaser will also be required to enter into a contract with the Council which regulates the sharing of equity as the property Title Deeds will be in the purchaser's name only.

All maintenance and insurance liabilities in relation to the property will rest with the purchaser.

It is likely that any purchaser will require to obtain a loan from a mortgage lender for the purchase. The deposit required from a lender will normally be 5% of the Market Value (rather than the Purchase Price). This is generally between £5,000 and £10,000. Council tax banding is also based on the market value. You will also have legal fees associated with the sales transaction that could be in excess of £1,000.

Along with the "Golden Share" i.e. a minimum of a 20% share in the property, the Council will retain a right of pre-emption over the property. This means that, if the purchaser decides to sell the property, the property must first be offered to the Council or the Council's nominee at a Market Value determined at that time by the Home Report instructed by the owner. The Council's nominee could, of course, be another person who qualifies under SESS criteria. If the Council chooses not to purchase the property it can be sold to any third party purchaser on the open market and the Council will receive a share of the price paid by that purchaser. The Council will then no longer have any interest in the property.

Glossary of Terms

SESS – East Dunbartonshire Council's own Shared Equity Supply Scheme.

Market Value – The current value of the property.

Equity Stake – The percentage share of the property that the applicant would be eligible for purchasing.

Golden Share – The 20% equity stake in the property which will always belong to East Dunbartonshire Council.

The Deposit – This is the amount required by a lending organisation (such as a bank or building society) in order to secure a mortgage. It is generally based on 5% of the Market Value.