

Redevelopment of Silk House and Shoelands Shared Equity Scheme

1. Overview

Barnet Homes is now working as the development manager for the London Borough of Barnet to redevelop the Silk House and Shoelands estate. To do this we will need to demolish a number of existing homes in order to build new high-quality homes with improved green spaces, better street layouts and improved transport links.

We are offering a shared equity scheme to eligible resident leaseholders who may not be able to afford a suitable alternative property. The shared equity scheme is intended to support eligible residents to remain in the local area or purchase a property elsewhere.

This booklet sets out in detail the shared equity offer to resident leaseholders whose homes are proposed to be demolished.

2. Eligibility

To be eligible for the shared equity scheme, leaseholders must meet all of the below criteria:

- You are unable to afford to buy a suitable replacement home on the open market
- You must have purchased the property before November 2023. This date is linked to the Cabinet meeting where the decision to redevelop was made.
- You must live in the property as your sole residence and must have done so continuously for at least the last three years
- You must agree to sell your existing home to Barnet Council without the use of CPO powers

If you jointly own the property, only the owners of the existing property are eligible to be owners of the new property. The exception is that we will accept as additional joint owner, the married or unmarried spouse of the owner of the existing property if they have also lived in the property as their sole residence continually for the last three years. Any further individuals wishing to be considered as additional joint owners will be assessed on a case-by-case basis. Please get in touch and we will be able to discuss this further with you.

3. Residents who wish to purchase a new property in the Silk House and Shoelands area

Eligible resident leaseholders may wish to purchase a new property built in the new Silk House and Shoelands development. In these cases, residents will be offered a new shared ownership property and these properties will be offered on a shared ownership basis at nil rent.

Leaseholders will need to invest the value of their existing property and their home loss payment into the new shared ownership property. The remaining share of the property will be owned by the council. Rent is usually charged on the unowned share but eligible resident leaseholders will not be charged rent.

The first properties at Silk House and Shoelands are currently expected to be completed around 2030. Residents would need to make their own arrangements for accommodation during the construction period.

4. Residents who wish to purchase a property outside of the Silk House and Shoelands area

We recognise that some residents may prefer to move elsewhere on the estate, elsewhere in the local area

or further afield. In these cases, the council will provide funding to cover the balance of the purchase price up to a maximum total cost of £600,000.

Leaseholders will need to invest the value of their existing property and their home loss payment into their new property. The council will lend the money needed to eligible resident leaseholders to cover the balance of the purchase price.

You will purchase the property and hold the lease or freehold of the whole property. The loan will be secured through a legal charge on the property (registered at Land Registry) in the same way that a mortgage company puts a legal charge on any property it lends against. The legal charge will ensure that Barnet Council gets its share of the property value back in the event you sell the property or pass away (unless succession rights apply – see Section 8). The legal charge will be a first charge on the property (or second charge if you have a mortgage).

Properties bought under this scheme must:

- be in the UK
- have a valuation carried by a Royal Institute of Chartered Surveyors (RICS) surveyor determining a market value of at least the agreed purchase price
- be in a good state of repair
- have a purchase price of under £600,000

Shared Equity is available to provide a suitable alternative property in terms of size and number of bedrooms.

5. Affordability

The amount that you will be expected to contribute towards the purchase price will be based on the market value plus the Home Loss payment from your existing property. Should you be unable to contribute all of this funding (for example due to debt), lower amounts will be considered on a case-by-case basis. The minimum share you can hold is 25% of a new property in the new Silk House and Shoelands development or 50% of a property elsewhere. You can also contribute more towards the share amount should you wish.

If you currently have a mortgage and your circumstances allow you to raise a mortgage on the new property, you will be need to take out a mortgage on the new property for the same or greater value than your existing mortgage. If you require a mortgage or are transferring a mortgage to the new property we may refer you to an advisor to undergo a financial assessment.

You must also be able to afford to pay any ground rent and service charges. To assess affordability of your new property, we will interview you and may require you to provide a range of information including current housing circumstances, economic status, income and financial commitments, house size, disability.

We'll pay your costs for reasonable legal fees, valuation fees and Stamp Duty and other disturbance expenses related to moving home.

You may wish to seek independent financial advice and reasonable costs for this will be paid by the Council.

6. Hardship cases

In some cases, for example because of debts or household circumstances, we understand you may not be able to afford to purchase the minimum percentage share in a new home suitable for your needs. We will consider these cases on an individual basis and may offer you an alternative option such as shared ownership or a property for rent. If you move into a rented property, you will not qualify for Right to Buy or

Right to Acquire.

7. Renting out a Shared Equity property

Shared Equity is subsidised housing designed to allow homeowners to afford a new property to live in. Where a homeowner purchases a Shared Equity property, letting of the property to others is strictly prohibited.

However, in exceptional circumstances we will consider requests to let the property if there is a valid reason for doing so. For example, if you move temporarily to another area for work or to care for a relative.

Permission to let will be limited to the duration of the event and we'll require written proof such as from an employer or health care authority.

We will consider each application to let on its merits and our decision will be final. We may charge an administration fee.

8. Succession rights

The Shared Equity offer is personal to the Silk House and Shoelands resident homeowners and those described as acceptable additional owners in Section 3 of this booklet, meaning that neither the property nor the loan can be assigned to another person, people or organisation or other legal entity.

If the Shared Equity property is owned by more than one person, if one owner dies, the Shared Equity loan would pass to the remaining owner(s).

In the event you (or last remaining homeowner) dies, the property (and the Shared Equity loan) can be inherited by a member of your immediate family so long as that person has lived permanently at the property for at least a year immediately prior to your death (or the death of the remaining homeowner).

The property can only be inherited with the Shared Equity loan once. If the person who has inherited the property dies, the loan will have to be repaid to the council.

9. Selling the property

If you decide to sell your Shared Equity property in the future, you will be required to offer the Council the opportunity to purchase your property at the current market value and we will tell you within 28 days if we are in a position to purchase. The market value that we will pay for the property will be determined by a Chartered Surveyor chosen by you from a panel of surveyors approved by the Council.

If we're not in a position to purchase the property, you will be able to sell the property on the open market and when the property is sold, the Shared Equity loan will need to be repaid to Barnet Council. The amount to be repaid will depend on the proportion of the original purchase price represented by the loan and the sale price achieved by the property on the open market as explained in Section 2.

10. Early loan repayments

You are able to repay part or all of the Shared Equity loan before you have sold the property, at any time by writing to us. The minimum repayment is 10% of the current market value of the property at the time of repayment.

As per section 9, the market value will be determined by a Chartered Surveyor approved by the Council

and a new legal charge will be required in order to update the Council's interest in the property (registered at Land Registry). You will need to pay all valuation and legal fees.

11. Repairs and running costs

Any internal repairs to the property will be your responsibility and you will also be responsible for paying the full-service charge and sinking funds for any communal repairs. Running costs such as gas, electric, water and council tax, etc. will also be payable by you.

12. Timescales

It is difficult to say how long the buyback process and shared equity purchase process typically takes as it depends on individual circumstances and a range of factors. The process can take between three to twelve months to complete. We are seeking to complete the purchases as soon as possible.

13. Support

We recognise that some homeowners have complex housing needs. If you would like to discuss any extra support that you may require, please contact Sally Potvin at Barnet Homes.

Contact details

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