



Affordable Homes Scheme Discounted homes for sale Buyers Guide

March 2023

What is the Affordable Homes: Discounted Homes for sale scheme?

The Wigan Council discounted homes for sale scheme provides assistance to qualifying purchasers to buy a selected new or resale home. Qualifying purchasers must meet the local connection and affordability criteria applied by Wigan Council. Before purchasing through the scheme you must have been assessed by Wigan Council and an approval letter issued.

Properties available through the scheme are sold with a discount on the full market value. The discounted purchase price must be met with a minimum deposit of 5% and your mortgage.

The discount will remain with the property, meaning that when you sell the property you must sell it with the discount and sell to a purchaser that meets the qualifying criteria.

| Full property price | | |
|---------------------|-----------------------|-------------------|
| 5% Deposit | 65% Mortgage | Discounted by 30% |
| You | Bank/Building Society | Developer |

Your obligations

As a purchaser of a home through our discounted homes for sale scheme, you have certain obligations;

The property purchased must be your only or principal home. The affordable homes scheme is not available to assist buy-to-let

investors or those who will own another property after completing the purchase.

You cannot rent out your existing home and buy a second home through Wigan Councils Affordable Homes Scheme.

You must inform Wigan Council in writing when you would like to do any of the following:

- Re-mortgage your affordable home
- Secure additional borrowing on your affordable home
- Carry out improvements/ alterations to your home
- Sell your home

If you are found to have acted fraudulently or to have breached the terms of the Discounted Homes scheme we will take formal action.

Budgeting

It is essential that you keep up repayments on your mortgage with your lender. Your home will be at risk if you fail to do so. If you are having difficulty making your monthly mortgage payments please speak to your lender and seek advice as soon as possible.

You should consider the cost of all regular outgoings related to home ownership, including;

- Mortgage repayment
- Council Tax
- Buildings and contents insurance
- Life insurance
- Utilities
- Repairs and maintenance
- Estate or service charges, if applicable, see below

Frequently Asked Questions

Will I own 100% of the affordable home?

Yes, under the discounted homes for sale scheme, you will be the owner or joint owners of the property and will have full title.

The discount is secured via a covenant by yourself that you will observe the conditions of the scheme, including that you will ensure

any sale of the property by yourself passes on the same percentage discount to a new purchaser approved by the Council.

The property cannot not be sold without the consent of Wigan Council.

Will I have to pay Stamp Duty?

If the discounted purchase price of the property you are buying is more than the current stamp duty threshold you will be required to pay stamp duty on the discounted purchase price of the home.

What other charges will I pay?

You should check with the developer.

If the property is sold on a leasehold tenure you will be required to pay an annual ground rent.

The communal areas and open spaces on some new estates are managed by a private company and you may need to pay an estate management charge.

There may also be a car parking or service charge payable for some types of accommodation (usually apartments). Service charges cover costs such as window cleaning, communal hallway cleaning and maintenance of communal areas and gardens.

Who pays for repairs and on-going maintenance to my home?

As the home owner, it is your responsibility to repair and maintain your home. New homes often come with a guarantee that will cover certain defects for up to 10 years. The guarantee usually only covers defects in the house builder's workmanship. Your solicitor/conveyancer will be able to advise in more detail on this.

Who provides the contribution for the discount?

This is provided by developer via discounts agreed with the council when planning permission is granted.

Can I let my affordable home?

The scheme is intended to help people access home ownership and

you should occupy the property as your only or principal home. It is not intended to assist with buy to let properties.

Can I own another home as well as my affordable home?

No, the affordable homes scheme is designed to help people get on or, on occasions, move up the property ladder.

Before buying on the scheme you will be expected to have sold your current property before you complete the purchase of the affordable home. We will take account of any proceeds of sale to ensure that you still need the assistance of this scheme and could not afford a similar property without our assistance.

Once you have bought your affordable home, if you intend to buy another property you will need to sell your discounted home first.

What happens if I die?

If you are the sole owner of the affordable home, then the home will be dealt with in accordance with your will or, if there is no will, through the laws of intestacy.

If you are joint owners and one dies, the ownership may either transfer to the surviving co-owner(s) or transfer under the terms of the will or, if there is no will, through the laws of intestacy.

It is recommended that legal advice is sought about this.

Can I carry out improvements or alterations to my affordable home?

You will need to seek written consent from Wigan Council, before undertaking any substantial improvement or alteration to an affordable home (e.g. adding a conservatory, installing a new kitchen, bathroom or different heating system). You will, however, remain responsible for obtaining any necessary statutory consents, such as planning permission.

Provided that you have received prior consent from the council for any substantial improvements or alterations, the improvements will be taken into account fully when the property is valued upon subsequent resale.

Can I re-mortgage or secure additional loans on my affordable home?

You will need to obtain written consent from Wigan Council if you would like to re-mortgage or take out a secured loan.

Such requests will be approved provided:

- that the proposed lender is an approved lender
- If you are re-mortgaging but not increasing your borrowing above the amount of the existing mortgage (.i.e. you are changing lender but not increasing your mortgage.)

If you are proposing to increase your borrowing this will be approved by the Council subject to:

- The additional borrowing being for repairs or improvement of the affordable home

And

- The new level of borrowing is no more than the current discounted value of your affordable home at the time.

The Council will need to ensure that the new lender is aware that the property is an affordable home and subject to certain obligations.

An administration fee may apply.

I wish to sell my affordable home

You will need to notify Wigan Council in writing 28 days in advance that you wish to sell the property. We will require an independent valuation of the property by a RICS qualified surveyor. This should be an open market valuation, assuming vacant possession. (NB – an estate agents market appraisal will not be accepted). You will be responsible for paying the cost of the independent valuation.

Based on the valuation, we will then confirm the discounted price that the property must be sold at, this will be based on the discount percentage that was given at the first sale.

For example, for a Discounted Home originally purchased with a 30% Discount:

| | Original Purchase | Resale |
|---|--------------------------|---------------|
| Property Value | £100,000 | £120,000 |
| Discounted Price (Actual Purchase Price) | £70,000 | £84,000 |
| Min. Deposit (5%) | £5,000 | £6,000 |

Once a value is agreed, the valuation figure will be valid for three months. Should a sale not have occurred within this period, the Council will consider the house price indices at that time to decide whether a further valuation is needed.

You must sell your affordable home at the discounted price to an occupier who meets the Council's eligibility criteria and who has been assessed and has a letter of approval from Wigan Council. Within the 28-day notice period Wigan Council may supply details of any qualifying purchaser who may wish to buy the property.

If, at the end of the 28-day notice period, no offer has been accepted, the affordable home may be advertised for sale with an estate agent of your choice at your own cost. The advert must state that the property is included in Wigan Council's affordable housing scheme and give full details of the eligibility criteria.

Qualifying purchasers must;

- Meet our ordinary local connection criteria.
- Pass the Council's financial assessment.

Any applicant seeking to buy must apply to Wigan Council to be approved and a letter issued before an offer can be accepted.

Once a sale is agreed, you must supply us with the details of the solicitors acting on your behalf.

It is also worth noting, that when purchasing a brand new property, should you choose to sell it again within the first few years of purchase, you are unlikely to make any profit upon sale, and may in fact find that your home has depreciated slightly since purchase. It is a good idea to plan to remain in your property for the first few years at least if you wish to make any profit upon resale or at least not see a depreciation of value.

In addition, if you enter into a fixed rate mortgage with a tie-in clause with a lender, and then choose to end this agreement before the end of that tie-in period, you may have to pay an early redemption fee to your lender. This is an agreement between the purchaser and the lender directly and is not something that the Council can assist with.

What happens if the property is worth less than when I bought it?

If, when you sell the property, it is valued below the value when you bought it you must market the property at the current value.

If the amount outstanding on your mortgage is more than the value of 70% of the current market value you will be responsible for any shortfall.

What happens if my affordable home is repossessed by my lender?

If your home is repossessed, your lender must notify Wigan Council and the home will be sold according to an agreed procedure.

Who to contact

If you have any queries regarding the Wigan Council Discounted Homes Scheme please contact us at:

Wigan Council
Strategic & Private Sector Housing
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Wigan
WN1 3DS

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