

## LOCAL CONNECTION AND SALES POLICY

### BEECH STREET SCHEME

#### 1. Introduction

Bradley Big Local Community Land Trust is a company set up and run by residents and other community stakeholders in the Bradley area of Nelson. Our task is to find funding and generate investment in housing and the environment, primarily within Bradley, but potentially further afield. We are a “not-for-profit” company which means any income we receive must be re-invested in community projects or services within Bradley.

Research and consultation undertaken by BBL Community Land Trust, Bradley Big Local and Pendle Borough Council has highlighted to us that there are serious concerns amongst the community about the current housing market in the area:

- There has been little or no new housing for sale built here for about 10 years
- Beech Street site has been vacant for a similar length of time since the old terrace houses were demolished (as has much of the land nearby)
- Housing around Beech Street is mainly old fashioned two-up, two-down terrace properties with little outdoor space and no off-street parking.

The development of four new build houses on Beech Street, Nelson, is our first project and is being funded by Bradley Big Local Partnership in conjunction with the Government’s Community Housing Fund and Ecology Building Society.

The new homes will be three bedroom, semi-detached houses with private front and rear gardens and a driveway with parking for two cars. The modern design includes a large dining kitchen, utility area and ground floor wc. The properties will be well-insulated, have double glazed Upvc windows and an up-to-date gas central heating system.

BBL Community Land Trust wants to make the houses affordable to the Bradley community. We are, therefore, offering them for sale at a price which reflects the amount someone on an average local salary could borrow. This is referred to as “**discount market sale**” or “**resale price covenant sale**”. More information on what this means for buyers is given in Section 6.2 below.

The Trust has agreed to offer qualifying purchasers a 20% discount. This means that if the property is valued at £135,000\*<sup>1</sup> it will be offered for sale at the fixed price of £108,000\*<sup>2</sup>. Full details of what we mean by a “qualifying purchaser”, “discounted market sale” and “resale price covenant” are given below.

Alongside the discounted price, BBL Community Land Trust has agreed a “local connection” policy to make sure that the houses are sold to people who live, work or have a strong connection to the Bradley ward. How this will work is described in Section 3.

## 2. Selection of purchasers

We expect our properties at Beech Street to be popular with potential purchasers and we have agreed to adopt a selection process. This document describes all the priority criteria agreed by the Board of BBL Community Land Trust and how they will be applied.

A summary of the criteria is shown below:

<b>Criteria</b>	<b>Sale type</b>	<b>Discounted market sale</b>
Date of application		✓
Local connection		✓
First time buyer* <sup>3</sup>		✓
Maximum household income		✓
Affordability assessment		✓
Buying for own occupation		✓

Qualifying purchasers (prospective buyers) will need to meet all the above in order to be considered. An application form will be available from our nominated estate agent and applications to purchase will not be considered by the Board unless this has been completed in full.

## 3. Details of criteria

### 3.1 Date of application

All applications to purchase will be dealt with on a “first come, first served” basis. Our agent will record the date you first made contact with them regarding our Beech Street homes and this will be used by BBL Community Land Trust when reviewing applications and selecting applicants.

However, during the application process you will be asked to supply supporting documentation and if you fail to do this within a reasonable period of time, the Board reserves the right to close your application. We will not do this without contacting you first to discuss the matter.

### 3.2 Local connection

Qualifying purchasers for homes on Beech Street must demonstrate to the satisfaction of the Board of Directors, Bradley Big Local Community Land Trust, that they have a connection to Bradley ward, Nelson.

What we mean by “connection” to Bradley is:

- You are a **permanent resident** of the Bradley ward and have been for at least three years prior to your application. You do not need to have your own tenancy – living with family or friends counts provided you do not have a property elsewhere.
- Your **workplace** is in Bradley and has been for at least six months prior to your application to purchase. This includes owning a business within Bradley as well as being employed by a company based here. You will be asked for the name and address of the business/employer.
- You have **family** living in Bradley. You will need to give us details of their name(s) and address(es) and the length of time they have lived in the ward. Under the terms of this policy family means parent, grandparent, sibling or child.

- You need to move to **give support** to a Bradley resident. You will need to give us the name and address of the person and the reason your support is needed.
- You need to move to **receive support** from a Bradley resident. You will need to tell us the name and address of the person and the reason you need their support.
  - Please note: qualifying purchasers claiming local connection under the **support** categories must currently live more than one mile from Beech Street.
- You are a **former resident** of Bradley and want to move back into the area. If you lived in the ward previously for at least five years and left your last Bradley address within the past three years you may qualify for “local connection”. You will need to give us details of your addresses in Bradley.

You need only demonstrate local connection to Bradley under **one** of the circumstances outlined above. Qualifying under more than one criteria will not give your application any priority.

### 3.3 First time buyer<sup>\*3</sup>

Applicants must be first time buyers, i.e. tenants (social or private), lodgers or living with family/friends and not an existing homeowner (whether in Bradley or elsewhere).

### 3.4 Maximum household income

Your annual household income must not exceed £45,000. You will be asked to supply us with information (including bank statements) confirming this.

You will also be asked about any capital or assets you own (e.g. savings and other financial investments) which means you have access to sufficient funds to be able to buy on the open market. Our decision to sell the new houses on Beech Street at a discount was made on the basis that BBL Community Land Trust wants to offer people a modern, family home that they could not afford to buy otherwise.

### 3.5 Affordability assessment

We will also ask you for details of your outgoings and financial commitments to make sure that, if successful, this will be affordable to you. Whilst section 3.4 above states the maximum household income for qualifying purchasers, we need to be sure that your income will cover your borrowing costs and all your regular payments (council tax, utility bills, normal household expenses) and any debt repayments you have.

If BBL Community Land Trust is not satisfied that you can meet the cost of buying and running a home on Beech Street, your application will not be accepted.

### 3.6 Buying for own occupation

Purchasers will be required to agree, as part of the sale agreement, that the property on Beech Street will be their principal or only home and occupied by them for a minimum of two years.

Applications from people looking for a buy-to-let property will not be accepted.

## **4. Exclusion of Directors of BBL Community Land Trust**

The Board of Directors of Bradley Big Local Community Land Trust has agreed that no Director (current or former) will be eligible to apply for a property at Beech Street. This restriction also applies to the spouse or co-habiting partner of any current or former Director.

The Board considers that allowing applications from those who are or have been Directors of the Trust is contrary to the Trust’s ethos and values. It would also damage the reputation and credibility of the Board

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and BBL Community Land Trust as a business which places the community at the heart of its developments and projects, thereby limiting access to future funding and investment for the benefit of the Bradley ward and its residents.

There is no right of appeal against this decision.

## **5. Application and sales procedures**

The procedure for sales is attached at Appendix 1.

## **6. Decision making**

### **6.1 Shortlisting**

Applications to purchase a property at Beech Street will be selected in accordance with the criteria above. Our nominated estate agent will check the application forms and arrange for you to supply all required supporting documents. Your application will then be reviewed by a panel consisting of not more than three Directors of BBL Community Land Trust plus one independent member. The estate agent will advise you of our decision.

### **6.2 Accepted applications**

When your application is accepted by the Directors, our estate agent will talk you through the next steps in the process. You will need to pay us a reservation fee of **£250**. The reservation fee will be deducted from the sale price.

### **6.3 Declined applications**

If your application is declined by the BBL Community Land Trust panel, we will tell you the reason(s) why. The panel's decision is final and you have no right of appeal.

## **7. Important information relating to the sale of property at Beech Street**

### **7.1 Finance and legal matters**

BBL Community Land Trust will retain ownership of the land on Beech Street on which the houses are situated (we are the "freeholder"). The properties will be sold with a lease term of 999 years and you will be known as a "leaseholder". You will pay an annual ground rent to the Trust of £100.

We want to make sure you get the right advice before committing to buying one of our new homes. **It is your responsibility to obtain independent financial and legal advice and secure an appropriate mortgage before you enter into any contractual agreement with us.** You need to tell your independent financial advisor, solicitor and mortgage lender that you are buying a house under a **resale price covenant scheme on a leasehold basis.**

Most mortgage providers require a deposit. This is in addition to the reservation fee you will pay to BBL Community Land Trust. How much the lender asks you to pay depends on your own individual circumstances and their own policy. You need to have sufficient savings or capital to cover this. Make sure you discuss this with your financial and legal advisors.

### **7.2 Owning a discount market sale/resale price covenant home**

Buying a home under this type of scheme means that you will own the property outright but will only pay a proportion of the market value.

The property must be your main and only home and you will not be entitled to let or sub-let the whole of the house.

If you want to sell the property, you can sell on the open market but it **must be sold with the 20% discount that was applied at the time of your purchase.**

For example:

Market valuation	Price you pay	Amount of discount	Percentage discount to be applied to future sales
£135,000	£108,000	20% (£27,000)	20%
£140,000	£112,000	20% (£28,000)	20%
£145,000	£116,000	20% (£29,000)	20%

It is up to **you** to make sure you talk to your independent financial advisor, solicitor and mortgage lender before you complete the purchase of the property at Beech Street to understand the full implications of this.

BBL Community Land Trust wants to ensure that our new build properties are affordable for many years to come. By retaining the freehold, we can make sure that future buyers can enjoy the benefits of a discounted home purchase too.

### 7.3 Future sales and the local connection and other criteria

With the exception of the resale price covenant as detailed at 6.2 above, this local connection and sales policy applies **only to the first sale** by BBL Community Land Trust.

### 7.4 Other costs involved

As with all property purchases, you will be responsible for all the purchasing costs such as legal fees, mortgage arrangement fees and surveys.

Once you have bought the property you will be responsible for paying Council Tax and ground rent . You will also be solely responsible for future repairs and maintenance of your home.

## **8. Further information**

More information about BBL Community Land Trust and the Beech Street scheme is available on our website: [www.bbl-clt.org](http://www.bbl-clt.org). You can also email us at [info@bbl-clt.org](mailto:info@bbl-clt.org) for advice or if you have a specific question.

## **9. Review of policy**

This policy relates to the Trust's discounted market sale scheme on Beech Street, Nelson. Similar policies may be adopted for future developments and/or projects at the Board's discretion.

### Notes:

\*1 The properties will be valued approximately three months before expected completion. Our market research suggests a current value of £135,000 but this may go up or down at actual valuation.

\*2 The percentage discount will not fall below 20%. If the properties are valued at more than £135,000 the discount remains at 20%

\*3 In the unlikely event that we are unable to sell the homes to first time buyers, applications from existing home owners will be considered. For example, where the household is overcrowded and cannot afford to buy a larger home. Individual circumstances will be reviewed by BBL Community Land Trust before a decision is made. You need to be aware, though, that if your application is accepted you will need to sell your existing home. BBL Community Land Trust will not defer completion on a Beech Street property until the sale of your existing home has gone through.