

LOCAL CONNECTION AND SALES POLICY

BEECH STREET SCHEME

UPDATE DECEMBER 2020

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 are 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 are 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 those who would not normally be able to buy a home of this size and quality. 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 7.2 below.

The Trust has agreed to offer qualifying purchasers a 20% discount. Each property has been valued at £143,750 but is offered for sale at the fixed price of £115,000. 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 give priorities to people with strong connections to the town of Nelson. How this will work is described in Section 3.

2. Selection of purchasers

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:

	Criteria	How this is applied
1	Date of application	All applications will be assessed in date order from the date they are received by our estate agent
2	Local connection to the town of Nelson	Applicants will be asked to give details of their connection to the local area.
3	Current housing situation: a. first time buyer b. existing homeowners living in overcrowded or unsuitable accommodation	Applicants must either be a first time buyer or own a home that is overcrowded or unsuitable for their household.
4	Maximum household income	An applicant's household income must not exceed a defined amount (see below).
5	Affordability assessment	All applicants must be able to show they can afford to buy the property.
6	Buying for own occupation	These properties are not available to buy-to-let landlords.
7	Key worker	Priority will be given to applications from those employed in key public sector organisations.

Qualifying purchasers (prospective buyers) will need to meet criteria 1 to 6 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 the town of Nelson.

What we mean by "connection" is:

- You are a **permanent resident** of Nelson 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 Nelson and has been for at least six months prior to your application to purchase. This includes owning a business 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 Nelson. 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 Nelson 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 Nelson 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 the person they give support to or will receive support from.
- You are a **former resident** of Nelson and want to move back into the area. If you lived in the area previously for at least five years and left your last Nelson address within the past three years you may qualify for “local connection”. You will need to give us details of these addresses.

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

A first time buyer is someone who is currently a tenant (with a social or private landlord), a lodger or living with family/friends and not an existing homeowner (whether in the area or elsewhere).

3.4 Existing homeowners living in overcrowded or unsuitable accommodation*1

BBL Community Land Trust also welcomes applications from existing homeowners who need, for example, a larger property but cannot afford to buy on the open market. Individual circumstances will be reviewed by the Trust before a decision is made. You need to be aware, though, that if your application is accepted you may 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.

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.

3.7 Key worker

BBL Community Land Trust Board wishes to acknowledge the efforts of individuals working in key public sector organisations during the Covid-19 pandemic of 2020. Where more than one completed application form is received by our estate agent at the same time (i.e. within the same week), the application from the key worker will be given priority.

For the purposes of this policy, 'key worker' means an employee of one of the following:

- NHS hospital
- Health centre
- GP practice
- Fire and Rescue Service
- Police Service
- Ambulance Service
- Residential care/nursing homes for the elderly
- Residential homes for children or young people

'Key worker' also includes teachers in local authority schools.

Please note that applications for key worker priority must meet criteria 1 to 6 **before** priority is given.

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 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. Decision making

5.1 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

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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.

5.2 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 is non-refundable and will be deducted from the sale price.

5.3 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.

6. Important information relating to the sale of property at Beech Street

6.1 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.

6.2 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	Discount @ 20%	Sale price
£135,000	£27,000	£108,000
£140,000	£28,000	£112,000
£145,000	£29,000	£116,000

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.

6.3 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.

6.4 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.

7. Further information

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

8. 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.

This policy was first agreed by the Trust's Board at their meeting on 13th May 2019. The Covid-19 (Coronavirus) pandemic of 2020 impacted on almost all aspects of daily life and brought about a number of areas of uncertainty for the Trust, its construction contractors and potential home buyers. An addendum to the policy, allowing sales to key workers and existing homeowners, was agreed on 15th June 2020. This document was approved by the Trust's Board on 3rd December 2020 and replaces all previous editions.

Notes:

*1 Applications from other existing home owners may also be considered. You will need to show that you meet all other criteria and consider the financial implications of owning more than one home. BBL Community Land Trust will not defer completion of a sale at Beech Street to allow another property to be sold.