

Cash incentive scheme Report to Executive 16 August 2004

As a result of the concerns raised by Members officers have reconsidered the possibilities for ensuring that grant funds are used for the intended purpose. The following are replacement paragraphs setting out a mechanism for maximising grant repayment in the event of breach. It is not proposed to stagger repayments depending on time elapsed since purchase and it is not known whether lenders will object to the requirement for a restriction on the title.

Replacement Legal Implication

- 4.2 It is possible to make it a condition of each grant that the tenant enter a deed with the Council agreeing to repay the grant, should they sell the property within 3 years of buying it, or fail to occupy as their only or principal home. The tenant's legal representative will be required to register the deed with the Land Registry to ensure that a restriction is placed on the title of the property, so that no transfer may take place within 3 years (unless the grant has been repaid). Repayment following breach of the grant condition to occupy the property as their only or principal home will require the Council to take court action against its former tenants.

Replacement detail

The repayment mechanism set out above requires the following consequential amendment to the detail of the scheme, at the 3rd bullet point under 7.3.2.1 on page 5:

- ◆ the tenant must intend to live in the property as his/her principal home for at least 3 years from the date of completion; if they fail to occupy or if it is sold within 3 years, the grant will become repayable. The tenant must sign a deed of covenant with the Council recording the conditions of the grant, and must agree that a restriction may be placed on the title of the property preventing the transfer of it within 3 years, unless the grant is repaid.

And at 7.3.4.5 on page 6:

The applicant will be required to repay the grant to the Council if at any future date within three years from the purchase of the dwelling the property ceases to be his or her principal home, or it is sold. It will be a condition of the grant that the tenant:

- covenant with the Council to repay the grant if she or he fails to occupy or sells within 3 years,
- agree to have a restriction placed on the title of the property preventing transfer within 3 years unless the grant is repaid.