

	<p style="text-align: center;">Executive 6th August 2007</p> <p style="text-align: center;">Report from the Director of Housing and Community Care</p>
<p style="text-align: right;">Wards Affected: ALL</p>	
<p style="text-align: center;">Pilot Cash Incentive Shared Equity Scheme</p>	

Forward Plan Ref: H&CC-07/08-1

1.0 Summary

1.1 This report provides details of a pilot shared equity scheme with the aid of £0.65M of GLA grant to enable 20 council tenants to purchase a property in the private market (when otherwise this would be unlikely on affordability grounds).

2.0 Recommendations

2.1 The Executive is asked to approve the introduction of a pilot shared equity scheme facilitating up to 20 Council tenants to purchase a home in the private market under a shared equity arrangement funded and administered by BHP and, if agreed, permit BHP to acquire assets for the purposes of this scheme.

2.2 The Executive is asked to agree a loan to BHP for the purpose of providing finance to enable BHP to purchase its share in the properties to be acquired under the scheme for a sum not exceeding £2M. That the Director of Finance and Corporate Resources be delegated to negotiate such terms and conditions of the loan as are sufficient to ensure there is no detrimental impact on the council's finances.

2.3 The Executive notes the timescales for delivering this pilot and agrees to delegate authority for the Director of Finance and Corporate Resources and Director of Housing and Community Care to conclude negotiations with BHP on establishing and commencing this pilot scheme, and in particular determining the nature of the loan structure and loan

agreement to be offered to BHP under this scheme and the form of documentation to be used within the scheme by BHP, in consultation with the Borough Solicitor. Officers will also consult with the Lead Member of Housing & Customer Services on the delivery of this pilot.

3.0 Detail

3.1 Background

3.1.1 The London Borough of Brent continues to have rising house prices in common with other areas of London. It also has substantial numbers of families in temporary accommodation (over 4,100 families). Rising house prices generally mean that, without substantial increases in land suitable for housing, the cost of land also increases in the borough. Therefore the level of public subsidy required to create each additional unit of social housing increases. Officers are aware that in the past many tenants were able take advantage of grants that assisted them into home ownership. These schemes are no longer feasible due to increases in property prices, making home ownership unattainable. Existing products such as shared ownership appear to be unattractive to tenants as they tend not to want what is essentially a hybrid product – that is a mixture of mortgage liabilities and rent. BHP has devised a scheme which, subject to support of the Executive, will be put to their board in August.

3.1.2 During 2007/08 our RSL partners will complete development of only 64 three bedroom and 14 four bedroom new build properties. In addition officers expect 219 low cost home ownership units to be completed during the year. The majority of these will be one and two bedroom properties. However it is BHP's (and indeed the Council's) experience that current low cost shared ownership is not attractive to council tenants (as indicated above).

3.1.3 One of the wider issues is affordability and how council tenants are able to access properties on the open market thereby releasing their existing Council rented property for re-letting to other families in need. The current Right to Buy discount has been reduced to a maximum of £16k per property since the introduction of the Government's Homebuy programme. The number of right to buy applications and completions has since steadily fallen, thus indicating that tenants are having difficulty in exercising their right to purchase. BHP's scheme not only enables tenants to move into home ownership but also releases a dwelling to let to a household to alleviate overcrowding in line with the funding objectives. The decline in RTB completions is indicated below:

Right To Buy Completions Since 2002/03

	2002/03	2003/04	2004/05	2005/06	2006/07
RTB Completions	157	186	183	69	30

3.1.4 To help maximise home ownership opportunities to Council tenants and tackle overcrowding the Council and BHP jointly submitted a bid to the GLA last year for capital funding to support initiatives which assist with tackling overcrowding within Council accommodation. The funding was provided under a £21m programme in the form of Supported Capital Expenditure [SCE(R)]. The Council has been awarded £650,000 to pilot an Equity Share Scheme through an innovative initiative which will increase housing supply. The timescales for submitting a funding bid were tight as the funding needed to be allocated as part of the 2006/07 financial year. As part of our bid submission the Council had advised further time would be needed to consider the legal and financial implications of administering this scheme and that further approval will be needed from the Executive to run this pilot.

3.2 Pilot Shared Equity Scheme

3.2.1 The Supply and Demand and Temporary Accommodation report presented to Executive on the 16th April 2007 introduced the Pilot Cash Incentive Scheme (now referred to as Cash Incentive Shared Equity scheme).

3.2.2 The Executive is asked to approve the introduction of a pilot equity share scheme for approximately 20 tenants in order to target the release of 20 larger council dwellings to be let to existing Council tenants who currently live in dwellings of 2 bed or larger units. However, the pilot will initially target households occupying three bedroom accommodation or larger in order to maximise the number of family homes that can be released.

3.2.3 The pilot will provide an incentive for targeted tenants to move into low cost home ownership and will provide an additional dwelling for rent with public subsidy which is far less than that required for a new build development or an existing property acquisition programme. Experience has shown that it is extremely difficult for tenants of larger properties to take advantage of cash incentives as they have insufficient income to purchase a property on the open market. Moreover, many tenants find shared ownership schemes unattractive due to the necessity for rent to be paid in addition to mortgage payments. The pilot aims to provide elements of a traditional Cash Incentive scheme without the burden of the rent payments on the shared unsold equity. Essentially BHP is covering the loan repayments to Brent from its surpluses on the basis that it will recover its costs when the dwelling is ultimately sold.

3.2.4 Tenants will be required to register their interest in the pilot scheme. All applications will be assessed by BHP to determine eligibility and to confirm whether the tenant has sufficient household income to help support the purchase of a new home over the longer term.

3.2.5 Details of the process to administer applications and the timetable for delivering the pilot are given in Appendix 1. Members are asked to note that the pilot is expected to complete by the end of March 2008 and that

given the tight timescales it is necessary to commence with marketing the scheme as soon as possible.

3.2.6 The pilot offers the following significant advantages over the Council's current Right to Buy scheme:

- (i) The property being released is returned for another household to rent.
- (ii) The scheme is more affordable than right to buy as the tenant does not need to purchase their new property outright and is not required to pay rent on the unsold equity (unless they default on their mortgage payments and BHP are required to purchase a greater share of the property).
- (iii) The scheme offers choice to tenants to select their own property.

3.3 Qualification Criteria & Conditions to be Met

3.3.1 To qualify for the scheme:

- Applicants must have been a secure Brent Council tenant for at least two consecutive years at the date of application and still secure at the date of completion;
- Applicants must occupy a two bedroom property or larger (although preference will be given to tenants of larger properties).
- Applicants must undertake to give vacant possession of the council property and leave the property in a clean and tidy condition on the date of completion of the property to be purchased. A Notice To Quit is to be served by the tenant a month from the anticipated completion date;
- Applicants must have a clear rent account and have no other arrears with the Council (e.g. Council Tax etc), on the application date and on the date of completion of the property to be purchased.
- Applicants must be required to demonstrate that they are able to meet mortgage payments for the equity share they propose to purchase (Maximum mortgage being 3.5 times annual income).
- Applicants must be unable to afford the purchase of a property at full market value without subsidy. Therefore, if the tenant's earnings and savings are such that he/she is eligible for a mortgage with which together with their savings, they can meet the cost of the property they would not be considered eligible for a subsidy.

Further requirements are:

- When assessing eligibility for a grant, the level of mortgage available to the applicant will be calculated using an income multiplier of three and half times the household income.
- Dwellings may only be purchased anywhere within the borough of Brent. Other locations outside Brent will be considered where

applicants can demonstrate they are unable to purchase a property in the borough. In all cases, the property being purchased must be approved by BHP and must be of a reasonable size and type for the household.

- Dwellings may only be purchased where they do not exceed the maximum capital values set by BHP for each property size.

3.4 Details of the Cash Incentive Grant & Conditions

3.4.1 A tenant may only take advantage of the scheme if he/she is unable to afford the purchase of a property at full market value without subsidy. Therefore, if the tenant's earnings and savings are such that he/she is eligible for a mortgage with which, together with their savings, they can meet the cost of the property they would not be considered eligible for a subsidy. Contributions from non dependant household members will not be considered as this policy could have the effect of causing homelessness if the tenants feel that a grant is jeopardised by any working adult living with them.

3.4.2 The scheme will allow for applicants to purchase their own home in the private sector, based on a standard mortgage multiplier of 3.5 of the household income. The pilot scheme allows for existing Council tenants to apply for subsidy set as follows;

Two Bedroom	£20,000
Three Bedroom	£30,000
Four Bedroom	£35,000

3.4.3 A qualifying tenant with an annual income of £35,000 currently occupying a 3 bedroom council dwelling is able to raise a mortgage of £122,500. In this example, the tenant will be offered a subsidy of £30,000 to purchase a property valued at £250,000 leaving a residual debt of £97,500 to be funded. BHP purchases a share in the property equal to £127,500 (ie. 51% share, which represents £97,500 financed from a loan provided by the Council and the retained £30,000 funded by cash incentive grant. When the property is sold BHP will essentially recover its costs associated with the loan provided by Brent plus legal fees and the original loan to purchase its share. The former tenant will be entitled to receive the residual proceeds up to the real value of the subsidy provided. Any 'super' profits will be shared equally between the parties. BHP's lawyers have indicated that with relatively straightforward amendments standard 'RSL style' documentation for shared equity schemes can be used.

3.4.4 The subsidy will be funded using the revenue support provided by GLA under this initiative for capital expenditure that has been incurred and will be allocated on a 'first come first served' basis, measured by the date on which the Council receives written proof that vendor has accepted the tenant's offer. BHP will own the equity funded from the GLA grant until the tenant has fully stair-cased and purchased the remaining unsold equity in the property (less the grant contribution).

3.4.5 The offer of subsidy will remain valid for three months from the date on which BHP (or longer at the sole discretion of BHP taking into the purchaser's specific circumstances) receives written proof that the vendor has accepted the tenant's offer, subject to the payment being made in the same financial year, ie. before March 2008 and subject to the grant conditions continuing to be met.

3.4.6 The tenant will be able to stair case in the normal manner to eventually own the property outright. If the tenant can no longer afford the mortgage payments BHP will acquire a larger share of the property and the tenant would be required to pay rent on the additional share owned by BHP. The difference between the mortgage outstanding (i.e. the debt to be repaid) and the cash received (including the original grant) would represent the tenant's share of the dwelling. There would need to be a provision to ensure that there were no 'perverse' incentives to renege on the loan obligations.

3.5 Loan Provisions to BHP using Prudential Borrowing

3.5.1 The proposal seeks approval for the Council to use prudential borrowing to provide BHP a loan to purchase the unsold equity and will require BHP to finance the repayments. The Council's powers to borrow using Prudential Borrowing are set out in sections 1 to 5 of the Local Government Act 2003. The Executive is requested to approve the application of prudential borrowing for £2m to help support this initiative. BHP will make loan repayments to Brent Council (ie. Interest and 4% of the principal debt outstanding) thus ensuring that there is no cost to the General Fund. BHP would recover their costs from any subsequent sale (including stair casing) and residual net surpluses would be available to fund social housing in Brent.

3.5.2 The requirement to provide BHP a loan of £2m is based on the assumption that an average equity share of around 50%-60% of the property value will be purchased by each applicant after taking into account their grant award. The average property price is estimated to be around £250,000 a property. Therefore, in order to meet the costs of the unsold equity, BHP would need to raise finance of £100,000 per property based upon an average equity share of 45% of each property

3.5.3 The Council will need to determine the loan structures that will need to apply to the loan being offered to BHP. BHP will then need to consider whether the loan structure is acceptable. Generally it can be assumed that BHP will be satisfied with an interest rate that reflects the Council's marginal borrowing costs consistent with the approximate maximum likely loan period, say 30 years. BHP would make partial loan repayments as and when properties are sold (in addition to the 4% repayment of outstanding balance on the loan). BHP would not agree to penalties for early repayments, whether through property sales or a decision by BHP to make payment from its own resources. The Executive is asked to provide the Director of Finance and Corporate

Resources delegated authority in determining the loan structure and agreement to be offered to BHP.

3.5.4 BHP will meet its loan obligations through its planned surpluses arising from all its activities. Where mortgage default becomes an issue BHP will buy the property outright and refinance with a commercial lender. BHP would be prepared for the family to remain in the property at a market rent under an assured shorthold tenancy.

3.6 Further Negotiations with BHP on delivery of Pilot Scheme

3.6.1 The Executive is asked to note that further negotiation is still required with BHP on the loan agreement and the repayment conditions required by the Council and conditions attached to this. In addition, the Council needs to be satisfied that BHP can own housing stock and have the authority to grant a lease agreement on properties that are bought under this scheme.

3.6.2 A condition of the GLA's Tackling Overcrowding Initiative is that the Council must have fully allocated the £650,000 that has been awarded under this pilot scheme by March 2008. So that delivery of the scheme can commence as soon as possible, the Executive is asked to delegate authority to the Director of Housing and Community Care and Director of Finance and Corporate Resources to finalise negotiations with BHP on the delivery of the scheme. The Executive is asked to note the Borough Solicitor will be consulted throughout all stages of outstanding negotiations.

4.0 Financial Implications

4.1 The GLA has allocated £650,000 to Brent towards this pilot Shared Equity Scheme. The grant allocation from the GLA is provided as supported borrowing [Supported Capital Expenditure (Revenue)] through the Council's Housing Revenue Account, and will meet the Council's borrowing (interest) costs. This £650k will be used to assist in the funding of the scheme.

4.2 The Executive is asked to approve a loan for £2m to be used to meet the capital costs of acquiring the equity share of the properties under the scheme. The loan will be administered through the prudential borrowing regime which provides that that Local Authorities are free to raise cash or credit for capital expenditure without Government consent, where they can afford to meet their liabilities without extra Government support.

4.3 On average, the Council will provide loan support of £100,000 per property to BHP to purchase the unsold equity element of property being bought by an eligible applicant. The interest charges on this level of loan are expected to be £7,823 per year (based on a 6% annuity). BHP will meet all obligations relating to the loan and thus there should be no on-going cost to the Council. In the longer term the associated costs of meeting the loan repayments are expected to reduce each year as

households fully staircase to purchase the property outright and loans are repaid in line with agreement with the Council. However, if BHP ceased to manage the Council's housing stock then BHP would have a loan obligation that it could not meet. The Council will need to take this into account if this situation arose.

- 4.4 Traditional shared equity schemes charge a rent on the retained equity which would equate to £66 per week on a 50% share of a property valued at £250,000 (Housing Corporation 2.75% rate applied). Members should note that not charging a rent makes this scheme more affordable and attractive for Council tenants interested in this scheme, and reduces administration of rent collection and management
- 4.5 The average total cost of developing a new affordable housing unit for rent ranges from £200,000 to £250,000 per unit. RSLs currently receive social housing grant which meets around 60-65% of these costs from the Housing Corporation. The Council also provided this level of grant support under its RSL capital programme to secure larger family homes, however these resources are currently being ring-fenced to support our Housing & Social Care Private Finance Initiative. This pilot scheme offers the Council a chance to secure up to 20 larger family homes and offers its tenants home ownership opportunities at significantly lower costs (ie the cost of meeting the loan repayments) than would otherwise be incurred through traditional new build development routes.
- 4.6 There are a number of key risks associated to BHP with the delivery of this pilot which are unlikely to have financial implications for the Council. These are summarised as follows:
- 4.6.1 Property Values Falling
Where the actual value of the property is less than the amount anticipated in the loan agreement, the Council and BHP may need to consider disposal of some of the properties at end of the term to meet the costs of any outstanding debts on properties. However, BHP will take a commercial view on properties' values. The Council's exposure on the ratio of loan to security value is likely to reduce as BHP is making repayments of principal debt outstanding each year (at a rate of 4% of the outstanding balance).
- 4.6.2 Mortgage Default by Tenant
Where the tenant is unable to keep up their loan repayment on the property there is a risk that the tenant's lender repossesses the property. BHP would mitigate against this position by considering purchasing additional shares in the property or renting the property to the tenant. (see para 3.5.4) to secure BHP's commercial interests.
- 4.6.3 Outstanding Principal Debts at end of Loan Period
As the only shareholder in BHP, the Council will be ultimately accountable for meeting the cost of any outstanding principal debt left on the loan offered to BHP at the end of the term. If this situation arose, it may be necessary to consider refinancing the loans or some property

disposals to meet the outstanding debt. As stated in 4.6.1. BHP will take a commercial view to on the properties values and the obligations that are required to be met under the loan agreement. This risk will be considered as part of the Council's negotiations with BHP on the loan agreement.

4.6.4 Impact on Equity Share if tenants decide to sell properties

Some tenants may decide to sell their equity share in the property. This position can be mitigated against by BHP retaining the value of the equity share funded by the GLA grant until such a point the tenant is able to purchase the unsold equity that is not supported by the grant.

4.6.5 Tenants do not staircase to purchase property outright

Where tenants do not purchase the property outright there may be a risk of a shortfall in the Council's ability to meet the outstanding debt on the properties at the end of the loan period. BHP will monitor the rate at which tenants staircase closely in order to manage this risk appropriately.

4.6.6 BHP does not continue to manage the Council's Housing Stock

BHP will be bound by any conditions and obligations set out in the loan agreement on repayment of outstanding debt. As the Council is the only shareholder in BHP the risk on the repayment of outstanding debt ultimately lies with the Council. However, this risk is offset by the value of the retained asset.

4.6.7 Timescales for delivery

There are concerns that the timescales for delivery of this pilot are very tight. Although funding for the project was allocated last year, it has taken some considerable time to resolve legal and technical matters in delivering this scheme. BHP is confident that if they are able to commence with this scheme following receipt of the approval of the Council, the timetable in Appendix 1 is achievable.

5.0 Legal Implications

5.1 Under section 24 of the Local Government Act 1988 ("the LGA 1988"), a local authority has the power to give financial assistance to any person for the purposes of, or in connection with, the acquisition, construction, conversion, rehabilitation, improvement, maintenance or management of privately let housing. Such financial assistance can include grants, loans, guarantees and indemnities. A local authority can only exercise such a power under section 24 of the LGA 1988 (subject to exceptions which do not apply in this case) if it has the consent of the Secretary of State to do so pursuant to section 25 of the LGA 1988.

5.2 The consent of the Secretary of State will be needed under section 25 of the Local Government Act 1988 for the Council to provide a loan to BHP for these purposes. There would need to be a loan agreement between BHP and the Council, as this is outside the scope of the BHP Management Agreement.

- 5.3 The BHP Management Agreement was signed on 1 October 2002 following consent from the Secretary of State under section 27 of the Housing Act 1985 to allow the Council to set up an ALMO to manage its housing stock. In respect of the issue of BHP acquiring and owning land, this is outside the scope of the Management Agreement. This requires the Executive's approval. Members will note that this is a significant departure from the role originally developed for BHP. The Council will also need to seek confirmation from the Secretary of State as to whether a variation is required to the section 27 consent.
- 5.4 As far as BHP's constitution is concerned, clause 4 of the Memorandum of Association of Brent Housing Partnership states that BHP has the power to do anything a natural or corporate person can lawfully do which is necessary or expedient to further its objects unless prohibited by the Memorandum. The objects of BHP, as set out in clause 3 of the said Memorandum, include enabling or assisting any residents of the housing stock owned by the Council or BHP to acquire or to acquire and enter into occupation of houses (pursuant to clause 3(10)) and carrying out such activities as Brent Council shall approve (pursuant to clause 3(11)).
- 5.5 BHP intends to adopt the Housing Corporation's standard model lease agreement for low cost home ownership schemes, subject to the following amendments:
- (i) the levels of stair casing will increase to 100% from 80%.
 - (ii) no rent will be payable on the unsold equity element
 - (iii) there will be no mortgagee protection clause
 - (iv) there will be the right for pre-emption at market value when the lessee wishes to sell

This model form will need to be approved by the Council.

- 5.6 The rules for local authorities regarding borrowing money are set out in sections 1 to 5 of the Local Government Act 2003 ("the LGA 2003"). In summary, the Council cannot borrow more than the limits set by the Council itself or more than the limits set by the Secretary of State.
- 5.7 Under section 1 of the LGA 2003, a local authority may borrow money: (a) for any purpose relevant to its functions under any enactment, or (b) for the purposes of the prudent management of its financial affairs. Under section 2 of the LGA 2003, a local authority may not borrow money if doing so would either result in a breach of either: (a) the limit which the local authority determines for itself under section 3 of the LGA 2003 (also known as the "affordable borrowing limit"); or (b) any limit imposed by the Secretary of State pursuant to section 4 of the LGA (also known as the "National Borrowing Limit").
- 5.8 Under section 3 of the LGA 2003, a local authority has a duty to determine and keep under review how much money it can afford to borrow. Under regulation 2 of the Local Authorities (Capital Finance and

Accounting) (England) Regulations 2003, local authorities must have regard to the “Prudential Code for Capital Finance in Local Authorities” as published by the Chartered Institute for Public Finance and Accountancy. The determination of a Council’s borrowing limit may only be made by the Council, in that it must be done at a Full Council meeting (this function cannot be delegated).

- 5.9 Under section 4 of the LGA 2003, the Secretary of State has the power to set two types of limits on local authority borrowing: national limits for all local authorities generally (for national economic reasons) and specific limits for individual local authorities. Under section 5 of the LGA 2003 regarding temporary borrowing, a local authority has the power to increase the borrowing limit by foreseeable sums due to, but not received by, the local authority.
- 5.10 It may be necessary to undertake consultation on this changed role for BHP and if necessary officers will engage in the necessary consultation and report back to members with the findings before finalising the documentation.
- 5.11 Further advice needs to be sought on whether there is any liability for SDLT in relation to the equity taken by BHP.
- 5.12 An Impact Needs Requirement Assessment will need to be undertaken.
- 5.13 The report suggests that funding under the scheme will be allocated on a ‘first come first served’ basis, measured by the date on which the Council receives written proof that vendor has accepted the tenant’s offer. This may need to be amended as there is no written offer and acceptance in English property law other than the exchange of the formal contract prior to completion.

6.0 Diversity Implications

- 6.1 The lettings targets, which are set annually, could potentially have a disproportionate impact on a particular ethnic group or groups. The Impact Needs Requirement Assessment carried out on the Council’s Affordable Housing requirement found the priority should be given to developing larger units to meet the needs of those applying for housing. As the supply of these homes is limited, any re-provision through reletting availability of existing larger homes will have a particular impact on BME applications.
- 6.2 The introduction of the new affordable home ownership opportunities for Council tenants under this pilot will contribute to the development of sustainable communities.

7.0 Staffing/Accommodation Implications (if appropriate)

- 7.1 There are no staffing implications for the Council as the scheme is being administered by BHP on behalf of the Council.

Background Papers

ALMO Schemes Files
Supply & Demand and Temporary Accommodation Report to Executive 16/04/07
GLA bidding Guidance – Tackling Overcrowding Bid

Contact Officers

Manjul Shah
Head of Affordable Housing Development
Affordable Housing Development Unit
7th Floor, Mahatma Ghandi House
34 Wembley Hill Road
Wembley, Middlesex, HA9 8AD
Tel: 020 8937 2523
Fax: 020 8937 2185

Email manjul2.shah@brent.gov.uk

Martin Cheeseman
Director of Housing and Community Care

Appendix 1

Project Timetable & Process For Administering CISES Pilot

Timetable

Executive Approval to Administer Scheme	6th August 2007
BHP Board Approval of Scheme	August 2007
Loan Agreement Finalised	September 2007
Publication and Marketing of Scheme	August-September 2007
Administration of Application	October 2007
Process Application (legal/property acquisition)	October – March 2008
Scheme Completed	April 2008

CISES Administration Process

1. Once the approval of the pilot has been granted by the Executive and BHP's board, a mail shot of selected council tenants will take place. Those tenants who are interested, but do not know if they are eligible for the subsidy, can contact BHP to discuss their circumstances. At this point a very broad telephone assessment can be made based on the information the tenant provides. However it will be made clear at this stage, this does not constitute an offer.
2. Once the tenant has obtained a 'mortgage certificate' from their preferred lender, which confirms the amount they are able to borrow, they can then apply for the grant. It must be noted that this formal application stage will calculate the amount potentially available pending compliance with the grant conditions and availability of resources. No grant is released at this stage.
3. The following will be taken into account when deciding the level of equity BHP will need to purchase:
 - the amount the tenant can borrow as a mortgage
 - the amount of savings available and intended to be used
 - money available from other sources
4. At this stage an application will be sent in by the tenant with
 - the last three months of payslips
 - proof of other income sources
 - proof of savings
5. The application will then be put in abeyance waiting for progression to the stage where a property is found. At the stage where a property has been found and an offer has been accepted, the tenant must contact BHP and enquire whether a grant is still available. This is because in the meantime other applicants may have taken advantage of the limited grant availability. If grant is available (first come first served) a

provisional grant will be held for a week pending receipt of the letter confirming the offer has been accepted by the vendor. If the letter is not available within the time period, the application will be de-prioritised and the grant freed up for other applicants who are waiting. The application may still be considered if the acceptance confirmation is received by BHP within a week, then the amount of the grant will be put aside for the applicant and will not be available to others.

6. Applications will be specific to a particular property so that if a purchase does not proceed for any reason, the tenant will need to make a fresh application for subsequent properties,
7. Once the acceptance letter has been received, the tenant will be told that a survey needs to be commissioned. All expenditure at this stage is at the tenants' risk. The only way that this subsidy will not be paid is if the sale is not completed by the end of this financial year – 31st March 2008, the tenant pulls out of the sale, the tenant's circumstances change so that they no longer meet the criteria, or completion does not take place within 3 months of the Council receiving written confirmation of the vendor's acceptance. It must be noted here that once the survey has been commissioned, the application must be filed in order of when the acceptance letter was received and it is on that basis of that date that priority between applicants will be determined on a first come, first served basis.