



HSCHT RHOG Plot Enquiry Form

This is an information note and enquiry form for people who may be interested in buying an affordable house plot from The Highlands Small Communities Housing Trust (HSCHT) and getting a Rural Home Ownership Grant (RHOG) from Communities Scotland to help them build a good home for themselves on it. It provides information on the following matters:

1. What is a RHOG?
2. Who gives out and advises people on RHOGs?
3. Am I likely to be RHOG eligible?
4. What size of house can I build with a RHOG?
5. RHOG Application Process
6. What is the HSCHT and what does it do?
7. Am I likely to be eligible to apply to buy a Trust plot?
8. How much do serviced Trust plots normally cost?
9. Does the Trust attach any conditions to the plot it sells?
10. So what do I do now?

Attachments:

Yellow forms - HSCHT RHOG applicant's checklist and the HSCHT RHOG Plot expression of interest form.

Blue form - RHOG Analysis form

Trust's leaflet "HSCHT's Shared Equity Rural Housing Burden Conditions - Information note (Updated December 2007).

Communities Scotland - "Helping you to become a home owner in rural areas" booklet.

1. What is a RHOG?

A Rural Home Ownership Grant (RHOG) is a Scottish Executive grant which helps sustain rural communities by making it possible for people on modest incomes to become homeowners and thereby meet their housing needs within their own communities.

In essence, the grant fills the gap between a) how much it would cost you to build or buy a house which would adequately meet your needs (the total project costs) and b) the amount of money, by way of mortgage and savings (client contribution), you could afford to contribute towards the total project costs. Please see page 4 for a checklist of project costs and client contribution.

2. Who gives out and advises people on RHOG's?

Communities Scotland, which is an arm of The Scottish Executive, decide who is RHOG eligible and how much grant they will offer eligible RHOG applicants. A typical grant is normally less than 30% of the total project costs although it can occasionally be more.

Communities Scotland use RHOG Agents (local Housing Associations and HSCH Trust) to provide advice and information to people who may be interested in applying for a RHOG. The Trust is the normal Agent for people interested in buying a Trust plot. The Trust's RHOG Agent (tel: 01463 233549), is very happy to provide confidential one-to-one advice and information to anyone who may be interested in buying one of the Trust's RHOG plots and give practical support to those who then decide to apply for a RHOG to help them buy and build a home on a Trust plot.

3. Am I likely to be RHOG eligible?

As with all government grants the RHOG has various grant eligibility tests which include:

- You must be employed or have a formal offer of employment within the area in which you want to build or buy your house.
- You must provide the evidence that you are unable to build or buy without grant assistance.
- The house you want to build or buy must become your permanent home.
- No other grant aid (eg crofter housing grant) is available to you to help you build or buy your house.
- You must not start any construction work before you have received RHOG approval from Communities Scotland.
- If you decide to sell the house you have built or bought within 10 years of getting the RHOG you will have to pay the grant back in full to Communities Scotland.

4. What size of house can I build or buy with a RHOG?

House sizes are based on the CURRENT approved level of household size and need:

Single person/couple	max 70m ²	or 2 bedroom existing property
Single person/Couple + 1 child	max 80m ²	or 3 bedroom existing property
Single person/Couple + 2 children	max 90m ²	or 4 bedroom existing property
Single person/Couple + 3 children	max 110m ²	or 5 bedroom existing property
Single person/Couple + 4 children	max 116m ²	or 6 bedroom existing property

However, you are also allowed to build your house with a steep roof pitch so that you can extend into the loft space to meet future family expansion needs.

There are three plans attached which will help you to see what you could build within the 70m², 80m² and 90m² limits. Please note that these plans are indicative only and should not be used for the application process.

5. Application Process

Enquiry

This is the stage you are at now. This process is purely to give us an indication of your situation and a rough guide as to whether or not you are eligible. The only thing you have to do is to fill in the attached yellow forms and return them to us in the pre-paid envelope provided.

If you are eligible (from the information you provided), we will send you our standard Stage 1 application pack. If for any reason you are not eligible a written response will be sent to you explaining why.

We also require you at this stage to confirm in writing that you are willing to accept our Rural Housing Burden conditions (having discussed this first with Trust staff and your Solicitor). We will not progress any enquiry application to stage 1 until we are sure you understand and accept these conditions.

Communities Scotland's RHOG Application - Stage 1

The stage 1 application process is relatively easy with the following paperwork required to support your application:

- 3 Mortgage Estimates (maximum mortgage level must be achieved)
- 3 Builders Quotes
- Completed Bankers Mandate (part of the stage 1 application form)
- Written confirmation of your current accommodation status
- Your Solicitor's contact details

Your stage 1 application will be assessed on your highest mortgage quotation and your lowest builder's quotation.

When assessing the mortgage quotations you have provided we expect 3 times a single salary and 3 times a joint salary as the minimum mortgage that you can achieve.

Builders' quotes are assessed on how closely they compare to the figures provided in the table on the checklist form.

The Banker's Mandate that you complete as part of your stage 1 application allows us to write to your bank/building society to access your current account balance. This is to ensure that you are not withholding any monies that could be contributed towards the total costs of the project.

Communities Scotland's RHOG Application - Stage 2

Stage 2 of Communities Scotland's application process requires a bit more time and work with the following paperwork required to support your application:

- Planning Permission and Building Warrant (receipts to be provided as well)
- Written confirmation from the builder of their costs (if the builder is not NHBC registered - a quotation for supervision must also be provided)
- Written confirmation of any bridging finance costs
- Written confirmation of all connection charges on the site (ie. Scottish Water, BT etc)
- An independent valuer's report of the site and potential property (this is usually a standard process carried out by your mortgage provider)
- Written confirmation of any financial contributions you will make to the project.
- Written confirmation of the mortgage you have obtained
- Certification of income (part of the stage 2 booklet unless you are self employed in which case you must provide 3 years audited accounts)
- 3 months bank statements for all accounts held
- Written confirmation of your solicitors fee

Once all the above paperwork has been submitted to us, and we are happy with everything then your application will be sent to Communities Scotland to approve.

Once Communities Scotland have approved your application - Communities Scotland reserve the right to take 6 weeks to approve any application - you will receive an offer of grant which you will sign and return. After this has been done it's time to start building!

The grant amount confirmed in your offer of grant from Communities Scotland will be paid upon completion of your house. A copy of the Highland Council's Certificate of Completion is all that is required to be provided.

6. What is the HSCHT and what does it do?

The Highlands Small Communities Housing Trust is a Scottish Charity (SCO 27544) that exists to help the small communities of the Highlands, find good, long-lasting solutions to their local housing-related problems.

As well as providing information, advice and support to disadvantaged communities the Trust buys land for the new and locally affordable housing which the particular community needs.

Some of the Trust's land is sold on to Housing Associations to build affordable rented housing on and some is used to provide affordable serviced house plots for people who need a RHOG to build good homes for themselves in their own communities.

7. Am I likely to be eligible to apply to buy a Trust Plot?

Trust plots are normally offered only to people who a) have a well established residential, family or workplace connection with the Community Council area in which the plot is located and b) have been assessed by the Trust as being RHOG eligible. Please see section 10 (blue form).

8. How much do serviced Trust plots normally cost?

Normally between £20,000 and £30,000. Prices may vary from place to place as the Trust has to be able to recoup all its costs in buying and servicing and selling its plots.

9. Does the Trust attach any conditions* to the plots it sells?

Yes. Please see the Trust's leaflet "HSCHT's Shared Equity Rural Housing Burden Conditions - Information note (Updated December 2007).

Anyone interested in buying a plot from the Trust should read the booklet carefully. In essence, the Trust attaches pre-emption right conditions (The Rural Housing Burden) to ensure that the affordable plots and the affordable houses built on them remain affordable to subsequent purchasers. The formula used is designed to protect the plot and house owner's capital investment and provide a modest return on the money and effort he/she has invested, whilst ensuring that the discount given to the first purchaser can be retained (in real money terms) in full for subsequent purchasers.

**** The Trust strongly advises all serious potential purchasers to get their Solicitor to contact the Trust's Solicitor (Tel: 01463 709 992) to find out more about the Trust's Rural Housing Burden conditions.***

10. So what do I do now?

The next stage is for you to complete the yellow forms and return them in the pre-paid envelope provided. The information you provide on these forms is only an indication for us of whether or not you are eligible for grant assistance and a Trust plot of land. These figures will not be used on your stage 1 or stage 2 application.

If you decide not to apply for this grant, we would be very grateful if you could complete the blue form and return it to us in the pre-paid envelope provided.