

THE HIGHLANDS SMALL COMMUNITIES HOUSING TRUST

MAKING
AFFORDABLE
RURAL HOMES
A REALITY

The Highlands Small Communities Housing Trust offers discounted properties for sale. To protect the discount on future sales and to offer a long-term affordable house a Rural Housing Burden is attached to the title of the property. For further information see: <http://www.hscht.co.uk/rural-housing-burden1.html>

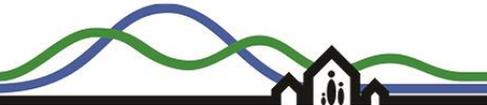
The term Rural Housing Burden may not be familiar to some lenders or solicitors but the principles of offering discounted or affordable housing options are widely recognised. The Scottish Government LIFT scheme is one of the more common affordable housing schemes with which they may be familiar.

One of the most common descriptions we have encountered being used by lenders is that the use of a Rural Housing Burden on the legal title to a property is described as a re-sale price covenant scheme. The presence of a Rural Housing Burden on the title to a property affects the price payable on a sale. In most cases, an equity share percentage is agreed at the outset of the sale. The purchaser/owner will have 100% of the legal title in their name. On a resale event, the agreed discount from the open market value is applied at the time of the re-sale to calculate the sale price.

When applying for a mortgage the value of the property should be listed as the discounted value for mortgage purposes as the property will be restricted from achieving an open market valuation.

Example

Property open market value	£180,000 = not achievable on resale as RHB is in place
Equity share agreed	80% of the open market value
Discounted sale price	£144,000 = property valuation for mortgage purposes. Maximum price of property at current open market value. This discounted sale price will fluctuate depending on the housing market at the time of the re-sale.



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Other key points

HSCHT has the first right to purchase the property on a re-sale and would choose to do so in most cases. To date, several properties with a Rural Housing Burden have been purchased and with a number of commercial lenders prepared to lend on properties affected by a Rural Housing Burden (also referred to by some lenders as a re-sale price covenant scheme).

The owners must use the property as their main residence. However, in the event of a change of circumstances we welcome owners to approach us to explore options such as renting the property for a short period of time.

For further information, you can contact us or our solicitors Murchison Law <http://www.murchisonlaw.co.uk/contact.html>