

A Guide to Golden Share

1. What is Golden Share?

Golden Share is an approved affordable housing tenure in the City of Edinburgh, for people who can show that they are in housing need. Properties are designated as Golden Share through Planning Applications. Properties are sold at 80% of open market value making them affordable to people in housing need (who could not afford to purchase a similarly sized property in the local area). People applying for or purchasing a Golden Share property are both referred to in this guide as the “applicant(s)”.

The process for Golden Share is similar to a standard house purchase and the applicant(s) own 100% of the property. However, the applicant(s) must demonstrate that they are eligible for Golden Share and provide all the necessary evidence with their application.

2. Golden Share Criteria

1. The applicant(s) must show that they would not be able to afford the property’s full open market value by provide a mortgage offer or offer in principle. If the mortgage offer in principle shows that the applicant could afford the market value of the property, the applicant(s) will not be eligible for Golden Share.
2. The applicant(s) must confirm that the maximum deposit or cash sum paid on the property will not exceed £64,439. If the applicant(s) can afford to purchase a similar property at open market value then they will not be eligible for a Golden Share.
3. If the applicant(s) residual household savings after purchasing and furnishing the property exceed £16,000, they will not be eligible for Golden Share.
4. The applicant(s) must provide a statement showing a connection with Edinburgh or the Lothians either through employment, family or cultural networks.
5. If purchasing a three bedroom property, the applicant(s) should provide evidence that their household has a need for a property of this size.
6. The applicant’s agree to reside in the property as their sole and permanent home, and accept that letting or sub-letting the property is not permitted unless prior written consent is obtained from the Council.

7. Only one Golden Share application can be submitted within a six month period. No subsequent applications for any Golden Share property will be considered unless the previous application has been concluded.

3. Sole Residence

The Golden Share property must be the applicant(s) sole and permanent residence; it should not be let or sub-let (including short term lets) without prior written consent from the City of Edinburgh Council. Golden Share cannot be used to support letting of another home; if the applicant(s) are the owner or landlord of another home they will not be eligible for Golden Share.

4. Price Capped at 80% of Open Market Value

The property price is capped at 80% of open market value from the initial sale and for subsequent re-sales. The Golden Share provisions are inserted in the title deeds and registered in the Land Register of Scotland as a title condition for the property. Each time the property is sold the solicitors acting for the seller and purchaser must ensure the conditions are adhered to.

5. Who owns the other 20%?

The 80% price cap is calculated from the open market value of the property. The Golden Share scheme restricts the property's sale price at 20% less than the open market value, through a condition in the title deeds for the property. The applicant(s) do own 100% of the Golden Share property.

6. Who can buy a Golden Share home?

Golden Share is only available to applicants who can evidence that they are in housing need. Golden Share properties can only be sold to named individuals, and not to companies, commercial partnerships, trusts or organisations. The applicant(s) must evidence an inability to finance the purchase of a similar property at open market value, a local connection, and a need for the size of the property. The Council will assess eligibility based on the evidence provided. Applicant(s) should discuss their application (including any updates on the status of the application) with the seller of the Golden Share property; for a first sale this will be the developers sales office and for subsequent sales this will be the person marketing property (i.e. the seller's estate agent or solicitor).

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7. Waiting List

There is no waiting list for Golden Share. Golden Share properties are advertised through established means, such as ESPC, and are sold on a first come, first served basis to people who have evidenced that they meet the criteria.

8. Information Applicant(s) Must Provide

The following evidence must be provided to show the applicant(s) meets the Golden Share criteria. The applicant(s) should provide this information to the sales agent if the property is a new build, and if it is a resale of a Golden Share property, the information should be provided to the seller's solicitor/estate agent. The applicant(s) are required to provide evidence of:

- 1) Valid Photo ID;
- 2) Proof of address;
- 3) Previous 3 months payslips and details of all savings held, including but not limited to, the previous 3 months bank statements from all bank accounts, building society accounts, and credit cards, current accounts, savings accounts, ISA's, etc. These should all cover the same period;
- 4) A mortgage offer or mortgage offer in principle (AIP) which must evidence that the applicant(s) would not be able to purchase this property at open market value;
- 5) A supporting statement should be provided which includes details of the applicant(s) connection with Edinburgh/the Lothians, either through employment, family or cultural networks;
- 6) The applicant(s) must include details of the source of the deposit and the amount of the deposit. If the deposit or cash sum being used to purchase the property is more than £64,439, it is highly unlikely that the applicant will be eligible for Golden Share, as other housing options will be available to them. If the deposit is more than £64,439:
 - a. The applicant(s) must demonstrate why they would not be able to purchase a property at open market value elsewhere in the area, taking into account income, age, likelihood of obtaining a mortgage and;
 - b. The applicant(s) must provide evidence of how other housing does not meet the applicant(s) needs.
 - c. If part of the deposit is or has been gifted then a statement by letter or email from the person who gave the cash gift is required. The statement should include the amount gifted and if they will have any ongoing financial interest in the property.
 - d. If part or all of the deposit is coming from sale of another property, then the sale must have concluded so that the amount available to be used as a deposit is able to be declared. Applicants will need to disclose as part of the Golden

Share application; the address of the other property being sold, the price that property is marketed at, the final sale price and a detailed breakdown of how the proceeds from the sale are being used.

Applicant(s) who can afford to purchase a similar property at open market value will not be eligible for a Golden Share; and

- 7) If purchasing a three-bed property, the applicant(s) must explain how their household circumstances would require a property of this size.

The required information should be provided to the selling agent who will carry out an initial check to ensure that all required documentation has been provided. The information will then be passed to the Council for assessment. Further information may be requested by the Council. The Council will only be able to assess an application once all required information, including any additional information requested, has been provided.

To avoid disappointment, only one application per Golden Share sale is considered at a time and applications are assessed on a first come, first served basis for each complete application which includes all required information.

The Council cannot assess incomplete applications and will not commence the assessment until all required information is received. Please note that failure to submit all account statements could be considered fraud (see section 15 on Fraud Prevention below).

A Golden Share application may be refused (meaning that other applicants may then be considered for the Golden Share property) if an application is incomplete, or if the Council have grounds to believe that relevant information is being withheld, or if relevant information is not able to be provided within 10 working days of request.

9. Maximum Golden Share Price

The maximum initial purchaser price (80% of open market value) for a Golden Share property is £214,796.

10. Resale of a Golden Share Home

An existing Golden Share property can be sold by the owner(s). Before marketing of the property commences, the owners are required to agree the sale price with the Council. When the owner(s) seeks to sell, they should get a Home Report. Information on Home Reports requirements are available from:

<https://www.mygov.scot/browse/housing-local-services/buy-own-property>

For the Home Report, a surveyor will value the property as if it had no price cap, establishing 100% of the property's open market value. The property will be re-valued each time the

property is sold. The Council will not be able to consider your resale request until a Home Report has been provided.

The sellers' solicitor/estate agent must send the Home Report or equivalent valuation to the Council. The resale Golden Share price will be fixed at 80% of the market value established by the Home Report, unless the open market value of the property exceeds £265,000 (see section 12 below). If, for any reason, a Home Report cannot be provided, the owner may seek the Council's agreement on an equivalent valuation.

11. Marketing a Golden Share Home

A Golden Share property must be effectively advertised to the majority of the market, through established means for property advertising within the locality. The advertised Golden Share price is the fixed price at which the property can be sold. Properties being resold must be marketed until sold or for 13 weeks. The new purchaser of the property will need to provide documents proving their eligibility. This is straightforward and confidential. The Council cannot assess a potential purchaser until all the required information is submitted, as set out within this guide.

12. Golden Share Properties Resold at Full Open Market Value

Golden Share properties may, with the written consent of the Council, be sold on the open market in two circumstances:

- a) Where the property has been marketed at the Golden Share price for the marketing period and has failed to attract a successful Golden Share applicant(s); or,
- b) Resale of a Golden Share property which has an open market value of £265,000 or higher (and which is evidenced by an independent Home Report).

In these circumstances the Council will consider releasing the property from Golden Share and allowing the property to be marketed at the Home Report value as a fixed price, or at an offers over price close to the Home Report value. This is conditional on the Golden Share discount (20% of the price achieved) being paid to the Council from the seller when the property is sold. The seller will be asked to sign a Letter of Agreement with the Council to secure this sum. The sum should be promptly paid to the Council and will be used to support the delivery of on-site affordable housing.

In rare instances it may be difficult or not possible to sell a property at open market value. For example, if the only properties in an area that have been sold are Golden Share, this can skew their perceived value. In these rare instances, and only with evidence that an open market sale is not generating interest from buyers, the Council may consider resale of Golden Share properties that exceed the Golden Share maximum value.

13. Legal Fees and Other Fees

Golden Share owners and purchasers are wholly responsible for all costs or fees from or relating to the sale or resale of a Golden Share property, and the costs of any transfers between joint owners and/or any variation in legal documentation. The seller and/or purchaser will be fully liable for any registration dues. The Council charges a fee for legal administration of Golden Share and the fees are set out below:

- a) For all Golden Share purchasers there is a maximum fee of £400 plus VAT for preparation, review and signing of legal documentation, which includes a Standard Security, Minute of Agreement and Letter of Undertaking; **OR**
If a ranking agreement is required by the purchasers lender, the fee will be a maximum of £450 plus VAT. The Ranking Agreement is optional at the sole discretion of the purchasers lender.
- b) For all Golden Share sellers there is a £250 fee per property (with no VAT charged) for the preparation, review and signing of the Discharge of Standard Security and/or Section 75 Legal Agreement obligations.

14. Additional Considerations for Golden Share Applicants

In considering the affordability of a property, Golden Share applicants should make sure they are aware of any factoring or additional fees which are required to be paid.

Applicants should be aware that some lenders may require a deposit of 20% or more of the open market value of the home. This may vary depending on individual circumstances.

The Council cannot assist with queries relating to individual mortgages or finance arrangements; these should be discussed with a lender or mortgage broker.

The City of Edinburgh Council does not provide mortgages. The value of a home can decrease or increase over time. A home may be repossessed if the purchaser does not make regular repayments on their mortgage.

15. Fraud Prevention

Anyone applying for a Golden Share property is agreeing to the following:

If the applicant(s) provide false or inaccurate information and the Council identify or suspect fraud or other criminal activity, details may be passed to the Police, fraud prevention agencies and/or the applicant(s) mortgage provider. The Council and the other organisations above may use the information provided to identify and/or prevent fraud and/or money laundering.

Fraud includes both fraud by false representation and fraud by failing to disclose information. If found guilty, the perpetrator faces imprisonment for a maximum jail term of

10 years, a fine and/or they may also be subject to a confiscation order under the Proceeds of Crime Act 2002.

16. Further Information

Further information on low cost ownership homes can be found at;

http://www.edinburgh.gov.uk/info/20058/private_housing/320/help_for_first_time_buyers

The Council's Affordable Housing Policy Guidance can be found at:

<https://www.edinburgh.gov.uk/affordable-homes/affordable-housing-policy/1>

If you have any queries about Golden Share you should first contact the Golden Share selling agent.

Contact us: affordable.housing@edinburgh.gov.uk

We respond to all queries as soon as possible and most within 10 working days. However, on occasions there can be a high volume of requests, and we respond to these in date order from receipt.