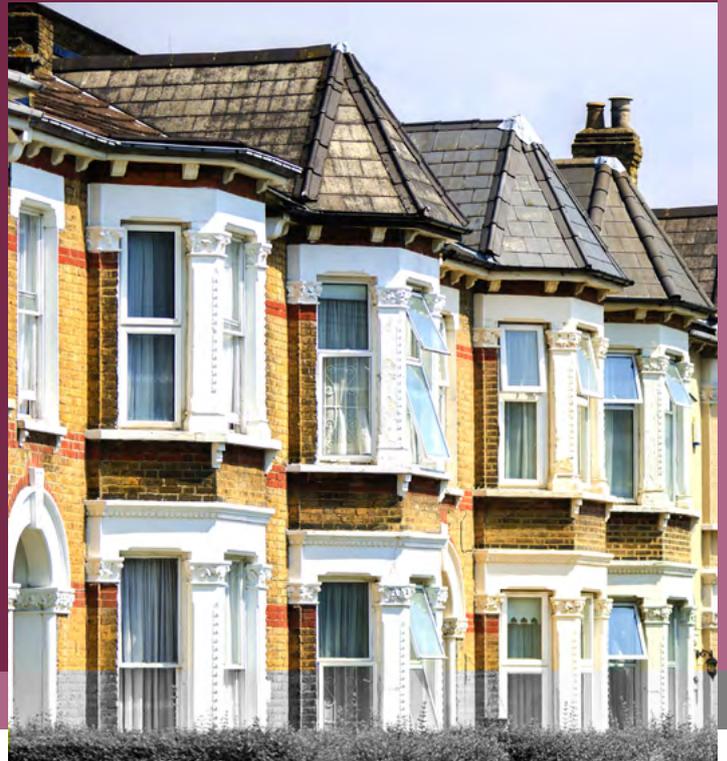


Slough Borough Council Fact Sheet

A new shared ownership model to deliver affordable housing

Local Authority Partnership Purchase Scheme (LAPP)



What is LAPP?

LAPP stands for 'Local Authority Partnership Purchase' Scheme.

The Scheme has been developed following the success of the Local Authority Mortgage Scheme (LAMS) and in response to the increasing cost of buying or renting a home. There are now an increasing number of low to middle income families frustrated by their housing options as the homes shortage affects more people further up the income scale. Shared ownership is seen as a key response to the challenge, but current shared ownership arrangements have many weaknesses and are nowhere near filling the gap in the market.

LAPP refocuses shared ownership to make it a viable solution as an alternative tenure option in the UK housing market and targeted at low and modest income households it meets a growing need in this area.

LAPP is a national Scheme available to all local authorities and mortgage lenders, involving local authorities working in partnership with a number of national and local banks and building societies.

How does it work?

LAPP allows the applicant to purchase up to a 70% share of a property by obtaining up to a 90% loan to value mortgage on the percentage share, with the local authority purchasing the remaining share. The Scheme can be applied using a pre-agreed percentage split ranging from 30/70, to 70/30. Bespoke arrangements per individual applicants can also be applied.

As an example based on a 70/30 model, the applicant purchases 70% of the property by obtaining a 90% mortgage (i.e. a mortgage of 90% on the 70% share) and the local authority purchases the remaining 30% of the property, retaining it as an asset and collects rent on the 30% share. LAPP therefore provides affordable housing.

What support is available in finding the right mortgage?

The local authority is working in partnership with a mortgage broker that will provide advice on shared ownership mortgages and support in accessing a mortgage from a number of high street mortgage lenders. Alternatively the applicant can arrange their own mortgage.

Who can apply for a mortgage under the LAPP?

LAPP is available to all applicants, i.e. first time buyers and those wishing to move home.

The local authority has nomination rights and as such, can make the Scheme available to people on the housing waiting list, key workers, those on low incomes, etc.

The Scheme is aimed at applicants who cannot afford outright purchase, who can afford mortgage repayments, but who do not have a high deposit. All applicants will need a deposit of 10% of the purchased share. For example, on a 70/30 model, 10% of the 70% share is 7%.

If you would like further information about the Scheme please contact Slough Borough Council via email at:

LAPP@Slough.gov.uk

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What other checks are undertaken?

All applicants will need to meet the strict lending criteria applied by the mortgage lender. This will include credit, affordability and verification checks. Property valuations will also be undertaken.

Does the Scheme mean an applicant can buy a house anywhere?

LAPP is unique in that the applicant can purchase a home on the open market through a partnership purchase arrangement as opposed to having to purchase a property already deemed to be a 'shared ownership property'.

A local authority participating in LAPP will produce a full list of all qualifying post codes, identifying the properties that are included in the Scheme.

Slough Borough Council intends to consider all properties wholly within the Council's boundary but will be able to confirm exactly which properties are included in the Scheme.

Does the Scheme mean an applicant can buy a house for any value?

The local authority has set a maximum property price for the property value they are willing to support under the Scheme of £400,000 and will have some say in the property purchased. This means that there is a clear limit of how much an applicant can borrow under the Scheme. For illustrative purposes and based on property value of £200,000 and a deposit of 10%, the individual will pay a deposit of £14,000 and be able to apply for a mortgage of £126,000. The local authority will purchase the remaining share of £60,000.

For further information about the national Scheme please contact:

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