

# FACT SHEET

## SHARED EQUITY SCHEME

### What is the Shared Equity Scheme?

The Shared Equity Scheme is aimed at providing an alternative home ownership opportunity to public housing tenants. It has been made possible by Housing ACT by partnering with IMB.

#### *Pay 70% upfront*

You will only have to pay 70% of the price for the property upfront.

#### *Borrow from IMB*

IMB and Housing ACT have entered into an agreement for this scheme. To borrow the money to make the upfront payment, you will need to borrow it from IMB, and enter into a loan agreement with IMB.

#### *Housing ACT's equity share*

You will also need to enter into a loan agreement with Housing ACT to pay the remaining 30% of its share.

#### *Full ownership of property and no rent*

You will be the full owner of the property and will no longer need to pay rent.

#### *Repayments to IMB*

You will be required to make repayments to IMB in accordance with your loan agreement (e.g. monthly repayments). IMB will hold a mortgage over your property until all monies owing are paid.

#### *Repayments to Housing ACT*

You will be required to make at least two lump sum payments:

- 5 years after Settlement, 15% of Housing ACT'S Equity of the property
- 15 years after Settlement, remainder of Housing ACT'S Equity.

The payments will be calculated on the market value of the property at the time of making a payment. As a result, you and Housing ACT will share in increases / decreases in the property value (i.e. share the equity in the property).

Housing ACT will hold a mortgage over your property until all monies owing are paid.

### Who is eligible?

You are eligible to buy your Housing ACT home if you:

- have been a continuous public housing tenant for a minimum of 3 years
- are a current head tenant and are occupying the dwelling you are applying to purchase
- have no rental arrears or legal action pending regarding tenancy matters

### Are all Housing ACT homes available for sale?

No, not all properties are available for sale under the Shared Equity scheme. There are several reasons why Housing ACT may not approve the sale of a property, for example:

- it is not separately titled;
- was constructed less than 10 years ago;
- is in a suburb where Housing ACT own less than 5% ;
- a suitable replacement property is unlikely to be sourced;
- has recently undergone expensive upgrade or maintenance works

Housing ACT will also determine property availability by assessing the:

- age of the property ;
- size of the property including the number of bedrooms;
- location/zoning of the property;
- level of public housing ownership in the suburb;
- availability of replacement properties; and
- development potential of the property

### What are the steps to purchasing my Housing ACT home?

The Shared Equity process is outlined in the "Steps in the Purchase Process" information sheet.

### How is the sale price determined?

Housing ACT will offer the property for sale to eligible tenants at the current market price. To determine the market price, Housing ACT and IMB will obtain a valuation through an independent qualified valuation firm.

### Will any improvements I have made to the property be taken into consideration for the purposes of the valuation?

Yes, the final sale price of the property will be based on the current market valuation, less the added value of any **approved** assessable improvements you have made to the property.

An independent valuer engaged by Housing ACT will determine the value of any such assessable improvements, which will be deducted from the sale price.

Further information relating to valuations and tenant improvements are outlined in the "Valuation Guidelines".

### Am I able to get my own valuation?

Yes, you may wish to obtain an additional valuation of the property at your expense. Housing ACT is under no obligation to consider a valuation provided by you.

### Purchase Fees

Housing ACT will ask you for two payments during the process; a \$300 Administrative Fee and a \$700 Assurance Fee. These payments contribute to outgoing administrative expenses that Housing ACT will incur when obtaining background material about the property, the valuation, building, pest and energy report, contract preparation, etc.

If you proceed with the purchase of the property, the payments will act as the deposit, and this amount will be deducted from your purchase price at settlement. However, if you withdraw at any stage in the process you forfeit any monies paid by you to Housing ACT.

You will be responsible for your legal expenses and associated costs relating to the purchase of the property. This includes;

- Stamp Duty
- Solicitor's Fees
- Mortgage Protection Insurance

### When do I stop paying rent?

You should continue making rent payments until two weeks prior to the settlement date. If you are paying your rent by direct debit you should cancel the deductions before settlement takes place. Queries about your rent should be directed to your Housing Manager.

At time of settlement, if you have any rental credit/arrears, the full amount will be identified through an adjustment in the final settlement statement.

### Maintenance

When the building report is received, no further maintenance work will be carried out on the property. Urgent repairs of a health and safety nature will be undertaken until Settlement.

After Settlement you are responsible for all maintenance work on the property.

### Additional repayments

You are encouraged to make additional repayments (to the 5 year and 15 year compulsory payments) as soon as you can to increase your equity share in the property and reduce Housing ACT's equity share. Housing ACT will accept a repayment of a minimum of 5% of Housing ACT's equity share.

If you would like to make an additional repayment then you need to notify Housing ACT by submitting a Notice of Intention to Increase [Your] Equity Share Form.

### How do I apply?

Complete the Registration of Interest form found in the Information Kit

For further information regarding the sale of Housing ACT properties under the Shared Equity scheme please refer to the policy located at [www.dhcs.act.gov.au](http://www.dhcs.act.gov.au).

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