**What is** **low cost home ownership?**

Low cost home ownership units are properties sold at a reduced cost to people who wish to purchase a property but cannot afford to buy on the open market.

New properties are provided by private developers to meet their obligation to provide an affordable contribution on each new site developed in Aberdeen. They are advertised and sold directly by the developer to people who meet the qualifying criteria set by Aberdeen City Council.

Resale properties regularly become available and will be advertised on the Council website, as well as Facebook and Twitter. People who have expressed an interest in this type of property may be contacted directly regarding a resale opportunity.

**Am I eligible to apply?**

To be eligible for this scheme you need to meet the following criteria:

* First time buyers
* People who have a relatively modest income and can show they would not be able to purchase a home to suit their needs on the open market.

Should any development by oversubscribed then Aberdeen City Council will place applicants in a priority list based on housing need. Properties will be offered to current tenants first, followed by those on the waiting list. Family sized properties will generally be offered to families rather than single persons.

**How are applicants prioritised?**

Priority will be given to current tenants of Aberdeen City Council or any registered social landlord in Aberdeen. Household income will normally be considered.

Consideration will be given to the applicant's suitability for the size of the property for sale, e.g., for a two-bedroom property a couple with a child would have priority over a single person.

**How do I apply to buy a** **low cost property?**

All applications should be made using the online form. This is on the page below where available properties are listed.

[View low cost homes for sale](https://www.aberdeencity.gov.uk/low-cost-homes-sale)

**What happens if I am offered a property?**

If you are offered a new build property you will enter into a contract of sale with the developer which does not involve Aberdeen City Council in any form of liability. The developer may require you to pay a reservation fee which may be non-refundable.

If you are offered a resale property you will purchase this in the same way as a market property. Your solicitor should submit the offer to the seller’s solicitor.

You need to make sure you can secure a mortgage to purchase the property. You will require a deposit, the amount you require will be determined by your mortgage provider based on your personal circumstances. It is advisable to talk to a mortgage adviser at an early stage.

You should also budget for legal costs (including the cost of executing and registering a Standard Security in favour of the Council), survey fees and any other costs associated with the purchase including Stamp Duty (if applicable).

**What happens next?**

You will have full title to the property, although Aberdeen City Council will retain an equity share of the property through a standard security in the title deeds.

You do not have to pay any rent on the secured element of the property.

Purchasers of low cost properties are expected to occupy the property as their only and main home.

As the homeowner you will be responsible for keeping the property in a good state of repair. You will be responsible for all repairs and maintenance costs and insurance as well as keeping up with mortgage repayments and paying your Council Tax. If your property has common or shared areas you will also be responsible for paying any common maintenance or service charges as detailed in the title deeds.

**What happens if I want to sell the property?**

As Aberdeen City Council holds an equity share there are conditions attached to the subsequent sale of the property. This is to ensure that the property remains affordable to future purchasers.

If you wish to sell the property you should contact Aberdeen City Council in writing. You will also have to obtain a Home Report which should be submitted to us. The current market value will be used to determine the price you will receive for the property, based on the percentage rate you paid.

The cost of any capital improvements you make to the property may be taken into account when calculating the Market Value if you decide to sell the property. This will be decided on a case by case basis and you should not assume that you will recoup the full cost of any improvements you make. Any items which can be removed from the property, such as floor coverings, will not be considered an improvement.

It is important to remember that property values can decrease as well as increase (see examples below).

**Example 1: Property has INCREASED in value**

|  |  |
| --- | --- |
| Initial Market Value of the property | £175,000 |
| You buy the property for 70% of market value | £122,500 |
| Increased market value of property  | £200,000 |
| Sale price to nominated qualifying purchaser (70% of Market Value) | £140,000 |
| You receive | £140,000 |

In this example the value of the property has **increased** from £175,000 to £200,000

**Example 2: Property has DECREASED in value**

|  |  |
| --- | --- |
| Initial Market Value of the property | £175,000 |
| You buy the property for 70% of market value | £122,500 |
| Decreased market value of property  | £150,000 |
| Sale price to nominated qualifying purchaser (70% of Market Value) | £105,000 |
| You receive | £105,000 |

In this example the value of the property has **decreased** from £175,000 to £165,000

The Council will assess all applications and prioritise where necessary. The owner will be required to allow applicants to view the property.

Should the Council be unable to nominate any qualifying purchasers, or if none of those nominated are able to proceed, you will be entitled to sell on the open market. In this case the Council will retain their equity share which will be used to help finance affordable housing in the future.

You will be responsible for the cost of obtaining the home report or valuation, and for your own legal fees for the sale of the property.

**Contact details**

Low Cost Homes

01224 067301

LowCostHomes@aberdeencity.gov.uk

**Related Content**

[Your data: low-cost home ownership new build applications](https://www.aberdeencity.gov.uk/your-data/why-and-how-we-use-your-data/your-data-low-cost-home-ownership-new-build-applications)

Your data: low-cost home ownership resale applications