

Statutory Document No. 2022/0170



Housing (Miscellaneous Provisions) Act 2011

SHARED EQUITY PURCHASE ASSISTANCE (FIRST HOME CHOICE) (AMENDMENT) SCHEME 2022

Approved by Tynwald: 19 July 2022
Coming into Operation: in accordance with paragraph 2

The Department of Infrastructure makes the following Scheme, with the concurrence of Treasury, under sections 4(1) and 7 of the Housing (Miscellaneous Provisions) Act 2011.

1 Title

This Scheme is the Shared Equity Purchase Assistance (First Home Choice) (Amendment) Scheme 2022.

2 Commencement

If approved by Tynwald, this Scheme comes into operation 14 days after the day it is approved by Tynwald¹.

3 Amendment of the Shared Equity Purchase Assistance (First Home Choice) Scheme 2014

- (1) The Shared Equity Purchase Assistance (First Home Choice) Scheme 2014² is amended as follows.
- (2) In paragraph 3(1) (interpretation and effect) —
 - (a) for the definition of “**the Department**” substitute —
| **“the Department”** means the Department of Infrastructure;³; and
 - (b) at the appropriate place in the alphabetical list insert the following definitions —

¹ Tynwald approval is required by section 7(6) of the Housing (Miscellaneous Provisions) Act 2011.

² SD 2014/0212.

³ SD 2015/0109.

“original loan amount” means the amount which represents the percentage of the purchase price provided under paragraph 5(1);

“relevant amount” means the prevailing market value of the dwelling at the time that the amount falls to be assessed, and, where the property has been sold, is, in the absence of evidence to the contrary to be taken to be the amount of the sale price.

(3) For paragraph 4(1) (purpose of scheme) substitute –

(1) The purpose of this Scheme is to enable the Department to provide assistance to a purchaser of an open market dwelling in return for an equity share in the dwelling.

(4) In paragraph 5 (assistance) –

(a) in sub-paragraph (1), for “up to 30%” substitute “not less than 5% and not more than 30%”;

(b) for sub-paragraph (2) substitute –

(2) For the purpose of this Scheme the Department’s “equity share” in the dwelling is the percentage of the purchase price represented by the original loan amount.

This is subject to any recalculation of the equity share required by paragraphs 15(3) and 17(1A); and

(c) for sub paragraph (3) substitute –

(3) Accordingly, on a disposal of an interest purchased with assistance under this Scheme the assisted person must repay –

(a) the original loan amount and any interest due on that loan;
or

(b) where the equity share has a value greater than the original loan amount, the equity share and any interest due on the original loan amount.

This sub-paragraph does not apply to a case to which paragraph 20 (disposal of the dwelling to a remaining assisted person) applies.

(5) In paragraph 8 (eligibility for assistance), omit sub-paragraph (4).

(6) Omit paragraph 12 (maximum purchase price).

(7) In paragraph 14(1)(a) (failure to comply with conditions of assistance), for “at the prevailing market rate” substitute “calculated by reference to the relevant amount”.

(8) In paragraph 15(3) (previously assisted persons) –

(a) after “must be reflected in the” insert “calculation of the”; and

- (b) after “under this Scheme” insert **“**by including the assistance outstanding within the original loan amount provided under this Scheme**”**.
- (9) In paragraph 16 (interest) –
- (a) in sub-paragraph (1) –
- (i) for “Department’s equity share in the dwelling” substitute **“**original loan amount**”**; and
- (ii) for “second anniversary” substitute **“**first anniversary**”**;
- (b) in sub-paragraph (2), for “Department’s equity share in the dwelling” substitute **“**original loan amount**”**; and
- (c) in sub-paragraph (2)(a), for “the relevant rate + 5%” substitute **“**the relevant rate + 3%**”**.
- (10) In paragraph 17 (order of priority for repayment) –
- (a) for sub-paragraph (1) substitute –
- “(1)** For the purposes of paragraph 18 (purchasing equity share) any repayment must be applied as follows –
- (a) first, in paying any interest due up to and including the date of repayment calculated in accordance with paragraph 16 (interest);
- (b) secondly, in repaying the amount of the outstanding loan; and
- (c) finally, against the value of the equity share, reduced by the amount of the repayment of the outstanding loan in sub-paragraph (b).**”**
- (b) after sub-paragraph (1) insert –
- “(1A)** Immediately after the adjustment under sub-paragraph (1)(c) the equity share is to be recalculated.
- The recalculated equity share is expressed as a percentage of the relevant amount.**”**; and
- (c) for sub-paragraph (2) substitute –
- “(2)** The original loan amount will rank as a second charge on the property in favour of the department, any charge in favour of a commercial mortgagee having priority.**”**
- (11) In paragraph 18 (purchasing equity share) –
- (a) for “at the prevailing market rate” substitute **“**calculated by reference to the relevant amount**”**;
- (b) in sub-paragraph (a)(ii), for “greater than £5000” substitute **“**greater than £1000**”**; and
- (c) in sub-paragraph (b), for “current financial year” substitute **“**previous six months**”**.

(12) For paragraph 21(2)(a) (disposal of the dwelling) substitute —
 (a) the amount of the outstanding loan or, if greater, the
 Department’s equity share; and

(13) After paragraph 21 (disposal of the dwelling) insert —

DIVISION 5 – SAVINGS PROVISION

(14) After division 5 (savings provision) insert —

22 Savings

The amendments to this Scheme made by the Shared Equity Purchase Assistance (First Home Choice) (Amendment) Scheme 2022 (“the Amendment Scheme”) do not affect the continued operation of the Scheme in relation to assistance provided under it before the Amendment Scheme came into operation, and this Scheme continues to have effect for those purposes as if such amendments had not been made, with the exception of paragraph 18 (purchasing equity share) which applies to all assisted persons.

(15) For the table in the Schedule substitute —

<i>Column 1</i>	<i>Column 2</i>
Eligible persons	Maximum annual income
Single persons	£39,000
Couples – no children	£62,000
Single or couple with 1 or more children	£67,000

MADE 19 MAY 2022

T M CROOKALL
Minister for Infrastructure



EXPLANATORY NOTE

(This note is not part of the Scheme)

This Scheme amends the Shared Equity Purchase Assistance (First Home Choice) Scheme 2014 providing:

- clarification of the purpose of the Scheme, the concept of the Department's equity share in a dwelling, the concept of the original loan amount and the definition of relevant amount in relation to recalculations in the equity share;
- that the Department may assist a person by providing not less than 5% and not more than 30% of the purchase price of a dwelling;
- that the interest on the original loan amount will be due and payable on the first anniversary; and that such interest is charged on each anniversary at whichever is the lesser of the Bank of England rate + 3% or a rate of 1% per annum increasing by 1% on each anniversary;
- clarification in relation to the order of priority of the repayments when an assisted person purchases a part of the Department's equity share;
- that an assisted person may purchase a part of the Department's equity share once every 6 months, providing that such part is greater than £1000;
- that the original loan amount will rank as a second charge on the property in favour of the Department;
- that the maximum allowable purchase price on the open market is removed;
- that the eligibility criteria in relation to income thresholds are adjusted to reflect percentage increases since the original scheme in median earnings;
- that the eligibility requirements in relation to dwelling type are removed;
- that previously assisted persons under this Scheme will be eligible for the improved capabilities in purchasing the equity share;
- a saving provision for assistance under the Scheme prior to the amendments being brought into operation; and
- clarification in the description of certain terms.