

# **Grenfell Assisted Home Ownership Scheme**

Funding Guidance

May 2024

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## COPYRIGHT

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## **CONTENTS**

<b>Overview</b>	<b>2</b>
<b>Introducing GAHOS</b>	<b>6</b>
<b>Who is eligible for GAHOS?</b>	<b>6</b>
<b>How does the scheme enable residents to purchase a stake?</b>	<b>7</b>
<b>Grant available from the GLA</b>	<b>16</b>
<b>Applying for funding</b>	<b>19</b>
<b>Registered Provider and Investment Partner status</b>	<b>19</b>
<b>Contracts</b>	<b>19</b>
<b>Bidding for funding</b>	<b>19</b>
<b>Grant repayment and recycling</b>	<b>24</b>
<b>Appendices</b>	<b>26</b>
<b>Appendix 1 Examples of how assistance with SDLT is calculated</b>	<b>27</b>
<b>Appendix 2 Calculating bids for grant</b>	<b>34</b>
<b>Appendix 3 Repayment and recycling requirements</b>	<b>37</b>
<b>Appendix 4 Calculating repayment or recycling requirements</b>	<b>46</b>
<b>Appendix 5 Methodology behind market value calculations</b>	<b>54</b>
<b>Appendix 6 Transfers of eligibility or interest, and future sales</b>	<b>56</b>

## Overview

- 1.1 This funding guidance is for registered providers of social housing (RPs), including local authorities, that are seeking funding through the Grenfell Assisted Home Ownership Scheme (GAHOS).
- 1.2 GAHOS has been designed by the government to meet its commitment to residents of Grenfell Tower and Grenfell Walk (referred to in this document as 'residents' and 'Grenfell') who lost their homes due to the 2017 tragedy. GAHOS is being administered on behalf of the government by the Greater London Authority (GLA).
- 1.3 GAHOS provides residents the opportunity to buy a stake in their current social rented home. This stake can be up to 100 per cent of the home, meaning residents can buy their home outright. It will enable residents to buy at least a minimum equity stake at a cost no more than they would have paid if they had exercised their statutory Right to Buy for the home they occupied in Grenfell.
- 1.4 On doing so, residents will become leaseholders<sup>1</sup> and their ongoing relationship with their landlord will be managed according to the terms of a lease containing the fundamental clauses from the GAHOS model lease<sup>2</sup>.
- 1.5 Where tenants of the Royal Borough of Kensington and Chelsea (RBKC) buy a stake in their home through GAHOS, they may choose for RBKC to transfer its reversionary interest (the stake not purchased by the resident) or grant a superior lease in that home to another RP (so that an RP other than RBKC becomes the resident's direct landlord). If they choose this, their home will be transferred or leased to Sovereign Network Group (SNG). This option is only open to residents who are tenants of RBKC.
- 1.6 GAHOS will enable residents to buy a stake in their current home at a value equal to or greater than the market value of their Grenfell home as it would have been on 1 June 2017. All subsequent references to the market value of a resident's Grenfell home are on this basis.
- 1.7 To help facilitate this purchase, GAHOS will provide residents with a discount on the purchase price of their equity stake. There are two parts to this discount.

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<sup>1</sup> Residents living in homes may become freeholders.

<sup>2</sup> The GAHOS model lease is available at <https://www.gov.uk/government/publications/the-grenfell-assisted-home-ownership-scheme-gahos/the-grenfell-assisted-home-ownership-scheme>

- 1.8 The first part is an amount equivalent to the Right to Buy discount for London. This discount will be funded according to the terms of RPs' legal agreements with RBKC, with RBKC meeting this cost where stipulated.
- 1.9 The second part is a 'market premium' worth 20 per cent of the market value of the resident's Grenfell home.
- 1.10 In addition to these discounts, GAHOS involves other elements intended to bring the cost to residents of purchasing a stake in their current home as close as possible to the cost of exercising their Right to Buy their Grenfell homes. These are:
- a rent cap, limiting liability for rent on any stake in their home that they do not purchase (referred to in the lease as 'the specified rent') to £1 per annum;
  - capping liability for service charges (this cap excludes any element of service charge relating to major repairs) at the amount for which it can be assumed residents would have been liable had they exercised their statutory Right to Buy their Grenfell home; and
  - providing a grant towards Stamp Duty Land Tax (SDLT) where the amount of SDLT payable exceeds the amount for which it can be assumed residents would have been liable if they were exercising their statutory Right to Buy their Grenfell home on the date when they are buying a stake in their current home through GAHOS. This is to ensure that residents do not miss out on any SDLT relief for first-time buyers to which they would have been entitled had they been purchasing their Grenfell home today.
- 1.11 Eligibility criteria for the scheme is set out in Section 2.
- 1.12 Grant funding under this programme will be allocated to RPs to enable them to sell residents a leasehold interest<sup>3</sup> in their current homes and, in the case of SNG, to acquire homes. This grant funding will cover costs associated with the 20 per cent market premium, the service charge cap and any assistance with SDLT that may be available to residents, and a cost relating to either Scenario A or Scenario B, as set out below:
- **Scenario A:** If an RP already owns the home, then grant funding will be provided to cover any loss of income incurred through GAHOS's rent cap, unless the resident buys their home outright.
  - **Scenario B:** If SNG acquires a home from RBKC, at the request of the resident, then grant funding will be provided to compensate SNG for the purchase of RBKC's reversionary interest in the home. This is referred to as 'acquisition grant'.
- 1.13 RPs may also seek grant to cover the reasonable costs of legal advice and assistance that would not usually be incurred through a standard Right to Buy

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<sup>3</sup> Other than those who are sold the freehold interest of their house

or shared ownership sale, or reasonable abortive costs. Grant funding is not available for the Right to Buy element of the discount available to residents through GAHOS, because this cost will be covered by the RP liable to do so.

1.14 Funding for this programme will be paid by the GLA, and RPs with queries regarding securing funding through this programme should contact their GLA Area Manager in the first instance.

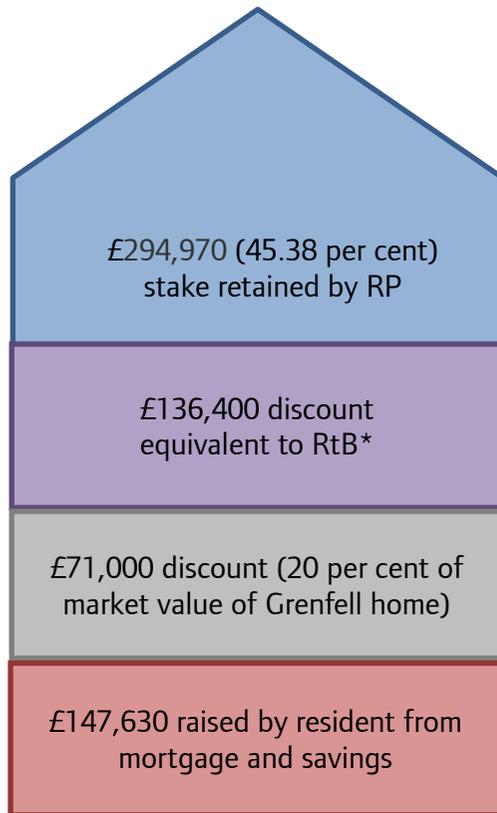
1.15 The guidance is set out as follows:

- **Introducing GAHOS** covers eligibility for the scheme and how the different aspects of GAHOS work
- **Grant available from the GLA** sets out what aspects of GAHOS RPs can bid for GLA grant against
- **Applying for funding** details the steps RPs need to take to secure funding approval and draw it down
- **Grant repayment and recycling** summarises the grant requirements that begin after the GAHOS sale completes
- More detail and sample calculations can be found in the **Appendices**

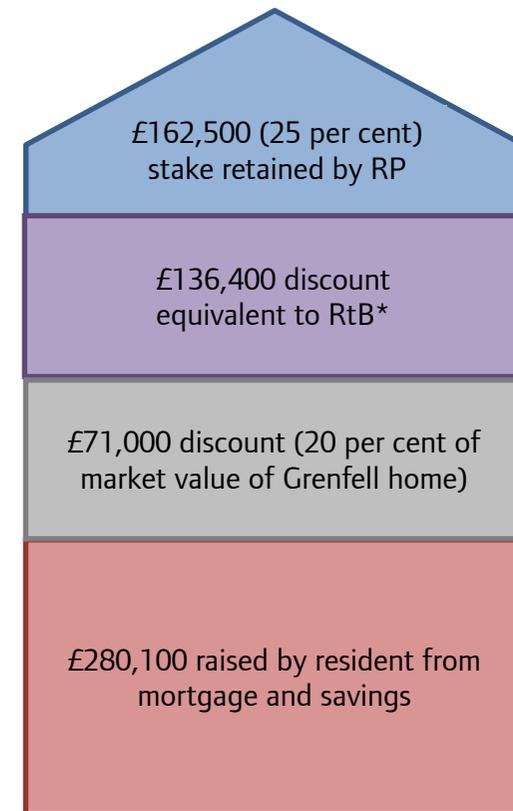
**Figure 1: Illustration of how a purchase through GAHOS could be funded**

In this example, a resident’s Grenfell home was worth £355,000 and their current home is worth £650,000.

**1.1 Buyer purchases minimum (54.62 per cent, £355,030) equity stake**



**1.2 Buyer purchases 75 per cent (£487,500) equity stake**



\* based on 2024/25 Right to Buy discounts

# Introducing GAHOS

## Who is eligible for GAHOS?

- 2.1 RBKC is responsible for confirming residents' eligibility for GAHOS.
- 2.2 RBKC will provide this confirmation to the landlord as part of the resident's application process, details of which are available on gov.uk<sup>4</sup>. In general, residents who previously had, or would have acquired, the statutory Right to Buy their Grenfell homes are eligible for GAHOS, provided that they do not own a home in the UK or elsewhere.<sup>5</sup> This likely includes:
  - secure council tenants
  - introductory council tenants
  - fixed term council tenants
  - those in temporary accommodation where the Council had accepted a statutory homelessness duty under Part VII of the Housing Act 1996.
- 2.3 Where former joint tenants in Grenfell have been rehoused separately, both will be eligible.
- 2.4 It is possible for residents to transfer their eligibility for GAHOS prior to buying a stake. Further information on this can be found in Appendix 6.
- 2.5 RBKC is responsible for confirming a household seeking to purchase a stake in their current home through the scheme is eligible, and will hold a record of whether GAHOS has been exercised. It can be contacted at [grenfellohousingservices@rbkc.gov.uk](mailto:grenfellohousingservices@rbkc.gov.uk).
- 2.6 Residents may buy a stake in their current home through GAHOS jointly with any of the following people (whether or not they lived with the resident in their Grenfell home):
  - someone with whom they jointly hold the tenancy of their current home.
  - a spouse or civil partner.
  - up to three family members, who have been living in their current home for a minimum of 12 months at the date of purchase.

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<sup>4</sup> <https://www.gov.uk/government/publications/the-grenfell-assisted-home-ownership-scheme-gahos/the-grenfell-assisted-home-ownership-scheme>

<sup>5</sup> Someone will remain eligible for GAHOS if they (have) inherit(ed) a home or a share of a home in the UK or elsewhere, but their current home remains their primary residence.

This mirrors the criteria for the statutory Right to Buy scheme. For joint purchases, all applicants must be party to the purchase on completion.

- 2.7 Residents will remain eligible for GAHOS as long as they remain a social sector tenant. They will cease to be eligible if they become a homeowner (including becoming a shared ownership leaseholder) through any route other than GAHOS.
- 2.8 Where a resident wishes to buy a stake in their home, the landlord of their current home should support them to access and complete the application process, details of which are available on gov.uk.<sup>6</sup>
- 2.9 This scheme cannot be used in conjunction with the statutory Right to Buy (or an equivalent arrangement like the Right to Acquire), or the Enhanced Portable Discount scheme offered to residents by RBKC.
- 2.10 A resident may not use GAHOS to buy a stake where:
- The RP is not able to offer the minimum lease term (i.e., 99 years,) described at paragraph 2.38, and/or
  - The RP's financial, legal, and property checks determine that the home is due to be demolished or is defective.

### **How does the scheme enable residents to purchase a stake in their current home?**

- 2.11 Residents buy a stake in their current home under a lease that includes the fundamental clauses from the GAHOS model lease (see paragraph 2.37). If residents living in a house are sold the freehold interest in their home, RPs should prepare the appropriate form of transfer.
- 2.12 To use GAHOS, residents must purchase a stake in their current home that is at least equivalent to the market value of their Grenfell home. This is known as the 'minimum equity stake'. Residents may choose to purchase a stake in their current home that is larger than the minimum equity stake, but they are not required to do so. A resident who cannot afford to purchase the minimum equity stake may not use GAHOS.
- 2.13 The market values of Grenfell homes used to determine the value of the minimum equity stake have been set as follows:
- Grenfell Tower:
    - one-bedroom flats - £275,000

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<sup>6</sup> <https://www.gov.uk/government/publications/the-grenfell-assisted-home-ownership-scheme-gahos/the-grenfell-assisted-home-ownership-scheme>

- two-bedroom flats - £355,000
  - three-bedroom flats - £400,000
  - Grenfell Walk:
    - studio/bedsit flats - £275,000
    - one-bedroom flats - £315,000
    - two-bedroom maisonettes - £460,000
    - three-bedroom flats - £495,000
    - five-bedroom maisonettes - £580,000
- 2.14 These market values are based on a valuation report produced by the District Valuer Services, part of the Valuation Office Agency. The report is available to participating RPs from the Department for Levelling Up, Housing and Communities (DLUHC) or the GLA on request. Appendix 5 sets out further information as to how these market valuations have been reached.
- 2.15 Where the market value of a resident's Grenfell home, as a percentage of the value of their current home, does not equate to a whole number, the resident may buy a percentage stake that is less than a whole number. The percentage should be rounded to two decimal places. As stipulated in the relevant fundamental clauses of the GAHOS model lease, the leaseholder's final staircasing transaction can be for any amount, including for an amount less than a whole number. This will ensure that the leaseholder can always staircase to 100 per cent ownership, regardless of the size of percentage stake acquired at the initial point of purchase.
- 2.16 The RP of the resident's current home will be responsible for providing a RICS-compliant valuation of the home. If the resident wishes to dispute the valuation secured by the RP, they may request a determination from the District Valuer. Unless the resident is purchasing the home outright, this valuation will be used, together with the market value of their Grenfell home, to determine the percentage value of the minimum equity stake the resident may purchase. It will also be used to determine the percentage and cost values of any larger stake the resident chooses to purchase.

### The two-part discount for which the resident is eligible

- 2.17 Residents will receive a discount made up of two parts: the London Right to Buy discount, and a 20 per cent market premium discount.

#### The London Right to Buy discount

- 2.18 This discount is an amount equivalent to the Right to Buy discount for London. The discount amounts are updated annually, in April, and made available at gov.uk.<sup>7</sup> Conditions regarding eligibility for Right to Buy do not apply for the

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<sup>7</sup> <https://www.gov.uk/right-to-buy-buying-your-council-home/discounts>

purposes of GAHOS, unless they are specified in this guidance as requirements of the scheme.

- 2.19 This discount will be funded according to the terms of RPs' legal agreements with RBKC.
- 2.20 Where an organisation other than RBKC is responsible for funding the discount, that organisation will deduct the applicable amount from the cost of the stake the resident is buying.
- 2.21 The above approach will also be used where RBKC is funding the discount for their own eligible tenants.
- 2.22 If RBKC is responsible for funding the discount and a resident is purchasing a stake in a home that is not owned by RBKC, RBKC will transfer a sum of money equivalent to the discount to the resident's solicitor, following a request from the solicitor. The resident will then use this towards the costs of purchasing a stake in their home. The resident's solicitor should ensure that RBKC receives the request at least 15 working days ahead of the expected date of completion, along with the following information:
- written confirmation from the solicitor acting for the resident that they are acting for the resident in their purchase and of their professional credentials
  - a copy of the RP's formal offer notice to the resident.<sup>8</sup>

Once transferred by RBKC, the resident's solicitor will hold this sum in trust until completion, when they will transfer it to the seller's solicitor. If the sale does not take place, the resident's solicitor will return the sum to RBKC.

#### The 20 per cent market premium

- 2.23 The second part is a market premium worth 20 per cent of the market value of the resident's Grenfell home, as it was on 1 June 2017.
- 2.24 The value of the 20 per cent market premium for each size and type of Grenfell home is listed in column D of Figure 2 below. The value of the 20 per cent market premium is always calculated against the value of the resident's Grenfell home, and not the size of the stake they are applying to purchase in their current home through GAHOS. This amount should then be discounted from the purchase price of the stake that the resident is buying.
- 2.25 Figure 2 below provides examples of how this two-part discount will work in practice.
- 2.26 It is assumed that residents will combine the two-part discount they receive with a mortgage and potentially also savings to afford to purchase their equity

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<sup>8</sup> This is a formal notice as set out in the GAHOS application guidance to landlords and residents.

stake in or to buy outright their current home. Examples are shown in Figure 1 above.

**Figure 2: Examples of how the two-part discount available through the scheme is calculated**

A	B	C	D	E
<b>Size and location of Grenfell home</b>	<b>Market value of Grenfell home</b>	<b>Right to Buy discount (based on the maximum for London in 2024/25)*</b>	<b>Market premium (= 20% of B)</b>	<b>Total scheme discount (= C + D)</b>
One-bedroom flat in Grenfell Tower (GT)	£275,000	£136,400	£55,000	£191,400
Two-bedroom flat in GT	£355,000	£136,400	£71,000	£207,400
Three- bedroom flat in GT	£400,000	£136,400	£80,000	£216,400
Studio in Grenfell Walk (GW)	£275,000	£136,400	£55,000	£191,400
One-bedroom flat in GW	£315,000	£136,400	£63,000	£199,400
Two-bedroom maisonette in GW	£460,000	£136,400	£92,000	£228,400
Three-bedroom flat in GW	£495,000	£136,400	£99,000	£235,400
Five-bedroom maisonette in GW	£580,000	£136,400	£116,000	£252,400

\* 2024/25 used for illustrative purposes, although each resident's discount will be calculated in line with the rules used to calculate a Right to Buy discount.

## SDLT

- 2.27 A resident is entitled to assistance with SDLT through GAHOS if they are liable for a sum of SDLT higher than the sum for which it can be assumed they would have been liable had they purchased their Grenfell home (using the Right to Buy) today.
- 2.28 This ensures that a resident, whose current home has a value above the relevant threshold for SDLT relief for first-time buyers at the time when they purchase, does not miss out on any relief for first-time buyers to which they would have been entitled if they were buying their Grenfell home. The threshold for first-time buyers' relief is currently set at £625,000. Provided the value of the current home is below this threshold, there is no SDLT to pay on the first £425,000, and then five per cent SDLT to pay on the remainder, up to the £625,000 threshold.
- 2.29 The assistance to which the resident is eligible will be an amount equivalent to the difference between the amount of SDLT for which the resident is liable buying a stake in their current home and the amount of SDLT for which they would have been liable at their Grenfell home if they were purchasing it on the date when they are buying an equity stake in their current home through GAHOS. Grant funding will be available from the GLA to cover the difference between the two amounts. This assistance with SDLT is available regardless of the size of stake in their current home the resident purchases.
- 2.30 If the resident purchases a stake less than 100 percent of the value of their current home, assistance is only available with SDLT on the value of the equity stake the resident purchases. Assistance is not available if, when purchasing an initial equity stake, the resident opts to pay SDLT on the property's full market value – i.e., on the 'market election'.<sup>9</sup>
- 2.31 The amount of SDLT for which a resident is liable is based on the price the resident pays to purchase their stake when the discount has been applied, rather than on the full market value of the stake or the whole home. This purchase price is calculated differently, depending on who is responsible for meeting the Right to Buy element of the scheme's two-part discount:
1. if the resident's RP is responsible for meeting the cost of the Right to Buy element of GAHOS's two-part discount, then both the resident's London Right to Buy discount and the 20 per cent market premium discount are subtracted from the value of the stake they are to establish its purchase price; or
  2. if the resident's RP is not responsible for meeting the cost of the Right to Buy element of GAHOS's two-part discount, then only the value of the resident's 20 per cent market premium is subtracted from the value of the stake they are buying to establish its purchase price.

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<sup>9</sup> The option for residents to pay SDLT on the full market value of their home (i.e., the 'market election') when buying an equity stake mirrors current SDLT policy for shared ownership homes.

- 2.32 Any assistance with SDLT to which the resident is entitled will be paid to the resident's solicitor by the RP at least 10 working days ahead of completion. To facilitate this, the resident's solicitor should notify the landlord's solicitor as part of the conveyancing process of the forthcoming claim for assistance. The resident's solicitor should then ensure that the relevant RP receives the request for these funds at least 15 working days before the expected completion date, along with the following information:
- written confirmation from the solicitor acting for the resident that they are acting for the resident in their purchase and of their professional credentials
  - confirmation of the amount of SDLT for which their client is liable, showing the calculations applied.
- 2.33 Examples of the level of assistance with SDLT to which a resident is entitled are set out in Appendix 1. These examples are based on the maximum London Right to Buy discount and SDLT rates for 2024-25.
- 2.34 The level of assistance available through GAHOS will mirror SDLT policy at the time of the resident's purchase, and so may alter in future. The latest SDLT policy is available at [gov.uk](https://www.gov.uk).<sup>10</sup>

### The option to change landlord when purchasing an equity stake

- 2.35 If the resident's current home is owned or leased by RBKC, and the resident is not seeking to purchase the freehold of the property, then the resident may request that RBKC sells their reversionary interest or a superior lease in the home to SNG. This option is only open to residents who are tenants of RBKC. In this situation, RBKC is responsible for providing a RICS-compliant valuation for the home. RBKC will sell a stake in the home to the resident, then sell its reversionary interest (or a superior lease) to SNG. SNG may seek a grant payment from the GLA to cover the cost of this acquisition.

### Lease terms

- 2.36 If they purchase a partial stake in their home, residents will own this stake on a leasehold basis. If a resident buys their home outright, they may own their home on either a leasehold or a freehold basis: those who buy a flat will own them on a leasehold basis and those who buy a house on either a leasehold or freehold basis depending on the specific property.
- 2.37 The resident's lease must include the fundamental terms set out in the GAHOS model lease and be consistent with the parameters of the scheme, as

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<sup>10</sup> <https://www.gov.uk/stamp-duty-land-tax/residential-property-rates>.

set out in this funding guidance. The GAHOS model lease is available at gov.uk.<sup>11</sup>

- 2.38 The minimum term of any lease must be 99 years. This minimum term should only be offered where the RP is themselves a lessee and their legal interest in the home would not allow for a longer sub-lease. In all other cases, RPs are expected to offer the maximum possible term, including for 990 years where the RP is the freeholder. A stake of a home may not be sold through GAHOS where the RP is unable to provide a minimum term of at least 99 years.

### Rent and service charges

- 2.39 RPs must limit residents' liability for rent on any unpurchased element of their home to no more than £1 per annum. This is because residents would not have had to pay any rent had they purchased their Grenfell homes using their statutory Right to Buy.
- 2.40 RPs are expected to ensure service charges do not exceed the service charge that applied to the resident's Grenfell home, increased by 3 per cent per annum for each year since the tragedy. This applies irrespective of what services the RP provides compared to the services provided in Grenfell. The service charges that applied to leaseholders in Grenfell are available from the GLA on request. This cap excludes any element of service charge relating to major repairs for which other leaseholders in the block or development are liable; RPs may charge for these at the same levels charged to those other leaseholders.

### Staircasing, transfers and sales

- 2.41 If residents purchase an initial stake in their home, they can buy additional equity (staircase) up to 100 per cent ownership. The staircasing arrangements employed by GAHOS mirror those used for the new model of shared ownership. For example, the resident may buy additional equity with a value equivalent to one per cent of the current market value of their home for the first 15 years of the lease. At any time during the lease, they may buy additional equity with a value equivalent to five per cent or more of the current market value of their home. If the resident is seeking to staircase to 100 per cent ownership, they may buy a stake of any size. The resident will be liable for any SDLT payable on any additional equity they purchase through staircasing.
- 2.42 A resident who has bought a stake of any size in their home may transfer their interest to a beneficiary. Appendix 6 provides further details on the impact these transfers will have on rent and service charge arrangements, which may also have implications for grant recycling or repayment.

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<sup>11</sup> <https://www.gov.uk/government/publications/the-grenfell-assisted-home-ownership-scheme-gahos/the-grenfell-assisted-home-ownership-scheme>.

- 2.43 A resident is free to sell their GAHOS home at any time. Further information about the selling of a GAHOS home is set out in Appendix 6.

## Grant available from the GLA

3.1 Grant funding is available under GAHOS. Subject to the terms of this funding guidance, this grant funding may cover:

- the market premium discount
- rent caps (where applicable)
- service charge caps (where applicable)
- the SDLT cap (where applicable)
- the cost of acquiring RBKC's reversionary interest or superior lease (where SNG acquires a home from RBKC at the request of the resident)
- legal advice and assistance that would not usually be incurred through a standard Right to Buy or shared ownership sale
- reasonable abortive costs.

### The market premium discount

3.2 An RP may seek to cover the market premium element, which is equivalent to 20 per cent of the market value of the resident's Grenfell home. These discounts have been set out at Figure 2.

### Rent caps

3.3 An RP may seek grant to cover the loss of income resulting from the capping of rent under GAHOS.

3.4 The amount that the RP may seek in recognition of lost rental income should not exceed the amount it would have received from charging rent on its equity stake in the home over 30 years (unless the RP can demonstrate exceptional circumstances that both the GLA and DLUHC agree warrant a longer period).

3.5 The amount should be calculated on the following basis:

- rents are set at 2.75 per cent of the value of that equity stake retained by the landlord at the initial point of purchase
- including inflationary increases not exceeding three per cent per annum, unless the RP can demonstrate exceptional circumstances that both the GLA and DLUHC agree warrant a higher increase
- applying a discount rate of 4.75 per cent per annum calculated as follows:

$$\text{Present Value} = \frac{\text{FV}}{(1 + r)^n}$$

**where:**

FV = Future Value

$r$  = Rate of return

$n$  = Number of periods

Appendix 2 contains sample calculations reflecting these assumptions.

### Service charge caps

- 3.6 An RP may seek grant to cover the loss of income resulting from the capping of service charges under GAHOS.
- 3.7 The amount an RP may claim for loss of income resulting from capping service charges may not exceed the difference between:
- the amount it would have received from charging full service charges for the property at the time of seeking grant, based on the charges applied to other equivalent leasehold properties<sup>12</sup> and
    - including inflationary increases not exceeding three per cent per annum (unless the RP can demonstrate exceptional circumstances that both the GLA and DLUHC agree warrant a higher increase)
    - for a period not exceeding 30 years (unless the RP can demonstrate exceptional circumstances that both the GLA and DLUHC agree warrant a longer period)
    - applying a discount rate of 4.75 per cent per annum calculated as follows:
 
$$\text{Present Value} = \frac{\text{FV}}{(1 + r)^n}$$

**where:**

FV = Future Value

$r$  = Rate of return

$n$  = Number of periods
- and
- the income it calculates it will receive in service charges from the resident over the same period, applying the approach to charges outlined at paragraph 2.40.
- 3.8 Appendix 2 contains a sample calculation reflecting these assumptions. Grant in recognition of lost service income is a one-off payment, so an RP may not seek further grant if it makes additional services available to leaseholders after the GLA has agreed to the payment.

<sup>12</sup> For example, homes of the same size in the same block or development.

### Acquisition grant

- 3.9 As outlined at paragraph 2.35, if SNG acquires a home from RBKC at the request of the resident, then it may claim grant funding to cover the cost of the stake not purchased by the resident and the cost of any superior lease held by the Council.

### Legal advice

- 3.10 In some cases, an RP may require specialist legal advice in order to proceed with selling a stake in the home to a resident. This may be the case, for example, where an RP is the leaseholder of the home and needs advice in respect of the head lease. It could also include paying for a Deed of Variation to a Section 106 agreement. In such cases, the RP may seek grant funding from the GLA to recover any 'additional' costs of legal advice and assistance incurred during the sales process. In this context, additional means any reasonable legal costs that would not usually be incurred through a standard Right to Buy or shared ownership sale. As such, an RP would not be able to seek grant funding for standard conveyancing costs.

### Abortive costs

- 3.11 In some cases, where a resident seeks to buy a stake in their home but does not complete the purchase, an RP may incur abortive costs. This might, for example, include the cost of a valuation carried out by the RP. It does not include staff time devoted to the sale up to the point that it fell through. RPs may seek grant to cover reasonable abortive costs.

### Status of grant

- 3.12 RPs should treat all grant they receive through GAHOS as capital funding.

# Applying for funding

## Requirement for Registered Provider and Investment Partner status

- 4.1 GAHOS is open for bids from landlords registered with the Regulator of Social Housing that:
- are landlord to a resident seeking to buy a stake in their home, or to buy their home outright, through the scheme, or
  - have been nominated by DLUHC to purchase RBKC's reversionary interest (or a superior lease) in a home following the resident's exercise of GAHOS – this nominated landlord is SNG.
- 4.2 Only GLA Investment Partners are eligible to receive funding through this scheme. Further information about the GLA Investment Partner Qualification process can be found on the GLA's website.<sup>13</sup>

## Contracts

- 4.3 RPs will need to enter into a standard form contract with the GLA to secure grant through GAHOS. The GLA expects that SNG and all RPs with a tenant or tenants eligible for GAHOS will do so at the outset of the scheme. Where an RP becomes the landlord of an eligible resident during the lifetime of GAHOS (for example because an eligible resident moves to a different social rented home), the GLA expects that the new RP will enter into a contract with the GLA at that stage.
- 4.4 If an RP that has signed a GAHOS contract with the GLA anticipates transferring the home of a tenant eligible for GAHOS to another housing provider, then the RP must notify both the GLA and DLUHC of its intention to do so. The RP must also notify any provider to whom they anticipate transferring the home that DLUHC and the GLA both expect that any landlord of a resident eligible for GAHOS will participate in GAHOS and sign a GAHOS contract with GLA immediately.

## Bidding for funding

- 4.5 RPs must submit bids for funding through the GLA's Open Project System (OPS). Bids may be submitted at any point during the lifetime of the scheme.

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<sup>13</sup> <https://www.london.gov.uk/what-we-do/housing-and-land/investment-partner-qualification>.

RPs bidding for funding that are not registered to use OPS can request access via the OPS website.<sup>14</sup>

- 4.6 OPS will be open for bids from 28 May 2024.
- 4.7 The following sections outline some of the information that RPs will be asked to submit on OPS when seeking funding through GAHOS (any further requirements will be communicated separately to RPs). Where appropriate, RPs will be required to retain this information on file and the GLA may request sight of this documentation at any point. This documentation may be subject to external audit by the GLA to verify accuracy. As the following sections explain, RPs will need to submit information on OPS at bid stage, and may need to submit some further information at the point of claiming grant.
- 4.8 Funding claims can only be submitted following completion of the sale of a GAHOS home (with the exception of abortive costs).

### The market premium discount

- 4.9 When submitting a bid, RPs will be required to confirm on OPS (and retain evidence on file of) the following:
- a) RBKC's confirmation of a resident's eligibility for the scheme
  - b) details, including location, type and size, of the Grenfell home
  - c) where the prospective buyer is a resident's nominee, written confirmation that the resident and their nominee agree to the transfer of eligibility<sup>15</sup>
  - d) the RP's own financial, legal and property checks<sup>16</sup>
  - e) a RICS-compliant valuation of the home carried out in last three months (or within the last six months if the valuation has been extended by the surveyor), or a determination from the District Valuer<sup>17</sup>
  - f) a copy of the RP's formal offer notice
  - g) information on any historic grant in the home.

Bids can be submitted once the valuation of a resident's current home has been completed, and accepted by the resident. Bids should be submitted at the latest 10 working days after the resident's landlord issues a formal offer notice.

### Rent and service charge caps

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<sup>14</sup> <https://ops.london.gov.uk/#/home>.

<sup>15</sup> The format should be as completed under GAHOS 2 – Notice of application to the Grenfell Assisted Home Ownership Scheme.

<sup>16</sup> As described in the GAHOS application guide for landlords.

<sup>17</sup> Flexibility on the timescale may be possible in certain circumstances further to discussion with GLA

- 4.10 When submitting a bid, RPs will be required to confirm on OPS (and retain evidence on file of) the following:
- a) information from items a to g specified in paragraph 4.9
  - b) if seeking funding for lost rental income, a calculation of any projected loss of rental income following the sale
  - c) if seeking funding for lost service charge income, a calculation of any projected net loss of service charge income
  - d) (for SNG, if seeking funding for lost service charge income) a copy of its agreement with RBKC that RBKC will sell its stake in the home to SNG.
- 4.11 Once a bid is approved, the RP should confirm it holds a copy of the executed and completed lease upon completion of the sale, prior to claiming grant. In the case of SNG, it should also provide confirmation of its acquisition of RBKC's stake in the home.

### SDLT

- 4.12 When submitting a bid, RPs will be required to confirm on OPS (and retain evidence on file of) the following:
- a) information from items a to g specified in paragraph 4.9
  - b) written confirmation from the solicitor acting for the resident:
    - that they are acting for the resident in their purchase
    - of their professional credentials
    - of the amount of SDLT for which their client is liable, showing the calculations applied
  - c) a calculation of the assistance to which the resident is entitled, based on paragraphs 2.27 to 2.34
- 4.13 Bids should be submitted at the latest 10 working days after the resident's landlord issues a formal offer notice. Once a bid is approved, RPs will be required to confirm on OPS (and retain evidence on file) prior to claiming grant:
- they hold a copy of the executed and completed lease upon completion of the sale
  - confirmation from the resident's solicitor that SDLT has been paid on behalf of the resident.

### Acquisition grant

- 4.14 When submitting a bid, SNG will be required to confirm on OPS (and retain evidence on file of) the following:
- a) information from items a to g specified in paragraph 4.9

- b) Confirmation from RBKC that that the resident wishes to change landlord from RBKC to SNG<sup>18</sup>
- c) Confirmation of RBKC's intention to sell its reversionary interest or grant a superior lease in the home, when the resident purchases an equity stake, and of its own intention to buy it (this could be a written agreement between the two parties).

Bids may be submitted once the valuation of a resident's current home has been completed and accepted by the resident. Bids should be submitted at the latest 15 working days after the resident's landlord issues a formal offer notice.

- 4.15 Once a bid is approved, SNG will be required to confirm on OPS (and retain evidence on file) prior to claiming grant:
- confirmation of its acquisition of RBKC's reversionary interest or a superior lease in the home, including the purchase price.

#### Legal advice

- 4.16 When submitting a bid, RPs will be required to confirm on OPS (and retain evidence on file of) the following:
- a) information from item a specified in paragraph 4.9
  - b) a copy of a written request for a quotation for providing the legal advice required
  - c) a statement of why legal advice is needed for sale of a stake in the property to proceed, with appropriate documentary evidence (for example, copies of relevant sections of the lease for the home), and justification of why these costs would not usually be incurred through a standard Right to Buy or shared ownership sale.
  - d) a copy of the individual or organisation's quotation.
- 4.17 RPs can submit a bid for funding for legal advice when they have received a quote for providing the advice required. This could be prior to applying for other elements of GAHOS grant.
- 4.18 Once a bid is approved, the RP will be required to confirm on OPS (and retain evidence on file) prior to claiming grant:
- a) evidence that it has received legal advice from the individual or organisation from whom/which the RP requested it
  - b) an invoice for that advice

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<sup>18</sup> The format should be as completed under GAHOS 2 – Notice of application to the Grenfell Assisted Home Ownership Scheme.

- c) if the cost differs significantly from the quotation provided, an explanation from the individual or organisation that supplied the advice of the reason(s) for this discrepancy, and
- d) if the resident buys a stake in their home, a copy of the executed and completed lease.

4.19 The RP may claim this funding, together with other elements of grant for which the RP has received an allocation, if the resident is able to buy a stake in their home. If the legal advice means that the sale is not possible, the RP will need to abandon its grant bid on OPS and simultaneously submit a new bid for abortive costs.

#### Abortive costs

4.20 When submitting a bid, RPs will be required to confirm on OPS (and retain evidence on file of) the following:

- a) items a to f specified in paragraph 4.9, in so far as these exist
- b) evidence of the abortive costs – for example, an invoice for a valuation
- c) an account of why the resident was unable to complete the purchase, with relevant evidence.

4.21 Once a bid is approved, the RP can claim grant immediately.

#### Payment

4.22 Subject to the terms of contracts between the GLA and RPs participating in this scheme, grant to RPs that are allocated funding from GAHOS will be paid by the GLA in arrears, no more than 14 days after the GLA has received the information required when RPs are claiming grant, following completion of the sale (other than in the case of abortive costs, where no sale can complete). This is subject to the GLA assessing that the application is satisfactory.

# Grant repayment and recycling

## Repayment and recycling requirements under GAHOS

- 5.1 RPs that receive grant from the GLA through GAHOS may be required to repay or recycle capital grant over the course of the programme. They may also be required to repay or recycle grant in a home at the point in which a resident purchases an initial stake, additional stake, or full stake of their home.
- 5.2 The GAHOS repayment and recycling requirements are broadly in line with requirements of the GLA's Recovery Determination. However, the Recovery Determination itself will not apply to all grant allocated through GAHOS. For this reason, where necessary, grant repayment or recycling requirements for GAHOS will be set out in full in the standard GLA funding contracts.
- 5.3 RPs will not normally be required to repay or recycle grant allocated to cover the 20 per cent market premium, the SDLT cap, or any legal advice or abortive costs.
- 5.4 For RPs that have received grant in recognition of lost rental and/or service charge income, this obligation will remain throughout the period covered by the grant, typically 30 years, including if the resident staircases to own 100 per cent of their home but remains liable for service charges.
- 5.5 Where SNG has received grant for the acquisition of RBKC's stake in a home, this obligation will remain unless and until that grant has been recycled or repaid to the GLA in accordance with the contract and/or the GLA's Recovery Determination.
- 5.6 A more detailed overview of the GAHOS repayment and recycling requirements is set out in Appendix 3.
- 5.7 Worked examples of the GAHOS repayment and recycling requirements are set out in Appendix 4.

## Local authority landlords' use of sales receipts

- 5.8 For local authorities, any income that they receive from the following must be spent in line with the rules applied to Right to Buy receipts<sup>19</sup>:

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<sup>19</sup> These are available at <https://www.gov.uk/government/publications/retained-right-to-buy-receipts-and-their-use-for-replacement-supply-guidance>

- selling an initial equity stake of a home held in their Housing Revenue Account to a resident using GAHOS
- for RBKC, transferring their reversionary interest, or granting a superior lease, in a home held in their Housing Revenue Account to SNG after a resident has bought an initial stake.

However, the local authority may use income from these sources to meet any obligation to repay or recycle historic grant, in line with the requirements set out in Appendix 3.6 - 3.9.

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# Appendices

## **Appendix 1** Examples of the how the level of assistance with SDLT to which a resident is entitled is calculated

**Figure 1.1: Calculation for assistance with SDLT where the resident's Grenfell home was worth £355,000 and their current home is worth £600,000**

The resident purchases an equity stake in their current home worth £355,000 – i.e., the minimum equity stake.

The purchase price of the resident's Grenfell home and the market value of their current home are both below the threshold of £625,000 for first-time buyers' relief.

	a) RP is responsible for meeting the cost of both the Right to Buy and 20 per cent market premium elements of GAHOS's two-part discount	2) RP is responsible for meeting the cost of the 20 per cent market premium element of GAHOS's two-part discount only
Value of the resident's Grenfell home	£355,000	£355,000
Purchase price of the resident's Grenfell home, if the usual statutory Right to Buy discount were applied	£218,600	£218,600
SDLT due	£0	£0
<hr/>		
Value of the share in their current home to be purchased by the resident	£355,000	£355,000
Purchase price of equity stake in the resident's current home, once the relevant part(s) of GAHOS's discount are applied	£147,600	£284,000
SDLT due	£0	£0
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Resident's entitlement to assistance with SDLT through GAHOS	£0	£0

**Figure 1.2: Calculation for assistance with SDLT where the resident's Grenfell home was worth £355,000 and their current home is worth £600,000**

The resident purchases an equity stake in their current home worth £500,000.

The purchase price of the resident's Grenfell home and the market value of their current home are both below the threshold of £625,000 for first-time buyers' relief.

	1) RP is responsible for meeting the cost of both the Right to Buy and 20 per cent market premium elements of GAHOS's two-part discount	2) RP is responsible for meeting the cost of the 20 per cent market premium element of GAHOS's two-part discount only
Value of the resident's Grenfell home	£355,000	£355,000
Purchase price of the resident's Grenfell home, if the usual statutory Right to Buy discount were applied	£218,600	£218,600
SDLT due	£0	£0
<hr/>		
Value of the share in their current home to be purchased by the resident	£500,000	£500,000
Purchase price of equity stake in the resident's current home, once the relevant part(s) of GAHOS's discount are applied	£292,600	£429,000
SDLT due	£0	£200 – 5% on the difference between £429,000 and £425,001
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Resident's entitlement to assistance with SDLT through GAHOS	£0	£200

**Figure 1.3: Calculation for assistance with SDLT where the resident's Grenfell home was worth £460,000 and their current home is worth £700,000**

The resident purchases an equity stake in their current home worth £460,000.

The purchase price of the resident's Grenfell home is below the threshold of £625,000 for first-time buyers' relief, but the market value of their current home exceeds this threshold.

	b) RP is responsible for meeting the cost of both the Right to Buy and 20 per cent market premium elements of GAHOS's two-part discount	2) RP is responsible for meeting the cost of the 20 per cent market premium element of GAHOS's two-part discount only
Value of the resident's Grenfell home	£460,000	£460,000
Purchase price of the resident's Grenfell home, if the usual statutory Right to Buy discount were applied	£323,600	£323,600
SDLT due	£0	£0
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Value of the share in their current home to be purchased by the resident	£460,000	£460,000
Purchase price of equity stake in the resident's current home, once the relevant part(s) of GAHOS's discount are applied	£231,600	£368,000
SDLT due	£0	£5,900 – 5% on the difference between £368,000 and £250,001
<hr/>		
Resident's entitlement to assistance with SDLT through GAHOS	£0	£5,900

**Figure 1.4: Calculation for assistance with SDLT where the resident's Grenfell home was worth £460,000 and their current home is worth £700,000**

The resident purchases an equity stake in their current home worth £580,000.

The purchase price of the resident's Grenfell home is below the threshold of £625,000 for first-time buyers' relief, but the market value of their current home exceeds this threshold.

	c) RP is responsible for meeting the cost of both the Right to Buy and 20 per cent market premium elements of GAHOS's two-part discount	2) RP is responsible for meeting the cost of the 20 per cent market premium element of GAHOS's two-part discount only
Value of the resident's Grenfell home	£460,000	£460,000
Purchase price of the resident's Grenfell home, if the usual statutory Right to Buy discount were applied	£323,600	£323,600
SDLT due	£0	£0
<hr/>		
Value of the share in their current home to be purchased by the resident	£580,000	£580,000
Purchase price of equity stake in the resident's current home, once the relevant part(s) of GAHOS discount are applied	£351,600	£488,000
SDLT due on the purchase of the equity stake in the resident's current home	£5,080 – 5% on the difference between £351,600 and £250,001	£11,900 – 5% on the difference between £488,000 and £250,001
<hr/>		
Resident's entitlement to assistance with SDLT through GAHOS	£5,080	£11,900

**Figure 1.5: Calculation for assistance with SDLT where the resident's Grenfell home was worth £580,000 and their current home is worth £850,000**

The resident purchases an equity stake in their current home worth £580,000.

The purchase price of the resident's Grenfell home is below the threshold of £625,000 for first-time buyers' relief, but the market value of their current home exceeds this threshold.

	d) RP is responsible for meeting the cost of both the Right to Buy and 20 per cent market premium elements of GAHOS's two-part discount	2) RP is responsible for meeting the cost of the 20 per cent market premium element of GAHOS's two-part discount only
Value of the resident's Grenfell home	£580,000	£580,000
Purchase price of the resident's Grenfell home, if the usual statutory Right to Buy discount were applied	£443,600	£443,600
SDLT due	£930 – 5% on the difference between £443,600 and £425,001	£930 – 5% on the difference between £443,600 and £425,001
Value of the share in their current home to be purchased by the resident	£580,000	£580,000
Purchase price of equity stake in the resident's current home, once the relevant part(s) of GAHOS discount are applied	£327,600	£464,000
SDLT due on the purchase of the equity stake in the resident's current home	£3,880 – 5% on the difference between £327,600 and £250,001	£10,700 – 5% on the difference between £464,000 and £250,001
Resident's entitlement to assistance with SDLT	£2,950	£9,770

**Figure 1.6: Calculation for assistance with SDLT where the resident's Grenfell home was worth £580,000 and their current home is worth £850,000**

The resident purchases an equity stake in their current home worth £650,000.

The purchase price of the resident's Grenfell home is below the threshold of £625,000 for first-time buyers' relief, but the market value of their current home exceeds this threshold.

	1) RP is responsible for meeting the cost of both the Right to Buy and 20 per cent market premium elements of GAHOS's two-part discount	2) RP is responsible for meeting the cost of the 20 per cent market premium element of GAHOS's two-part discount only
Value of the resident's Grenfell home	£580,000	£580,000
Purchase price of the resident's Grenfell home, if the usual statutory Right to Buy discount were applied	£443,600	£443,600
SDLT due	£930 – 5% on the difference between £443,600 and £425,001	£930 – 5% on the difference between £443,600 and £425,001
Value of the share in their current home to be purchased by the resident	£650,000	£650,000
Purchase price of equity stake in the resident's current home, once the relevant part(s) of GAHOS discount are applied	£397,600	£534,000
SDLT due on the purchase of the equity stake in the resident's current home	£7,380 – 5% on the difference between £397,600 and £250,001	£14,200 – 5% on the difference between £534,000 and £250,001
Resident's entitlement to assistance with SDLT	£6,450	£13,270

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## Appendix 2 Calculating bids for grant

**Figure 2.1 Calculating grant in recognition of forgoing rent**

The following table is intended to illustrate how an RP might calculate the grant it could seek for the cost of forgoing rent, using the examples supplied in the diagrams at Figure 1 above and calculating costs on the basis of the assumptions specified in paragraph 3.5 above.

	Example 1.1			Example 1.2		
	Rent on £294,970 (45.38 per cent) equity stake retained by RP, at 2.75%	- plus inflation at 2.5%	- with discount rate of 4.75%, using the formula at 3.5	Rent on £162,500 (25 per cent) equity stake retained by RP, at 2.75%	- plus inflation at 2.5%	- with discount rate of 4.75%, using the formula at 3.5
Year 1	£8,111.68	£8,111.68	£8,111.68	£4,468.75	£4,468.75	£4,468.75
Year 2	£8,111.68	£8,314.47	£7,937.44	£4,468.75	£4,580.47	£4,372.76
Year 3	£8,111.68	£8,522.33	£7,766.94	£4,468.75	£4,694.98	£4,278.84
Year 4	£8,111.68	£8,735.39	£7,600.11	£4,468.75	£4,812.35	£4,186.93
Year 5	£8,111.68	£8,953.77	£7,436.86	£4,468.75	£4,932.66	£4,096.99
Year 6	£8,111.68	£9,177.62	£7,277.12	£4,468.75	£5,055.98	£4,008.99
Year 7	£8,111.68	£9,407.06	£7,120.81	£4,468.75	£5,182.38	£3,922.88
Year 8	£8,111.68	£9,642.23	£6,967.86	£4,468.75	£5,311.94	£3,838.62
Year 9	£8,111.68	£9,883.29	£6,818.19	£4,468.75	£5,444.74	£3,756.17
Year 10	£8,111.68	£10,130.37	£6,671.74	£4,468.75	£5,580.86	£3,675.48
Year 11	£8,111.68	£10,383.63	£6,528.43	£4,468.75	£5,720.38	£3,596.54
Year 12	£8,111.68	£10,643.22	£6,388.20	£4,468.75	£5,863.39	£3,519.28
Year 13	£8,111.68	£10,909.30	£6,250.99	£4,468.75	£6,009.97	£3,443.69
Year 14	£8,111.68	£11,182.03	£6,116.72	£4,468.75	£6,160.22	£3,369.72
Year 15	£8,111.68	£11,461.58	£5,985.33	£4,468.75	£6,314.23	£3,297.34
Year 16	£8,111.68	£11,748.12	£5,856.77	£4,468.75	£6,472.08	£3,226.51
Year 17	£8,111.68	£12,041.83	£5,730.97	£4,468.75	£6,633.88	£3,157.21
Year 18	£8,111.68	£12,342.87	£5,607.87	£4,468.75	£6,799.73	£3,089.39
Year 19	£8,111.68	£12,651.44	£5,487.41	£4,468.75	£6,969.72	£3,023.03
Year 20	£8,111.68	£12,967.73	£5,369.54	£4,468.75	£7,143.97	£2,958.10
Year 21	£8,111.68	£13,291.92	£5,254.21	£4,468.75	£7,322.57	£2,894.56
Year 22	£8,111.68	£13,624.22	£5,141.35	£4,468.75	£7,505.63	£2,832.39
Year 23	£8,111.68	£13,964.83	£5,030.91	£4,468.75	£7,693.27	£2,771.55
Year 24	£8,111.68	£14,313.95	£4,922.85	£4,468.75	£7,885.60	£2,712.02
Year 25	£8,111.68	£14,671.80	£4,817.11	£4,468.75	£8,082.74	£2,653.76
Year 26	£8,111.68	£15,038.59	£4,713.64	£4,468.75	£8,284.81	£2,596.76
Year 27	£8,111.68	£15,414.56	£4,612.39	£4,468.75	£8,491.93	£2,540.98
Year 28	£8,111.68	£15,799.92	£4,513.32	£4,468.75	£8,704.23	£2,486.40
Year 29	£8,111.68	£16,194.92	£4,416.37	£4,468.75	£8,921.84	£2,433.00
Year 30	£8,111.68	£16,599.79	£4,321.51	£4,468.75	£9,144.88	£2,380.74
<b>Total grant</b>			<b>£180,774.66</b>			<b>£99,589.39</b>

**Figure 2.2 Calculating grant in recognition of capping service charges**

The following table is intended to illustrate how an RP might calculate the grant it could seek for capping service charges, applying the assumptions specified in paragraph 3.7 above, if the difference between current service charges and capped service charges was £250 a year at the time of purchase.

	Shortfall between current and capped service charge	- plus inflation at 2.5%	- applying discount rate of 4.75%, using the formula at 3.7
Year 1	£250.00	£250.00	£250.00
Year 2	£250.00	£256.25	£244.63
Year 3	£250.00	£262.66	£239.38
Year 4	£250.00	£269.22	£234.23
Year 5	£250.00	£275.95	£229.20
Year 6	£250.00	£282.85	£224.28
Year 7	£250.00	£289.92	£219.46
Year 8	£250.00	£297.17	£214.75
Year 9	£250.00	£304.60	£210.14
Year 10	£250.00	£312.22	£205.62
Year 11	£250.00	£320.02	£201.20
Year 12	£250.00	£328.02	£196.88
Year 13	£250.00	£336.22	£192.65
Year 14	£250.00	£344.63	£188.52
Year 15	£250.00	£353.24	£184.47
Year 16	£250.00	£362.07	£180.50
Year 17	£250.00	£371.13	£176.63
Year 18	£250.00	£380.40	£172.83
Year 19	£250.00	£389.91	£169.12
Year 20	£250.00	£399.66	£165.49
Year 21	£250.00	£409.65	£161.93
Year 22	£250.00	£419.90	£158.46
Year 23	£250.00	£430.39	£155.05
Year 24	£250.00	£441.15	£151.72
Year 25	£250.00	£452.18	£148.46
Year 26	£250.00	£463.49	£145.27
Year 27	£250.00	£475.07	£142.15
Year 28	£250.00	£486.95	£139.10
Year 29	£250.00	£499.12	£136.11
Year 30	£250.00	£511.60	£133.19
<b>Total grant</b>			<b>£5,571.43</b>

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### **Appendix 3** Repayment and recycling requirements

- 3.1 RPs that receive grant from the GLA through GAHOS may be required to repay or recycle capital grant over the course of the programme. They may also be required to repay or recycle historic grant in a home at the point in which a resident purchases an initial stake, additional stake, or full stake of their home.
- 3.2 RPs will not normally be required to repay or recycle grant allocated to cover the 20 per cent market premium, the SDLT cap, or any legal advice or abortive costs. For RPs that have received grant in recognition of lost rental and/or service charge income, this obligation will remain throughout the period covered by the grant, typically 30 years, including if the resident staircases to own 100 per cent of their home but remains liable for service charges. Where SNG has received grant for the acquisition of RBKC's stake in a home, this obligation will remain unless and until that grant has been recycled or repaid to the GLA in accordance with the contract and/or the GLA's Recovery Determination
- 3.3 The GAHOS repayment and recycling requirements are broadly in line with requirements of the GLA's Recovery Determination. However, the Recovery Determination itself will not apply to all grant allocated through GAHOS. For this reason, where necessary, grant repayment or recycling requirements for GAHOS will be set out in full in the standard GLA funding contracts.
- 3.4 For example, grant allocated in recognition of lost rental or service charge income would not automatically be subject to the Recovery Determination, because grant for this purpose does not meet the definition of 'social housing assistance' in s.32(13) of the Housing and Regeneration Act 2008<sup>20</sup> and it is to such grant that the Recovery Determination applies. For this reason, where necessary, grant repayment or recycling requirements for GAHOS will be set out in full in the standard contracts. RPs should refer to these contracts (when published) for full details of the grant repayment and recycling requirements, which, in addition to the arrangements described in Appendix paragraph 3.10 below and in line with other GLA grant funding programmes, would reserve the right for the GLA to recover grant in circumstances including misrepresentation by the RP, fraud by the RP, overpayment of grant by the GLA, and breach of certain contractual obligations.
- 3.5 Where an RP is required to repay or recycle grant, an RP that recycles grant should credit the amount it is required to recycle to its Recycled Capital Grant Fund (RCGF) and spend it within the timescales permitted and in line with the uses of RCGF permitted in the GLA's Affordable Housing Capital Funding Guide (CFG). If it does not do so, it must repay that grant to the GLA. Any RP that does not currently have an RCGF may seek advice from the GLA about creating one or repay grant immediately to the GLA. The GLA will make any repaid grant available for investment in affordable housing in London.

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<sup>20</sup> As applied to the GLA by virtue of Section 333ZE of the Greater London Authority Act 1999

### Repayment or recycling requirements for historic grant and/or funding from RBKC

- 3.6 If RBKC sells its stake in a resident's home to SNG, the GLA expects RBKC to identify the value of any grant previously allocated by the GLA (or its predecessor bodies) for the development or acquisition of that home, and to repay or recycle that grant. The disposal by RBKC to SNG will be a relevant event for the purposes of the GLA's Recovery Determination. The GLA will provide RBKC with written consent to the disposal, in order to record that such disposal is agreed for the purposes of the historic grant agreement, but this consent will be conditional on RBKC repaying to the GLA or crediting to its RCGF any such grant, following the disposal to SNG in accordance with the Recovery Determination.
- 3.7 When a resident buys an initial stake in their home through GAHOS (assuming they don't buy their home outright), this will bring about a change in the tenure of the home, from social rent to affordable home ownership. Accordingly, the RP should identify the value of any grant previously allocated by the GLA (or its predecessor bodies) for the development or acquisition of the home, as the change in tenure will be a relevant event for the purposes of the GLA's Recovery Determination. The GLA will provide the RP with written consent to the change in tenure, in order to record that such change is agreed for the purposes of the historic grant agreement, but this consent will be conditional on the RP repaying to the GLA or crediting to its RCGF 50 per cent of any such grant, following the sale of the equity stake in accordance with the Recovery Determination. This proportion equates, approximately, to the difference in the sums of grant typically paid by the GLA for the development or acquisition of social rented homes and the development or acquisition of homes for affordable home ownership. The remaining 50 per cent of any previously allocated grant, which is not repaid or recycled, remains vested in the home. It will continue to be subject to the repayment or recycling requirements applicable to that payment.
- 3.8 If a home is purchased outright through GAHOS, the tenure will change from social rent to private home ownership. Accordingly, the RP should identify the value of any grant previously allocated by the GLA (or its predecessor bodies) for the development or acquisition of the home, as the change in tenure will be a relevant event for the purposes of the GLA's Recovery Determination. The GLA will provide the RP with written consent to the change in tenure, in order to record that such change is agreed for the purposes of the historic grant agreement, but this consent will be conditional on the RP repaying to the GLA or crediting to its RCGF 100 per cent of any historic grant, following the sale of the home in accordance with the Recovery Determination.
- 3.9 Participating RPs other than RBKC and SNG may have received funding from RBKC at the point when they issued tenancy agreements to residents, to enable them to cap the rent and service charges charged to the tenant over a 60-year period. RPs who may have received this funding will be asked to provide details on any such funding they received (and have not subsequently repaid to RBKC or recycled in line with the original grant conditions) when they seek funding through GAHOS. The GLA will require the RP to calculate

the amount of this funding allocated for any part of the 60-year period that will not have elapsed at the anticipated time of the sale to the resident. The GLA will require the RP to credit that funding to its RCGF, or reduce the funding that the RP receives through GAHOS by that amount.

### Repayment or recycling requirements for grant paid through GAHOS

- 3.10 An RP that has received grant funding through GAHOS will repay to the GLA or credit to its RCGF an appropriate share of the grant it has received, in any of the following events:
- a) the resident, or any successor lessee, buys additional equity in their home
  - b) the resident's, or any successor lessee's, interest in the home is sold, including sale to the RP (via a surrender of the lease) and/or following the resident's death
  - c) the resident's, or any successor lessee's, interest in the home is transferred to a beneficiary, including following the resident's death, unless the rent and service charge amendments described at paragraphs 2.39 and 2.40 remain in place in accordance with the categories of beneficiary and other requirements specified at paragraphs Appendix 6.4 and 6.5. In this eventuality, the beneficiary will occupy the home on the same basis as the resident who originally purchased an equity stake, or the whole home, through GAHOS, and the RP will remain subject to the same recycling requirements in the event of the eventualities specified in this paragraph.
  - d) a successor lessee in category b at Appendix 6.4 or categories c to e at Appendix 6.5 reaches the end of the period for which the lease permits them to occupy the home on the same basis as the resident who originally purchased an equity stake, or the whole home, through GAHOS
  - e) the RP terminates the GAHOS lease for breach by the resident, or any successor lessee
  - f) the RP transfers its reversionary interest in the home, or assigns its lease, or grants a sublease, to another housing provider. In this scenario, the RP must repay grant to the GLA, save where specified in Figure 3, and may not credit grant to its RCGF.
- 3.11 The GAHOS standard form contract will require RPs to apply to HM Land Registry to register a restriction on their title in order to ensure that the repayment and recycling requirements for GAHOS grant are complied with. Worked examples of the GAHOS repayment and recycling requirements are set out in Appendix 4.

**Figure 3.1: Repayment or recycling requirements in the scenarios identified at Appendix paragraph 3.10**

The calculations that an RP should complete to calculate repayment or recycling requirements in the scenarios identified at Appendix paragraph 3.10 are as follows. Examples with sample calculations are supplied in Appendix 3:

	<b>Grant awarded for the acquisition of a home from RBKC</b>	<b>Grant awarded for lost rental income</b>	<b>Grant awarded for lost service charge income</b>
<b>a) the resident (or any successor lessee) buys additional equity in their home</b>	<p>Repay or recycle x per cent of the grant allocated where x is calculated as follows:</p> <p>x = the additional equity to be purchased, as a proportion of the equity retained by the RP prior to staircasing</p> <p>This is as outlined in section six of the GLA's Capital Funding Guide, under the heading 'Shared ownership: Staircasing sales'.</p>	<p>Unless it has previously been repaid or recycled (for example, because the lease was transferred to a lessee outside the specified categories at Appendix 6.4 and 6.5), x per cent of the amount of grant allocated to cover the cost of forgoing rental income for the full years remaining at the date of staircasing (e.g., for years eight to 30, if grant had been paid to cover 30 years and staircasing took place during year seven), where x is calculated as follows:</p> <p>x = the stake in the home retained by the RP after staircasing/the stake in the home retained by the RP after the resident's initial purchase</p> <p>The RP need not repay or recycle grant that relates to any year that has partly elapsed.</p>	No repayment or recycling requirement.
<b>b) the resident (or an executor after the resident's death, or any successor lessee) sells</b>			

<p><b>the home or their equity stake in it, through one of the following routes specified at Appendix paragraph 6.7 or 6.8:</b></p>			
<p><b>i) the RP takes surrender of the lease</b></p>	<p>The GLA waives its right to require the RP to repay or recycle the grant in respect of the initial surrender, although it may be a future requirement if another repayment/recycling event (whether under the Recovery Determination or in the relevant grant agreement) occurs (for example where the RP sells the home, including on a shared ownership basis).</p>	<p>Unless it has previously been repaid or recycled (for example, because the lease was transferred to a lessee outside the specified categories at Appendix 6.4 and 6.5), repay or recycle the grant allocated for this purpose for each of the full years remaining at the date when the sale is completed (e.g., for years 21 to 30, if grant had been paid to cover 30 years and the resident (or their successor) surrendered their lease or sold their home during year 20).</p>	<p>Unless it has previously been repaid or recycled (for example, because the lease was transferred to a lessee outside the specified categories at Appendix 6.4 and 6.5), repay or recycle the grant allocated for this purpose for each of the full years remaining at the date when the surrender/sale is completed (e.g., for years 21 to 30, if grant had been paid to cover 30 years and the resident (or their successor) surrendered or sold their home during year 20).</p>
<p><b>ii) (prior to final staircasing) through a back-to-back staircasing transaction</b></p>	<p>The RP should repay or recycle the grant originally awarded, minus any amount already repaid or recycled as a result of the resident staircasing.</p>	<p>The RP need not repay or recycle grant that relates to any year that has partly elapsed.</p>	<p>The RP need not repay or recycle grant that relates to any year that has partly elapsed.</p>
<p><b>iii) after staircasing to 100 per cent ownership, outright sale of the home</b></p>	<p>No repayment or recycling requirement. The grant has already been repaid or recycled.</p>		

<p><b>c) the resident's (or any successor lessee's) interest in their home is transferred to a beneficiary, including transfer following their death</b></p>		
<p><b>i) their interest in the home is transferred to a beneficiary in respect of whom the rent and service charge arrangements described at paragraphs 2.39 and 2.40 qualify to remain in place, in accordance with the categories of beneficiary and other requirements specified at Appendix paragraphs 6.4 and 6.5</b></p>	<p>No repayment or recycling requirement although those specified at b.i and b.ii above apply if the successor GAHOS lessee sells the home.</p>	<p>No repayment or recycling requirement</p>
<p><b>ii) their interest in the home is transferred to any other person</b></p>	<p>No repayment or recycling requirement although those specified at b.i and b.ii above apply if the successor lessee sells the home.</p>	<p>Unless it has previously been repaid or recycled (for example, because the lease was transferred to a lessee outside the specified categories at Appendix paragraphs 6.4 and 6.5), repay or recycle the grant allocated for these purposes for each of the full years remaining at the date when the sale is completed (e.g., for years 25 to 30 if grant had been paid to cover 30 years and the resident's home was transferred to an owner not in one of the specified groups during year 24).</p> <p>The RP need not repay or recycle grant that relates to any year that has partly elapsed.</p>

<p><b>d) a successor lessee in category b at Appendix paragraph 6.4 or categories c to e at Appendix paragraph 6.5 reaches the end of the period for which the lease permits them to occupy the home on the same basis as the resident who originally purchased an equity stake, or the whole home, through GAHOS</b></p>	<p>No repayment or recycling requirement although those specified at b.i and b.ii above apply if the successor lessee sells the home.</p>	<p>Unless it has previously been repaid or recycled, repay or recycle the grant allocated for these purposes for each of the full years of the period for which grant was paid remaining at the date when the successor lessee reaches the end of the period for which the lease permits them to occupy the home on the same basis as the resident who originally purchased an equity stake, or the whole home, through GAHOS (e.g., for years 25 to 30 if grant had been paid to cover 30 years and, in year 14, the resident transferred their home to a beneficiary whom the lease permitted to occupy it on the same basis as the resident for 10 years from the date of the transfer).</p> <p>The RP need not repay or recycle grant that relates to any year that has partly elapsed.</p>
<p><b>e) the RP terminates the GAHOS lease for breach by the resident, or any successor lessee</b></p>	<p>The GLA waives its right to require the RP to repay or recycle the grant in respect of the initial surrender, although it may be a future repayment/recycling event (whether under the Recovery Determination or in the relevant grant agreement) occurs (for example where the RP sells the home, including on a shared ownership basis).</p>	<p>Unless it has previously been repaid or recycled (for example, because the lease was transferred to a lessee outside the specified categories at Appendix paragraphs 6.4 and 6.5), repay or recycle the grant allocated for these purposes for each of the full years remaining at the date when the lease is terminated (e.g., for years 25 to 30 if grant had been paid to cover 30 years and the lease of the resident's home was terminated during year 24).</p> <p>The RP need not repay or recycle grant that relates to any year that has partly elapsed.</p>
<p><b>f) the RP transfers its reversionary interest in the home, or assigns its lease, or grants a sublease, to another housing provider</b></p>	<p>The RP should repay the grant originally awarded, minus any amount already repaid or recycled as a result of the resident staircasing – unless the disposal is to another RP (taking the home subject to liability for the acquisition grant within it pursuant to Section 33 of the</p>	<p>Unless it has previously been repaid or recycled (for example, because the lease was transferred to a lessee outside the specified categories at Appendix paragraphs 6.4 and 6.5), repay the grant allocated for these purposes for each of the full years remaining at the date when the home is transferred to another housing provider (e.g., for years 25 to 30 if grant had been paid to cover 30 years and the home is transferred to another providing during year 24).</p>

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	Housing and Regeneration Act 2008) with the prior approval of the GLA.	The RP need not repay grant that relates to any year that has partly elapsed.
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## Appendix 4 Calculating repayment or recycling requirements

**Figure 4.1 Calculating grant repayment or recycling requirements**

The following table provides examples of the calculations that an RP should complete in the scenarios identified at paragraph 4.10. The example figures in the tables in Appendix 1 are used to calculate the sums an RP would be required to repay or recycle in respect of grant awarded.

	Repayment or recycling requirements for		
	Grant awarded for the acquisition of a home from RBKC, ahead of a resident buying an equity stake	Grant awarded to allow the RP to forgo rental income	Grant awarded to allow the RP to cap service charges
<p><b>a) the resident (or any successor lessee) buys additional equity in their home</b></p>	<p>Resident buys an additional 10 per cent stake.</p> <p>Example 1.1: SNG received £294,970 for 45.38 per cent stake. <math>10/45 = 22.2</math> per cent. 22.2 per cent of £294,970 is £65,483.34.</p> <p>Example 1.2: SNG received £162,500 for 25 per cent stake. <math>10/25 = 40</math> per cent. 40 per cent of £162,500 is £65,000.</p> <p>Resident buys an additional 10 per cent stake.</p> <p>Example 1.1: £65,483.34 (22.2 per cent of £294,970, calculated as <math>10/45</math>)</p> <p>Example 1.2: £65,000 (40 per cent of £162,500, calculated as <math>10/25</math>)</p>	<p>Resident buys an additional 10 per cent stake at the end of year seven.</p> <p>RP retains grant allocated for forgoing rent for years one to seven. Unless it has previously been repaid or recycled because the lease was transferred to a lessee outside the specified categories, sums allocated for years eight to 30 are reduced in line with the rent the RP would receive were it not forgoing rent – that is, by x per cent, where x = the RP’s original equity stake in the home as a percentage of the RP’s new equity stake in the home. The RP should repay or recycle the difference between original and adjusted grant entitlement.</p> <p>Example 1.1: RP received £127,523.68 grant for years</p>	<p>No repayment or recycling requirement.</p>

		<p>eight to 30.  <math>10/45 = 22.2</math> per cent.                  22.2 per cent of £127,523.68 is £28,310.26.</p> <p>Example 1.2: RP received £70,253.24 grant for years eight to 30. <math>10/25 = 40</math> per cent.                  40 per cent of £70,253.24 is £28,101.30.</p>	
<p><b>b) the resident (or an executor after the resident’s death, or any successor lessee) sells the home or their equity stake in it, through one of the following routes specified at Appendix paragraph 6.7 or 6.8:</b></p>			
<p><b>i) the RP takes surrender of the lease</b></p>	<p>The GLA waives its right to require the RP to repay or recycle the grant in respect of the initial surrender, although it may be a future requirement if another repayment/recycling event (whether under the Recovery Determination or in the relevant grant agreement) occurs (for example where the RP sells the home, including on a shared ownership basis).</p>	<p>Unless it has previously been repaid or recycled, repay or recycle the grant allocated for this purpose for each of the full years remaining at the date when the RP takes surrender of the lease. So, if the RP surrendered the lease in year 20, the grant for years 21 to 30:                  Example 1.1: £47,743,66</p>	<p>Unless it has previously been repaid or recycled, repay or recycle the grant allocated for this purpose for each of the full years remaining at the date when the RP takes surrender of the lease. So, if the RP surrendered the lease in year 20, the grant for years 21 to 30:                  Example above: £1,471.44</p>

		<p>Example 1.2: £26,302.16</p> <p>The RP need not repay or recycle grant that relates to any year that has partly elapsed.</p>	<p>The RP need not repay or recycle grant that relates to any year that has partly elapsed.</p>
<p><b>ii) (prior to final staircasing) through a back-to-back staircasing transaction</b></p>	<p>Example 1.1: £294,970</p> <p>Example 1.2: £162,500</p>	<p>Unless it has previously been repaid or recycled, repay or recycle the grant allocated for this purpose for each of the full years remaining at the date when the back-to-back staircasing transaction is completed. So, if the resident completed a back-to-back staircasing transaction in year 20, the grant for years 21 to 30:</p> <p>Example 1.1: £47,743,66</p> <p>Example 1.2: £26,302.16</p> <p>The RP need not repay or recycle grant that relates to any year that has partly elapsed.</p>	<p>Unless it has previously been repaid or recycled, repay or recycle the grant allocated for this purpose for each of the full years remaining at the date when the back-to-back staircasing transaction is completed. So, if the resident completed a back-to-back staircasing transaction in year 20, the grant for years 21 to 30:</p> <p>Example above: £1,471.44</p> <p>The RP need not repay or recycle grant that relates to any year that has partly elapsed.</p>
<p><b>iii) after staircasing to 100 per cent ownership, outright sale of the home</b></p>	<p>No repayment or recycling requirement. The grant has already been repaid or recycled.</p>	<p>No repayment or recycling requirement. The grant has already been repaid or recycled.</p>	<p>Unless it has previously been repaid or recycled, repay or recycle the grant allocated for this purpose for each of the full years remaining at the date when the back-to-back staircasing transaction is completed. So, if the resident completed a back-to-back</p>

			<p>staircasing transaction in year 20, the grant for years 21 to 30:</p> <p>Example above: £1,471.44</p> <p>The RP need not repay or recycle grant that relates to any year that has partly elapsed.</p>
<p><b>c) the resident’s (or any successor lessee’s) interest in their home is transferred to a beneficiary, including transfer following their death</b></p>	n/a	<p>Owner, having not staircased, sells their equity stake in their home at the end of year 20. RP repays or recycles grant for years 21 to 30.</p> <p>Example 1.1: £47,343.88</p> <p>Example 1.2: £26,302.16</p> <p>The RP need not repay or recycle grant that relates to any year that has partly elapsed.</p>	<p>Owner sells their equity stake in their home at the end of year 20. RP repays or recycles grant for years 21 to 30.</p> <p>Example above: £1,471.44</p> <p>The RP need not repay or recycle grant that relates to any year that has partly elapsed.</p>
<p><b>i) their interest in the home is transferred to a beneficiary in respect of whom the rent and service charge arrangements described at paragraphs 2.39 and 2.40 qualify to remain in place in accordance</b></p>	<p>No repayment or recycling requirement although those specified at b.i and b.ii above apply if the successor lessee sells the home.</p>		

<p>with the categories of beneficiary and other requirements specified at Appendix paragraphs 6.4 and 6.5</p>			
<p>ii) <b>their interest in the home is transferred to any other person</b></p>	<p>No repayment or recycling requirement although those specified at b.i and b.ii above apply if the successor lessee sells the home.</p>	<p>Repay or recycle the grant allocated for this purpose for each of the full years remaining at the date when the (stake in the) home is transferred. So, if the home is transferred in year 24, the grant for years 25 to 30:  Example 1.1: £27,394.34  Example 1.2: £15,091.64  The RP need not repay or recycle grant that relates to any year that has partly elapsed.</p>	<p>Repay or recycle the grant allocated for this purpose for each of the full years remaining at the date when the (stake in the) home is transferred. So, if the home is transferred in year 24, the grant for years 25 to 30:  Example above: £844.28  The RP need not repay or recycle grant that relates to any year that has partly elapsed.</p>
<p>d) <b>a successor lessee in category b at Appendix paragraph 6.4 or categories c to e at Appendix paragraph 6.5 reaches the end of the period for which the lease permits them to occupy the home on the same basis as the resident who originally purchased an equity stake, or the whole home, through GAHOS</b></p>	<p>No repayment or recycling requirement although those specified at b.i and b.ii above apply if the successor lessee sells the home.</p>	<p>Repay or recycle the grant allocated for these purposes for each of the full years of the period for which grant was paid remaining at the date when the successor lessee reaches the end of the period for which the lease permits them to occupy the home on the same basis as the resident who originally purchased an equity stake, or the whole home, through GAHOS. So, if the resident</p>	<p>Repay or recycle the grant allocated for these purposes for each of the full years of the period for which grant was paid remaining at the date when the successor lessee reaches the end of the period for which the lease permits them to occupy the home on the same basis as the resident who originally purchased an equity stake, or the whole home, through GAHOS. So, if the resident</p>

		<p>transferred their home to a beneficiary whom the lease permitted to occupy it on the same basis as the resident for 10 years from the date of transfer in year 14, the grant for years 25 to 30:</p> <p>Example 1.1: £27,394.34</p> <p>Example 1.2: £15,091.64</p> <p>The RP need not repay or recycle grant that relates to any year that has partly elapsed.</p>	<p>transferred their home to a beneficiary whom the lease permitted to occupy it on the same basis as the resident for 10 years from the date of transfer in year 14, the grant for years 25 to 30:</p> <p>Example above: £844.28</p> <p>The RP need not repay or recycle grant that relates to any year that has partly elapsed.</p>
<p><b>e) the RP terminates the GAHOS lease for breach by the resident, or any successor lessee</b></p>	<p>The GLA waives its right to require the RP to repay or recycle the grant in respect of the initial surrender, although it may be a future requirement if another repayment/recycling event (whether under the Recovery Determination or in the relevant grant agreement) occurs (for example where the RP sells the home, including on a shared ownership basis).</p>	<p>Repay or recycle the grant allocated for this purpose for each of the full years remaining at the date when the lease is terminated. So, if the lease is terminated in year 24, the grant for years 25 to 30:</p> <p>Example 1.1: £27,394.34</p> <p>Example 1.2: £15,091.64</p> <p>The RP need not repay or recycle grant that relates to any year that has partly elapsed.</p>	<p>Repay or recycle the grant allocated for this purpose for each of the full years remaining at the date when the lease is terminated. So, if the lease is terminated in year 24, the grant for years 25 to 30:</p> <p>Example above: £844.28</p> <p>The RP need not repay or recycle grant that relates to any year that has partly elapsed.</p>
<p><b>f) the RP transfers its reversionary interest in the home, or assigns its lease,</b></p>	<p>Unless the disposal is to another RP (taking the home subject to liability for the acquisition grant within it pursuant to Section 33 of the</p>	<p>Unless it has previously been repaid or recycled (for example, because the lease was transferred to a lessee</p>	<p>Unless it has previously been repaid or recycled (for example, because the lease was transferred to a lessee</p>

<p><b>or grants a sublease, to another housing provider</b></p>	<p>Housing and Regeneration Act 2008) with the prior approval of the GLA, repay the grant originally awarded, minus any amount already repaid or recycled as a result of the resident staircasing.</p> <p>Example 1.1, if the resident had not purchased any further equity: £294,970</p> <p>Example 1.1, if the resident had previously purchased an additional 10% equity stake and the RP had repaid or recycled £65,483.34: £229,486.66</p> <p>Example 1.2, if the resident had not purchased any further equity: £162,500</p> <p>Example 1.2, if the resident had previously purchased an additional 10% equity stake and the RP had repaid or recycled £65,000: £97,500</p>	<p>outside the specified categories at Appendix paragraphs 6.4 and 6.5), repay the grant allocated for these purposes for each of the full years remaining at the date when the home is transferred to another housing provider. So, if the home is transferred to another housing provider in year 24, the grant for years 25 to 30:</p> <p>Example 1.1: £27,394.34</p> <p>Example 1.2: £15,091.64</p> <p>The RP need not repay or recycle grant that relates to any year that has partly elapsed.</p>	<p>outside the specified categories at Appendix paragraphs 6.4 and 6.5), repay the grant allocated for these purposes for each of the full years remaining at the date when the home is transferred to another housing provider. So, if the home is transferred to another housing provider in year 24, the grant for years 25 to 30:</p> <p>Example above: £844.28</p> <p>The RP need not repay grant that relates to any year that has partly elapsed.</p>
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## **Appendix 5 Methodology behind market value calculations**

5.1 The market values are of beacon properties in each block as of 1 June 2017 and reflect the following special assumptions:

- The valuation date is prior to the fire on 14 June 2017. The properties were valued assuming the fire had not taken place. No knowledge of any safety defects was assumed.
- Properties were assumed to be in average decorative condition, having been modernised in the last 20 years with replacement basic but serviceable kitchen and bathroom.

Vacant possession is assumed on the following tenure:

- Interest is leasehold with an unexpired term of 125 years at a rent of £10 per annum.
- Improvement contribution and service charges are not onerous.
- No parking is included in sale.

5.2 All valuations are compliant with the professional standards of the Royal Institution of Chartered Surveyors (RICS): RICS Valuation – Global Standards and RICS UK National Supplement, commonly known together as the Red Book.

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## **Appendix 6** Transfers of eligibility or interest, and future sales

## Transfer of eligibility for GAHOS

- 6.1 Residents may choose to transfer their eligibility to a household that includes an individual who meets all the following criteria:
- is a family member who was living with them at the time of the Grenfell tragedy, but now has their own social rented tenancy, having been rehoused separately by RBKC;
  - has been a social sector tenant at their current home for at least 12 months;
  - has been a social sector tenant for at least three years (this does not need to have been for three consecutive years, or with the same landlord); and
  - does not own a home in the UK or elsewhere.
- 6.2 Where a household meets all the criteria listed at Appendix paragraph 6.1 above, both this household and the resident transferring eligibility to them must agree to the transfer. An applicant must provide confirmation of any transfer of eligibility when submitting their application. Residents who transfer their eligibility will cease to be eligible for GAHOS if the household to whom they transfer their eligibility buys an equity stake in their home, or buys their home outright, using the scheme. However, the resident will remain eligible if they transfer their eligibility to another household but this household does not complete its purchase through GAHOS.
- 6.3 If a resident eligible for the scheme dies having not purchased a stake in their home through GAHOS, and there are no remaining members of their household who are eligible for GAHOS independently of the deceased resident, then RBKC will transfer their eligibility for the scheme to either:
- a person who succeeds to the resident's tenancy (e.g., a spouse or civil partner). This person must have been part of the resident's household in their Grenfell home. Or,
  - if there is no successor, a household who meets the criteria at Appendix paragraph 6.1. If there is more than one such household, then the households who meet the criteria must decide which household will become eligible for GAHOS.

## Transfer of interest in a GAHOS property

- 6.4 A resident who has bought a stake of any size in their home may transfer their interest to a beneficiary at any time. If it is transferred to a beneficiary in either of the following groups<sup>21</sup>, the rent and service charge arrangements described at paragraphs 2.39 to 2.40 will remain in place, although for a beneficiary in group b,

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<sup>21</sup> Beneficiaries in these groups are referred to in the lease as 'a Qualifying Leaseholder' – that is, as qualifying for the capped rent and service charge arrangements established by the terms of the GAHOS lease.

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these arrangements will only remain in place for 10 years from the date on which the resident's interest in the home is transferred to them:

- a) a spouse or civil partner of the resident who is married to or in a civil partnership with the resident; or
- b) an adult who:
  - i. lives with the resident in their home, other than as the resident's lodger, undertenant, or contractual licensee; and
  - ii. is a family member of the resident and who has lived at the property for at least the last 12 months prior to the resident's interest in the home being transferred to them.

If the home is transferred to anyone outside these two groups, or if the 10-year period expires for a beneficiary in group b, they will be liable for rent on any stake of the home retained by the RP and for uncapped service charges.

6.5 Following the death of a resident who bought a stake in their home through GAHOS, the resident's interest may be transferred to a beneficiary. If it is transferred to a beneficiary in any of the following groups<sup>22</sup>, the rent and service charge arrangements described at paragraphs 2.39 to 2.40 will remain in place, although for a beneficiary in groups c or d, these arrangements will only remain in place for 10 years from the date of the resident's death, and for a beneficiary in group e, they will only remain in place for 12 months from the date of the resident's death:

- a) the personal representatives of the resident, but only for a maximum of three years from the date of the resident's death and only for so long as:
  - i. they hold the home in their capacity as personal representatives for the purposes of administering the deceased resident's estate; and
  - ii. they intend or are likely to convey the home to someone in groups b to e below; or
- b) a spouse or civil partner of the resident who was married to or in a civil partnership with the resident at the time of the resident's death; or
- c) a child of the resident; or
- d) an adult who:
  - i. was living with the resident in their home, other than as the resident's lodger, undertenant or contractual licensee, at the time of the resident's death; and
  - ii. is a family member of the resident and who has lived at the property for at least the last 12 months prior to the death of the resident; or

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<sup>22</sup> Beneficiaries in these groups are referred to in the lease as "a Qualifying Leaseholder" – that is, as qualifying for the capped rent and service charge arrangements established by the terms of the GAHOS lease.

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- e) an adult who is a family member of the resident.

If the home is transferred to anyone outside these five groups, or the relevant 10-year or 12-month time period expires for a beneficiary in groups c, d or e, they will be liable for rent on the stake of the home retained by the RP and for uncapped service charges.

## **Selling a GAHOS home**

- 6.6 A resident is free to sell their GAHOS home at any time. If the resident did not buy their home outright in the first instance and neither they nor any successor lessee has staircased to outright (100 per cent) ownership, then they (or an executor after the resident's death) may sell the home as outlined below:
  - 6.7 The resident must notify the RP of their intention to sell. The RP will then have the right to take surrender of the lease – that is, to buy the resident's equity stake back from them. This right of 'pre-emption' will last for four weeks after the resident, or their successor or executor, serves written notice to the landlord of their intention to sell. The RP may choose not to exercise this right.
  - 6.8 If the RP chooses not to exercise this right, the resident, or their successor or executor, can sell their equity stake in their home on the open market. In practice, this will occur through a 'back-to-back staircasing' transaction. This involves the RP selling any remaining equity in the home to the resident, with the resident, or their successor or executor, then immediately selling 100 per cent of the home to the buyer. The RP is reimbursed for their equity stake through the proceeds of sale to the buyer, meaning the resident does not have to fund this purchase themselves before the sale occurs. As a staircasing transaction, the sale of the remaining equity to the resident by the RP should be based on the market value of the home at the time, as established by a RICS-registered surveyor, minus the value of any improvements to the home made by the resident. This is to prevent the resident from being charged twice for the improvements – once when the improvements were made, and then again during the staircasing transaction.
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## **Other formats and languages**

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