

GOVERNMENT OF GIBRALTAR
Scheme for the Sale of Post War Housing To Sitting Tenants



OUTLINE OF SCHEME DETAILS AND PRICES

1. Policy and background

For many years the Government has offered to sell pre-war housing to sitting tenants. This policy is now being extended to post war housing (excluding the new rental housing estate currently under construction). You therefore now have the opportunity to purchase your home at a discount of 55% to market value. If you prefer and subject to certain conditions, your flat may be purchased by one of your children/or grandchildren.

2. Price

The price at which the Government offers a particular property is provided confidentially by letter to each sitting tenant. Prices are based on, and differ by reference to the estate and the number of rooms in the flat. The offered price represents a 55% discount to the Government's assessed market value. The price offered will only be valid for 3 months. Thereafter, it may increase.

3. Eligibility

- (1) Except as explained in sub-paragraph (2) below, the Scheme is open to sitting tenants only. However, the Government recognizes that the idea of purchasing a flat may be even more attractive to the tenant if it is done by or in the name of a child or grandchild, who may be better placed to afford the purchase.
- (2) Therefore, a child or grandchild of the sitting tenant is allowed to purchase (even if he/she is not a registered tenant or does not live in the flat) subject to the following conditions:
 - (i) the child/grandchild must be on the Government housing waiting list or eligible to be on the list; and
 - (ii) subject to the right of all the existing sitting registered tenants to occupy the flat during their lives (in other words, the purchase of the flat by a child or grandchild is on condition that existing tenants can carry on living there for the rest of their lives, if they want to); and
 - (iii) all the existing registered tenants agree in writing that the child/grandchild may buy the Flat; and
 - (iv) at the same price as would have been payable by the sitting tenant;

Continued overleaf.....

- (v) if an existing sitting registered tenant agrees to a purchase by a child or grandchild under this clause, and that sitting registered tenant, subsequently voluntarily moves out of the flat, he/she will not then be eligible for allocation of another Government flat by virtue of having given up his/her life tenancy rights in the flat, unless they are themselves a brother or sister of the purchaser.
 - (vi) A child or grandchild who buys the flat of which his/her parent or grandparent is the registered sitting tenant is not then eligible to be on the housing waiting list for another flat.
- (3) Purchases (including in future resales) must be effected in the name of the beneficial owner being a natural person. Purchases will thus not be allowed in the name of trustees, or nominees, or companies, trusts, partnerships or any other non natural legal person.
 - (4) If there is presently more than one registered sitting tenant, any one of them may (with the agreement of the others) exercise the right to buy. If they cannot agree between themselves, then the tenant first mentioned in the tenancy agreement will have the right to buy. In every such case the purchase is subject to the right of the other existing registered tenants to live in the flat for the remainder of their lives. Any such other registered tenant who voluntarily moves out of the flat, will not be eligible to go on the waiting list for another flat.
 - (5) A person may only own one Government post war flat.
 - (6) Tenants must be up to date with the payment of the rents before they can purchase their flat.

4. **Restrictions on resales, sub-letting and occupation**

Because flats are being sold to sitting tenants (or their children and grandchildren) at heavily discounted prices, it is important to avoid speculation with these flats, while at the same time allowing purchasers to benefit from their investment in the future. Accordingly, the following restrictions will apply:

(1) **Resales:**

- (i) The price at which a purchaser/owner intends in the future to conclude any resale must first be disclosed in writing to Gibraltar Residential Properties Limited (a wholly owned Government Company) (“hereafter called “GRP”).
- (ii) During a period of 14 days after receipt of such disclosure, GRP shall have the option to buy the flat from the owner at the price so disclosed. If GRP does not exercise the option to purchase, the owner may sell to any other eligible person within 6 months, but at the same price as that disclosed to GRP under (i) above. After 6 months the owner must offer the flat to GRP again before proceeding to any resale, or if there is a change in price (within the six months) the owner must first offer the flat to GRP at that new price. In this way, the Government has the chance to buy the flat back, if the owner wants to sell it, but without affecting the price that the owner would receive.

Continued

- (iii) No resale will be permitted within the first 5 years, except by special permission of GRP in exceptional personal or family circumstances, or by a bank/building society under a mortgage. (An inheritance by a family member is not regarded as a resale – see paragraph (viii) below).
- (iv) In the event of a resale (including to GRP) during the first 8 years, GRP shall be entitled to payment of a percentage share of the Profit (defined in (vi) below) as follows:

Year of Sale	GRP's share of Profit
Year 1	85%
Year 2	75%
Year 3	65%
Year 4	55%
Year 5	45%
Year 6	35%
Year 7	25%
Year 8	15%

- (v) In the event of a resale (including to GRP) during the 9th to the 20th (both inclusive) years, GRP shall be entitled to a payment equivalent to 10% of the Profit (defined in (vi) below). After 20 years GRP gets no share of the Profit.
- (vi) The Profit on any resale is the difference between the Resale price and the price at which that seller purchased the flat.
- (vii) Resales are only allowed to the following persons:
 - (a) persons on, or eligible to be on the Government housing waiting list,
 - (b) GRP,
 - (c) persons who are not eligible to be on the Government waiting list by virtue of their status as non Gibraltarians but have been lawfully resident in Gibraltar for at least 15 years immediately before the resale and, would not otherwise be ineligible if they were Gibraltarian.
 The Purchaser must not be a registered tenant of another Government dwelling.
- (viii) Legacies/inheritances are only allowed to persons who are eligible to purchase under (vii) above. If it is to a member of the owner's family and no money or money's worth has been given for it, a legacy shall not be regarded as a resale and therefore GRP will not be entitled to a share of Profits.
- (ix) Any owner that resells a flat (and any person with a right to live there for life that vacates it) shall not then be eligible to be on the Government housing waiting list or to allocation of another Government dwelling (unless the flat was sold, in exceptional family circumstances, with Government's prior recognition of the pressing need for and justification of such sale).

Continued overleaf.....

(2) **Subletting/licensing etc. & occupation**

- (i) Subletting, licensing or other means of authorizing occupation or use of the property by other persons (other than the owner and persons living with the owner) is PROHIBITED except to persons on, or eligible to be on the Government housing list, at a rent not exceeding 150% of the rent which the Government charges to its tenants in the building/estate of which the property forms part, for flats of a similar size.
- (ii) The prior approval of GRP shall be required to any sub-letting, licensing or other authorization of occupation under (i) above.
- (iii) Any such sub-letting, licensing or other authorisation of occupation shall be in writing on the terms of a standard sub-letting agreement provided by GRP. Such tenancies shall not enjoy security of tenure under the Housing Act. The tenant shall however have the rights available to tenants of private housing to claim back from the landlord any rent charged and paid in excess of the above permitted maximum rent. A copy of every such tenancy agreement, signed by the owners and the tenant shall be provided to GRP within 7 days of signature.
- (iv) Unless sub-let in accordance with (i) to (iii) above, occupation and use of the flat must be by:
 - (a) the owner (and members of his household); or
 - (b) the owner's spouse, ex-spouse, children, step children, grand children, or step grandchildren, so long as any such occupier (unless living with the owner) is on the Government housing list, or eligible to be thereon.
 - (c) Any other person that GRP may authorise in exceptional circumstances.

5. **Future Management & Maintenance.**

- (1) The Government will remain responsible to repair and maintain (as per Government housing standards) at Government expense the roof, exterior and the common areas of the building of which the flat forms part for 12 years from the date of the first sale of a flat in that building.
- (2) The Government will also retain management control of the building of which the Flat forms part until 75% of the flats in that building have been sold. Once 75% of the flats in a building have been sold that building will be managed by a management company comprising all the owners of flats. The owners/management company will decide the level of services to be provided and set the level of service charges accordingly. The Government (which by then will necessarily own less than 25% of the flats and of votes and shares in the Management Company) will pay its share of the service charges in respect of its unsold flats, like any other flat owner. All flat owners will be obliged to belong to the management company.

Even if more than 75% of flats in a building are sold, the Government will still remain liable for 12 years in accordance with (1) above.

For the purposes of these provisions, the different buildings in an Estate are separate buildings. This means that when 75% of the flats in a building have been purchased, the owners will not be "held back" in the running of that building, by what may happen in other buildings in the Estate.

Continued

- (3) Each building within an estate will have its own management company so that the flat owners in a building have the chance to decide and implement their own standards. Each Building's management company will then in turn belong to an Estate Management Company, comprising all the Building Management Companies within that Estate. The Estate Management Company will deal with issues common to the whole estate, such as roads and external landscaping etc.

In order to avoid expense to the flat owners, the Government will set up and administer the legal and corporate aspects of the management companies free of charge, until the flat owners decide that they wish to do it themselves.

- (4) Purchasers will remain liable to pay rates, but not rent or ground rent.

6. Lease Structure.

- (1) The lease documentation will be similar to that already in use for pre-war multi-let sales to sitting tenants by the Government.
- (2) The Government will issue a headlease of each Estate to Gibraltar Land Holdings Limited (a wholly owned Government Company). Gibraltar Land Holdings Limited will issue a head underlease of 150 years to GRP. If you purchase your flat, you will do so from GRP, who will issue to you an underlease of that flat for 140 years.
- (3) If you do not purchase, GRP will lease your flat back to the Government so that you remain a Government tenant on Housing Department tenancy terms and conditions, as at present (until, when and if, you decide to purchase in the future). The Government is intending to increase the rents payable by its tenants.

7. What do you have to do next?

- (1) You have previously expressed an interest in purchasing your flat. However you are not in any way committed. If you decide not to proceed with a purchase, then you do not need to do anything. If you have not previously expressed an interest in purchasing your flat, you may of course still purchase it.
- (2) If you wish to proceed to purchase your flat, please complete the attached application form, and return it to :

**The Sales Unit
Gibraltar Residential Properties Limited
No 6 Convent Place
Gibraltar**

by either posting it, or placing it in the box marked “**Post War Sales**” in the foyer of No 6 Convent Place.

Continued overleaf.....

- (3) If you submit the application form, you will still not be legally committed. The Government will then draw up the legal documents and send them to you, or to your designated lawyer, for review. The Government will then specify a completion date two months from that date.
- (4) If you wish to use funds for a purchase that are on deposit with the Gibraltar Savings Bank, the Bank will waive the required notice period.
- (5) Your contact point for all matters relating to a purchase, including enquiries and queries is the GRP Sales Office, whose contact details are as follows : -

- (1) Address: No. 40 Town Range (ex-Education Department building)
- (2) Telephone No: 200 72572
- (3) Telefax No: 200 72551
- (4) Email: postwarsales@gibraltar.gov.gi

NB. In any correspondence or communication please always quote your name and the address of the flat that you are interested in purchasing.
