

# South Ribble Affordable Home Ownership



## Q&A

If you are interested in any of the affordable home ownership schemes, you can complete the South Ribble Borough Council Affordable Housing Interest List application form available on our website [www.southribble.gov.uk/affordablehomes](http://www.southribble.gov.uk/affordablehomes). When a scheme becomes available our Strategic Housing Team will contact you to let you know. Alternatively, contact us using the below information.

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### Contact Us:

If you would like any further information about any of the schemes, please contact us:

- ▶ Visit [www.southribble.gov.uk](http://www.southribble.gov.uk)
- ▶ Email [strategichousing@southribble.gov.uk](mailto:strategichousing@southribble.gov.uk)
- ▶ Write to us at Strategic Housing, Civic Centre, West Paddock, Leyland, PR25 1DH
  - ▶ Telephone: 01772 421491

\*Help to buy schemes include Help to Buy: Equity Loan and Help to Buy: ISA. These products do not fall under affordable home ownership but are available to those wishing to purchase a home.

## **Starter Homes**

### **Q. What are Starter Homes?**

**A.** Starter Homes are new build properties specifically designed for first time buyers between the age of 23 years and 40 years. A minimum discount of 20% off the market price of the property will be applied. Within South Ribble, the discounted price must be less than £250,000.

The discount must remain in the place for 15 years after the initial sale. This means if you purchase a starter home and want to sell it on within 15 years, some or all of the discount is to be repaid.

### **Q. Who can buy a Starter Home?**

**A.** To be eligible for the Starter Home scheme, the criteria are as follows:

- ▶ First time buyer between the age of 23 years and 40 years
- ▶ Local connection to the South Ribble area (this means you have a connection to the local area which includes if you have lived in the area for a continuous period of 6 months or have lived in the area for 3 out of the last 5 years; you are employed in the area or have an offer of employment; or you have a close family connection)
- ▶ 15 year repayment period

### **Q. Where do I find Starter Homes for Sale?**

**A.** The Starter Home scheme is not yet available in South Ribble. However you can register your interest by completing the South Ribble Borough Council Affordable Housing Interest List application form. More information can also be found by visiting [www.new-homes.co.uk/starterhomes](http://www.new-homes.co.uk/starterhomes).

### **Q. When will Starter Homes become available?**

**A.** There is no set date for starter homes to become available and they won't all become available at once. Plans for new houses will need to go through the planning process and then be developed.

## Shared Ownership

### Q. What is Shared Ownership?

**A.** Shared Ownership allows you to purchase an affordable share of a new build property rather than the entire property. The initial share that you purchase is usually between 25% and 75%. Further shares can be purchased at a later date to eventually own 100% of the property (this is known as stair casing).

A share of the property can be purchased with a mortgage, savings or both. The remaining unsold share of the property is usually owned by a Registered Provider and a reduced rent is charged on this share. As well as a rent charge, you may need to pay a service charge and ground rent.

### Q. Who can purchase Shared Ownership through Help to Buy?

**A.** Not everyone will qualify to buy through Shared Ownership. You will need to meet certain criteria to be eligible, the criteria includes:

- ▶ First time buyer or an existing shared owner moving to another shared ownership property
- ▶ Employed with annual household income of less than £80,000
- ▶ Sufficient income to cover the mortgage (if applicable), rent and service charges
- ▶ New build property

*Please note, the Registered Provider or developer may also have their own criteria*

### Q. Where do I find Shared Ownership properties for sale?

**A.** Shared Ownership properties in South Ribble are advertised through Help to Buy North West ([www.helptobuynw.org.uk](http://www.helptobuynw.org.uk)). Help to Buy North West are the Government appointed agent for Help to Buy and Shared Ownership in the North West.

### Q. How do I apply?

**A.** Apply for Shared Ownership through Help to Buy North West. Visit [www.helptobuynw.org.uk](http://www.helptobuynw.org.uk) or call 0300 790 0570.

### Q. Can I buy additional shares?

**A.** Yes. You can purchase additional shares at a later date to eventually own 100% of the property (this is known as stair casing). However, on some developments you are not able to staircase to the full 100%. As you increase your share in the property, the amount you pay in rent will decrease.

### Q. How much rent will I pay?

**A.** The amount of rent that you pay will depend on a number of things including the price of the property. This will be payable to the owner of the remaining share of the property, usually a Registered Provider. If you staircase to own 100% of the property, you may still have a service charge and/or ground rent to pay on the property.

### Q. How do I get a mortgage for Shared Ownership?

**A.** If a mortgage is required, you would need to source this yourself. For more information about homes and mortgages, visit [www.moneyadvice.service.org.uk](http://www.moneyadvice.service.org.uk).

## ***Discounted Homes (Discounted Open Market Value)***

### **Q. What is Discounted Open Market Value?**

**A.** Discounted Open Market Value enables you to buy 100% of a new build property at a discounted price. The discount available is usually between 20% and 40% of the open market value.

The discount offered remains with the property so if you decide to sell the property at a later date, you will need to sell it with the discount in place. As a homeowner having bought using this product, you will benefit from any property price increases but wouldn't be able to sell the property at full market value.

### **Q. Who can buy through Discounted Open Market Value?**

**A.** Discounted Open Market Value products are available to those who cannot access the open market due to affordability. The criteria to be eligible include:

- ▶ First time buyer OR
- ▶ If you are a current homeowner or named on a mortgage, you can apply but must sell the property/any equity held and/or have name removed from the mortgage before you complete the purchase under this scheme
- ▶ Unable to afford a property at open market value but able to with a discount applied
- ▶ Local connection to the South Ribble area (this means you have a connection to the local area which includes if you have lived in the area for a continuous period of 6 months or have lived in the area for 3 out of the last 5 years; you are employed in the area or have an offer of employment; or you have a close family connection)

*Please note, the developer may also have their own criteria*

### **Q. Where do I find Discounted Open Market Value Properties for Sale?**

**A.** Discounted Open Market Value properties are advertised and sold directly by the developer. If you know who the developer is then you can contact the developer directly.

## **Rent to Buy**

### **Q. What is Rent to Buy?**

**A.** Rent to buy scheme allows you to rent a new build property at a discounted rate, usually 20% below the open market value for up to 5 years. This is designed to enable you to save towards a deposit to buy the property or a share of the property on a shared ownership basis.

The availability of rent to buy is limited and there is no current availability in the South Ribble area.

### **Q. Who is eligible for Rent to Buy?**

**A.** The criteria for Rent to Buy will differ between Registered Providers so it would be best to check directly with the provider if/when a scheme becomes available. The scheme is available to people who do not currently own a home.

### **Q. How long would I need to rent for before I could buy?**

**A.** Initially you would take on a shorthold tenancy for a period between 6 months and 5 years but could have the opportunity to buy the property or part of the property at any time during your tenancy.

### **Q. Where to I find Rent to Buy properties available?**

**A.** Buy to Rent properties will be marketed through local Help to Buy agents. The Help to Buy agent covering South Ribble is Help to Buy North West. More information can be found by visiting [www.helptobuynw.org.uk](http://www.helptobuynw.org.uk) or calling 0300 790 0570.

## Help to Buy

There are other products available through Government backed help to buy schemes. These products do not fall under affordable homeownership but are available to those wishing to purchase a home.

Scheme	Description	Criteria
Help to Buy: Equity Loan	<ul style="list-style-type: none"> <li>- Low-interest loan towards your deposit</li> <li>- Up to 20% equity loan from the government</li> <li>- No loan fees on the equity loan for the first 5 years</li> <li>- Must be paid back within 25 years or on sale of the property</li> <li>- 75% mortgage required for 20% loan with 5% deposit</li> </ul>	<ul style="list-style-type: none"> <li>- First-time buyers and homeowners looking to move</li> <li>- You will need a 5% deposit</li> <li>- New build properties</li> <li>- Home Purchases up to £600,000 in England</li> <li>- Must be where you intend to live</li> <li>- Only home you own</li> </ul>
Help to Buy: ISA	<ul style="list-style-type: none"> <li>- Tax-free savings account</li> <li>- Save up to £200 per month</li> <li>- Able to deposit lump sum of up to £1,200 in your first month</li> <li>- Receive a bonus of up to 25% from the Government. I.e. for every £200 you save, receive a bonus of £50</li> <li>- Maximum bonus of £3,000</li> <li>- Minimum of £1,600 to be saved to receive minimum government bonus of £400</li> <li>- Accounts limited to one per person</li> <li>- Apply through bank and building societies</li> </ul>	<ul style="list-style-type: none"> <li>- Aged 16 and over</li> <li>- UK resident</li> <li>- First-time buyer</li> <li>- Purchase of a UK property</li> <li>- Home purchases of up to £250,000 in the North West</li> <li>- Must be where you intend to live</li> <li>- Only home you own</li> <li>- Be purchased with a mortgage</li> </ul>

If you would like any further information on Help to Buy visit [www.helptobuy.gov.uk](http://www.helptobuy.gov.uk).

## Lifetime ISA

Available from April 2017 to people aged between 18 and 40. You can use the ISA as a first time buyer to save for your first home or you can use it to save for your retirement.

The ISA allows you to save a maximum of £4,000 per year and receive a 25% government bonus on top of the amount saved. If you are able to save the maximum amount, this could mean receiving a government bonus of up to £1,000 per year. Savings can be made, and government bonus received between the ages of 18 and 50.

### First Home

- Accounts available one per person
- Buy a home worth up to £450,000

### Retirement

- Savings and government bonus can be withdrawn tax free from the age of 60
- Withdrawals can be made partially or in full