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## Low Cost Home Ownership The Hedgerows, Whitewell Road, Barry



### FREQUENTLY ASKED QUESTIONS

#### WHAT IS LOW COST HOME OWNERSHIP SCHEME?

It is an assisted home ownership scheme operated by Hafod Housing Association, in partnership with the Vale of Glamorgan Council, which helps first time buyers purchase their first home and step on to the property ladder.

The scheme aims to help first-time buyers who can't afford to meet the full cost of a property to purchase their first home on a 'shared equity' basis.

Buyers will be expected to contribute a mortgage covering 70% of the property value, most mortgage lenders will require a 5% deposit towards this. The remaining 30% equity, which is a second charge on the property is retained by Hafod Housing Association. There is an option to purchase this 30% at a later date enabling full home ownership. No rent is payable on this 30%.

Buying a property through the scheme will still incur the normal costs associated with buying a property on the open market, including valuation and survey fees, solicitor and land registry costs, search fees and stamp duty (if applicable).

## **WHAT PROPERTIES ARE INCLUDED IN THE SCHEME?**

Currently there are 2-bedroom houses available on the Hedgerows development.

The plot numbers will be provided by Hafod Housing Association upon request.

The photo below is provided for illustrative purposes.



## **WHAT IS SHARED EQUITY?**

This is an assisted home ownership scheme which operates on a shared equity basis with a 70 / 30 percentage split; this means that the first time buyers would finance 70% of the property with the remaining 30% of the equity being retained by Hafod Housing Association.

Successful applicants will need to demonstrate that they are able to finance the 70% of the property value through a mortgage and a deposit. As this scheme is operated on a shared equity basis, as opposed to shared ownership, buyers do not have to pay rent on the equity being retained by Hafod Housing Association.

## WHEN WILL THE 30% BE PAID BACK?

Through the assisted home ownership scheme you would have to repay the 30% of the property value to Hafod Housing Association either when:

- you sell the property or
- when you decide to purchase the property outright, but there is no obligation to buy outright

You will always repay the 30% based on the market value of the property at the time; therefore the amount you pay back may be different to the value of the 30% at the time of purchase. It is important to note that this can result in you paying more than the 30% was worth at the time of purchase if the market value of the property increases, or less if the property value decreases.

## SELLING YOUR PROPERTY

When you wish to sell your property you must contact Hafod Housing Association. This is because Hafod will try to find a buyer from the existing waiting list of people for low cost home ownership.

Following agreeing a value of the property with you, Hafod Housing Association will have a certain length of time to locate a buyer for your property. However, if this is not possible then you will be free to sell your property on the open market and repay the retained equity share of the market value to Hafod Housing Association.

### EXAMPLE

Original purchase price: **£135,000**  
Hafod Housing Association contribution: **£40,500**  
Purchaser contribution: **£94,500**  
Resale price: **£145,000**  
Repayment to Hafod Housing Association: **£43,500**

## WHO WILL QUALIFY FOR HOMEBUY?

To be eligible for the scheme applicants must:

- Be over 18 years of age
- Be a uk or eu / eea passport holder or have 'indefinite leave to remain' stamped in their passport
- Have lived or worked in the Vale of Glamorgan for 6 months
- For those that are leaving the armed forces, have lived in the vale of Glamorgan for 6 months prior to joining the armed forces
- Be a first time buyer\*
- Able to meet the long term financial commitment of home ownership
- Be able to raise a mortgage for the value of the property.
- Have access to a deposit; usually 5-15% of the property value (i.e. £4,725 - £14,175).
- Not exceed the maximum household income; £35,000 for a single applicant or £40,000 a joint application.

\*A first time buyer for this scheme is viewed as a person/s that have never owned a property (mortgaged or un-mortgaged) before, never jointly or part owned a property, or never had your name on a mortgage or title deeds.

Consideration however will be given, on a case by case basis, to applicants who are first time buyers in their own right, where a property may previously have been owned jointly, but is now sold, for example as a result of a divorce.

The scheme is not available to those who:

- Have a financial interest in a property
- Have benefited from a low cost home ownership initiative in the past
- Can afford 100% of the price of a suitable property (i.e. Are over the income threshold stated above.
- Are tenants of the Vale of Glamorgan Council or a Housing Association who are in rent arrears or in breach of their tenancy agreement.
- Are not UK or EU / EEA passport holder or whose passport is not stamped with 'Indefinite Leave to Remain'

## **WHAT ARE THE COSTS INVOLVED IN PURCHASING A PROPERTY?**

Buying a property under the scheme will involve having to pay all the normal costs associated with purchasing a property on the open market, including:

- valuation / survey fees
- solicitor fees
- land registry costs
- search fees
- mortgage deposit
- stamp duty

Hafod Housing Association will also require a deposit (£250) to secure the purchase of the property.

It is advisable that you have savings to cover these costs. In addition to the above one-off costs associated with purchasing a property, you will also be responsible for ongoing expenses such as:

- monthly mortgage payments
- council tax payments
- utility bills: gas, electricity, water etc
- property maintenance and repair costs
- contents insurance
- life insurance or mortgage life insurance

It should also be noted that as a home owner you will not be entitled to receive Housing Benefit to help with your mortgage costs.

It is the purchasers' responsibility to clarify and consider all possible costs associated with buying and running a property.

## HOW DO I APPLY?

1. You will be asked to complete an application form and provide supporting documentation, such as proof of identity and a mortgage in principle.

These documents are required to assess your application and verify that you meet the eligibility criteria.

It is important that you include all of the supporting information that is asked for, as not doing so will delay your application.

Do not send original copies of supporting documentation, please provide photocopies, or visit the Housing Reception at the Civic Office in Barry for your documents to be photocopied.

2. Your application will be assessed by the Councils Housing Strategy Team against the eligibility criteria (blue bullet points on page 4).
3. Applications which the Council assess as suitable will be sent to Hafod Housing Association. Applicants will be notified of the outcome of the Councils assessment at this point.
4. Hafod Housing Association will conduct their own assessment of the application which considers household income and whether applicants can afford the mortgage payments and associated costs of owning a home.
5. If Hafod Housing Association considers the application acceptable applicants will be notified. At this point to secure a property a deposit will be required to be paid to Hafod Housing Association.