

LOW COST HOME OWNERSHIP

Penarth Heights, Penarth



In partnership with
Hafod Housing Association



FREQUENTLY ASKED QUESTIONS & ELIGIBILITY CRITERIA

For more information about the Aspire2Own scheme and properties please contact:



01446 709476



housingstrategy@valeofglamorgan.gov.uk www.valeofglamorgan.gov.uk/Aspire2Own



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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 minimum 5% deposit towards this. The remaining 30% equity, which is a second charge on the property, is retained by Hafod Housing Association. No rent is payable on this 30%.

There is an option to purchase this 30% at a later date enabling full home ownership.

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?

There are **2 and 3 bedroom houses** available on the Penarth Heights development. The exact location/addresses and plot numbers will be provided by Hafod Housing Association upon request.

The properties are due to be completed and available for purchase in 2015 and 2016.

The property prices are 70% of the open market value:

- **2 Bedroom House £133,000** (Available Mid – late 2015)



- **Two x 3 Bedroom House £140,000** (Type 1)



- **One x 3 Bedroom House £147,000** (Type 2)



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.

WHO ARE HAFOD HOUSING ASSOCIATION?

Hafod Housing Association Ltd were established in 1968. They are a non-profit making social landlord registered with the Welsh Assembly Government and administered by a voluntary board.

Hafod Housing Association is one of the largest providers of affordable housing in South East Wales with over 3,500 homes in management. The properties are mostly located in Bridgend, Cardiff, Merthyr Tydfil, Newport, Rhondda Cynon Taf, Torfaen and the Vale of Glamorgan. The majority of homes are for rent however they also offer home ownership including Flexible Tenure Retirement Schemes, low cost home ownership and Rent First.

You can find out more about Hafod Housing Association by visiting their website: <http://www.hafod.org.uk/>

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 market value: **£133,000**
Hafod Housing Association contribution (30%): **£39,900**
Purchaser contribution (70%): **£93,100**

Resale price: **£160,000**
Repayment to Hafod Housing Association (30%): **£48,000**

WHO WILL QUALIFY FOR THIS LOW COST HOME OWNERSHIP SCHEME?

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.
- Meet the affordability criteria; not exceed the maximum income threshold.

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).
- 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 IS MEANT BY A 'FIRST TIME BUYER IN YOUR OWN RIGHT'

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.

WHAT ARE THE AFFORDABILITY CRITERIA?

Applicants must have sufficient savings to cover the costs of the scheme, for example to cover solicitor's fees and financial advice.

Applicants should not be able to buy an equivalent property at the open market value. Therefore the maximum household incomes are:

<u>Maximum Income</u>	2-Bedroom	3-Bedroom
Maximum Income for a Single Wage Earner	£35,000	£50,000
Maximum Income for Two Wage Earners	£40,000	£55,000

Applicants must be able to raise a mortgage sufficient to purchase the property. As a guide:

<u>Mortgage Example</u>	2-Bed	3-Bed (1)	3-Bed (2)
Market Vale	£190,000	£200,000	£210,000
Sale Price based on 70% of the Market Value	£133,000	£140,000	£147,000
10% Deposit (as an example)	£13,300	£14,000	£14,700
Mortgage required - based on a 10% deposit	£119,700	£126,000	£132,300

Hafod HA will not accept applications which include a mortgage offer which is in excess of 3.5 times the households income.

Applicants must have access to a deposit. We do not specific how much deposit you will need as this will be based on what mortgage you apply for and what deposits the mortgage lender accepts. As a guide:

<u>Deposit Examples</u>	2-Bed	3-Bed (1)	3-Bed (2)
Sale Price based on 70% of the Market Value	£133,000	£140,000	£147,000
5% Deposit	£6,650	£7,000	£7,350
10% Deposit	£13,300	£14,000	£14,700
15% Deposit	£19,950	£21,000	£22,050

WHY DO APPLICANTS HAVE TO HAVE AN INCOME OF A CERTAIN LEVEL?

Firstly we want to make sure that the household would be able to raise and afford to pay the mortgage, this is because we would not want to put people in a position where they couldn't afford their living costs.

Secondly the scheme is aimed at applicants who are unable to buy a suitable property on the open market. So an upper income threshold is provided. If your household income exceeds this then you are likely to be able to buy a property on the open market.

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 of £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?

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.

Email: Housingstrategy@valeofglamorgan.gov.uk

Post: Housing Strategy, Vale of Glamorgan Council, Alps Deport, Quarry Rd, Wenvoe
CF5 6AA

WHAT HAPPENS NEXT?

1. Your application will be assessed by the Councils Housing Strategy Team against the eligibility criteria (blue bullet points on page 4).
2. Applications which the Council assess as suitable will be sent to Hafod Housing Association. Applicants will be notified of the outcome.
3. Those applications which meet the eligibility criteria will be sent to Hafod HA with written agreement from Council to proceed and a copy of the earnings and affordability assessment. This will be sent securely by encrypted email.
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. A visit to the property can be arranged at this point with Hafod HA's Home Ownership Officer. If the applicant wishes to progress the sale of this property they will need to inform Hafod HA at this point.
6. Applicants can then sign the relevant paperwork including the tenancy agreement, Purchase Option Agreement' and Option to Buy Agreement. The £250 deposit is payable at this point.

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