

Helping you to afford a **home** of your own



A guide to schemes
available in
Chichester District



If you are considering **buying your first home** the first question you will probably ask yourself is:

“Can I afford it?”

As well as buying on the open market there are a number of Government-backed schemes which can support you onto the property ladder.

This leaflet sets out some of the current help available to enable you to buy your first home.



Help to Buy

Help to Buy is a Government initiative made up of three different schemes: **Help to Buy ISAs**, **equity loans** and **shared ownership**.



Help to Buy ISAs (for first time buyers)

You can save up to £200 per month in this tax-free account and the Government will give you a 25% bonus of up to £3,000 when you buy your home. Couples can have two accounts, so double the benefit. The home you are buying cannot exceed £250,000 in value. These ISAs are available from many banks and building societies.



Help to Buy Equity Loans

Available for new-build properties of up to £600,000 in value on certain developments. Both first time buyers and movers may be eligible. You only need a 5% deposit and 75% is financed with a mortgage in the usual way. The other 20% is provided by a top-up loan from the Government. The Government has an 'equity' share which means it will receive 20% of any future increase in value when the mortgage is repaid. No interest is paid on the 20% loan for five years.



Help to Buy Shared Ownership

You buy a share of your home, between 25% to 75%, from a housing association. You also pay a reduced rent to the housing association. The larger the share you own, the less rent you pay. You can buy more shares later so eventually you could own the whole property and pay no more rent. The scheme is mainly for first time buyers, although other personal circumstances may be considered, such as divorce. Incomes must not be more than £80,000.



Starter Homes

Chichester District Council will be one of the first areas in the country to have these homes. They will be sold at a discount of at least 20% up to a maximum discounted cost of £250,000. To qualify, you must be aged under 40. If you sell or let within five years, you pay the discount back.

Other schemes

In addition, there are also local shared ownership, discounted sale and shared equity schemes available from time to time.



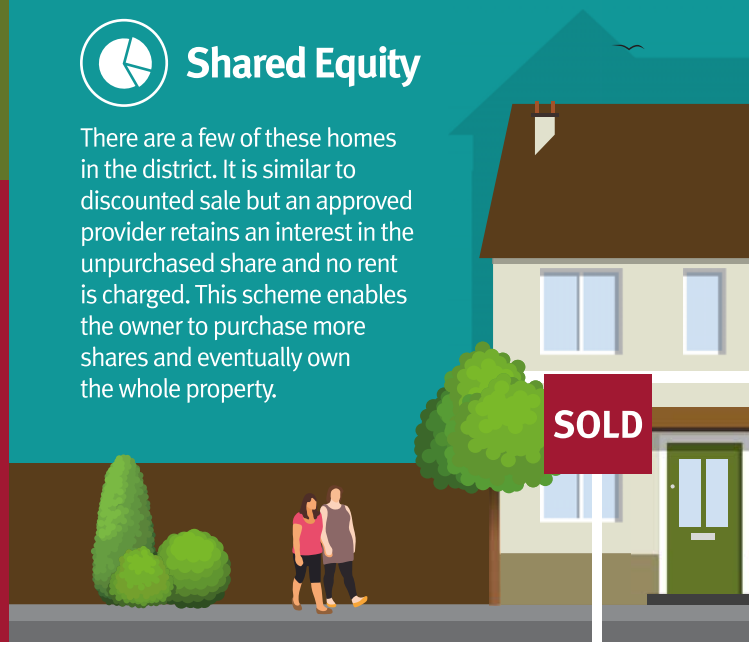
Discounted Sale

Applies to certain properties that have to be sold at 50–75% of the open market value to local people. These are sold directly by the developer or current owners through an estate agent or advertisement. You own 100% of the home, but should you sell, you have to sell it at the same discount that you bought it at.



Shared Equity

There are a few of these homes in the district. It is similar to discounted sale but an approved provider retains an interest in the unpurchased share and no rent is charged. This scheme enables the owner to purchase more shares and eventually own the whole property.



Ways to afford your own home

These figures are purely illustrative. The following examples show the minimum income required to access the various schemes based on a two-bedroom property with a full market value of £280,000.

All schemes may be open to you depending on income and savings.



£20,000 +

Shared ownership
30% share

Deposit: £4,200

Repayments:

£880 per month (£430 mortgage, £450 rent)



£40,000 +

Shared equity
60% share

Deposit: £8,400

Repayments:

£885 per month (mortgage only)



£25,000 +

Shared ownership
40% share

Deposit: £5,600

Repayments:

£960 per month (£575 mortgage; £385 rent)



£50,000 +

**Starter homes/
Equity loan**

Deposit: £11,200

Repayments:

£1,150 per month (mortgage only)



£30,000 +

Shared ownership
50% share

Deposit: £7,000

Repayments:

£1,040 per month (£720 mortgage, £320 rent)



£60,000 +

Open market

Deposit: £14,000

Repayments:

£1,440 per month (mortgage only)

How these figures have been worked out:

Income: based on 4.5 times household income, in line with main stream lending for first time buyers.

Deposit: based on 5%, the minimum lenders will require.

Repayment: based on a repayment period of 25 years and interest of 4.15%. A higher interest rate may be offered depending on the product and your individual circumstances, and could mean your monthly repayments will be more. Duration of loan will also affect repayments.

Shared ownership rents: calculated here using 2.75% of the value of the share the housing association owns. This amount is divided by 12 to give a monthly rent.

What do I need to think about?

Now you have started to consider buying your own home, there are some key points to bear in mind:

Mortgages: are usually offered at three to four and a half times your household income, depending on personal circumstances such as debt.

Deposits: saving a bigger deposit means you will have a wider choice of mortgages and better interest rates. Deposit requirements vary from 5% to 20%. This depends on personal circumstances and the lender (see Help to Buy ISAs).

Fees: when buying a home you will need to have extra money set aside for legal and surveyor fees and possibly Stamp Duty (depending on the value of the property).

Negotiations: when placing an offer on a property remember to negotiate the price of the property.

Parental/family help: there are various ways in which parents/family can assist including: acting as guarantors; putting up their property as security; taking out a joint mortgage with the new buyer; and contributing/providing the deposit either as a gift or loan.

Find out more...



www.helptobuy.gov.uk



www.helptobuyese.org.uk



Tel: 0300 500 5000

www.moneyadvice.service.org.uk

The Money Advice Service is an independent organisation set up by the Government. It has a range of free and unbiased tools and advice for first time buyers, including how much you can afford to borrow, taking out a mortgage, and a money timeline.



Call our Housing Team on **01243 534734** or see: www.chichester.gov.uk/housingtobuy

