

OXFORD CITIZENS HOUSING ASSOCIATION

NEW BUILD HOMEBUY

What is New Build Homebuy?

New Build Homebuy (also known as Shared Ownership) is another way into home ownership which allows individuals the opportunity to rent and purchase at the same time.

New Build Homebuy enables people who cannot afford to buy a suitable home on the open market, to purchase such a home on a part buy/part rent basis.

Purchasers can buy a share of the value of a new property and pay rent on the part that they do not own.

How does New Build Homebuy work?

Purchasers buy a ninety-nine year lease from Oxford Citizens Housing Association. The cost of the lease will depend on what type of property is purchased and what percentage share is being bought.

The average share purchased is 50% however Oxford Citizens Housing Association has the flexibility to lower this to 25% or raise it to 75%, to suit individual purchasers needs. If the home being sold is owned by an existing shared owner then the share being sold will be the percentage owned by the existing owner. On some rural schemes it may be possible for a lower share to be bought if a purchaser cannot be found for the full share.

To enable you to buy the lease you will usually require a mortgage which is available from Building Societies and Banks, subject to status.

You will also require the financial means to afford the rent on the share of the property retained by the Association.

Am I eligible for New Build Homebuy?

In order to apply for the New Build Homebuy waiting list, you must meet the following criteria:-

- You must be a UK citizen or have permanent leave to remain in the UK
- You must be registered on the Local Authority General Housing Register
- You need to have savings of at least £3000 to cover the costs of purchasing a property

- You should have an income capable of supporting a mortgage for a minimum of a 25% share in a property or savings with which to purchase the share
- At the point of purchasing a shared ownership property, you must not be named on the title deeds of any other property
- You must not be able to purchase a property suitable for your needs on the open market
- If any of the following situations apply to you (or your partner), these may prevent you from obtaining a mortgage and therefore you may not be eligible for New Build Homebuy:-
 - If you have lost your home due to re-possession
 - If you have been declared bankrupt
 - If you have been refused a mortgage
 - If you have had a County Court Judgement served against you

Please be aware that if you do not meet eligibility criteria, your application for New Build Homebuy ownership will not be accepted for the waiting list.

What size property am I eligible for? (please note that we do not have any 4 or 5 bedroom shared ownership properties)

Single Adult	1 Bedroom Property
Couple	2 Bedroom Property
Couple with 1 child	2 Bedroom Property
Single Adult with 1 child	2 Bedroom Property
Single Adult with 2+ children	3 Bedroom Property
Couple with 2+ children	3 Bedroom Property

Note for single applicants with dependants - In order for dependants to be eligible for accommodation on your application, they must live with you full time and you must be the primary carer.

How much will it cost?

The total cost will depend on the following factors:

1. Type of property being purchased, eg. two or three bed house
2. Size of the share being purchased, eg. 25%, 50% 75% etc.
3. Interest rates

How do I get a mortgage?

The first step is to arrange a visit to a lending body such as a Building Society or a Bank. Some clients prefer to use the services of an independent Financial Advisor. Should clients choose to use the latter source it is important to check that the representative is a registered member of the appropriate Financial Regulatory Authority.

You will need to explain to them that you are proposing to buy a house on a New Build Homebuy basis and give them details of both the purchase price and the rent payable.

Your chosen lender will then advise you, subject to their normal lending criteria, how much they are prepared to lend you, how much it will cost and whether any deposit is required. (For new properties at this stage you should be able to decide what percentage of the property you are in a position to purchase. However, Oxford Citizens Housing Association will advise you of what percentage they propose to offer you).

Once you have obtained support from a lending body you will then be required to have a mortgage valuation carried out by a professional qualified Valuer or Chartered Surveyor. (These are usually affiliated to your lending body and will be instructed by your lender to carry out the valuation).

Once a lender is satisfied with the valuation you should be in a position to be given a formal mortgage offer. This will state the amount of money a lender is prepared to advance you.

What costs are there?

Purchase costs:

1. Administration fee - £150 (first sales only). This fee will be deducted from the purchase price when you complete your purchase. Should you withdraw from the purchase, the fee is non-returnable due to Oxford Citizens Housing Association being a non profit making Charitable concern, and our need to ensure our basic costs are covered.
2. Legal fees
3. Stamp duty on houses costing £120,000 and above (your solicitor should advise you on the cost of this)
4. Valuation fee
5. Building Society/Bank arrangement fees

After Purchase:

1. Mortgage Repayment
2. Rent due under the lease (variable)
3. Council Tax
- 4.. Buildings and Contents Insurance
5. Electricity/Gas/Water (all newly built properties are water metered)
6. Telephone Bills/line rental
7. Other usual payments eg. TV licence etc.

Will costs go up?

Mortgage: This depends on what type of mortgage you have e.g. fixed rate/variable rate of interest etc.
It is advisable to discuss with your Building Society/Bank/Financial Advisor, the implications of rises in interest rates prior to agreeing to take out a mortgage.

Rent: Yes. The rent is reviewed by the Association on an annual basis and increases at the beginning of April each year. The increase is based upon the change in the retail price index and the formula for increasing the rent is contained within the lease.

Can I purchase further shares in the house?

The answer to this generally is Yes, but you should first check with the Association. Following the first anniversary of the granting of the Shared Ownership lease you may purchase further shares in your house. Following a resale, after three months you may purchase further shares in your house. This process is called 'staircasing'. Purchasers can 'staircase' up to three times after the initial purchase, at a minimum of 10% each time. Once a further share is purchased the rent is reduced on a proportionate basis.

It is worth noting that the New Build Homebuy Owner is not under any obligation to purchase further shares whatsoever.

Can I buy the house outright?

The answer to this generally is Yes, but again you should first check with the Association as some schemes restrict the maximum level of equity that can be bought to 80% and with a few schemes the level of equity is fixed.

How can New Build Homebuy be cheaper than outright purchase?

Oxford Citizens Housing Association receives 'Social Housing Grant' (SHG) from the Housing Corporation to subsidise the cost of the unsold share of the house it does not sell.

In simple terms SHG reduces the amount of money that the Association has to borrow and this enables it to keep the rents at a considerably lower level than they otherwise would have been.

Will the New Build Homebuy Owner benefit from any increase in value?

Yes. The New Build Homebuy Owner will benefit from any increase in value of the house proportionate to the share owned. Below is an example of how this would work if values rose by 10%. (Based on ownership of 50% share).

House value on purchase	£100,000
50% equity share	£50,000
10% increase	(£10,000)
House value increased to	£110,000
50% equity share is now worth	£55,000
i.e. increase in value to shared owner....	£5,000

NOTE: It is important to realise that house prices can fall as well as rise and should this occur the New Build Homebuy Owner will suffer a proportion of the decrease in the value in the same manner as they benefit from an increase.

What will happen if the Leaseholder dies?

The New Build Homebuy Ownership lease can be passed on or sold in accordance with the Will of the Shared Owner or the Law of Intestacy. The new Shared Owner will equally be bound by the conditions of the lease.

Am I responsible for repairs?

Yes. You will be responsible for all repairs, maintenance and decorations as would any other home owner.

Am I responsible for Building Insurance

Oxford Citizens Housing Association insures all properties owned by them on what is termed a 'Block Policy'. Oxford Citizens Housing Association will pass this cost on to you as an owner/occupier. Because of the size of our policy the amount charged is far less than if the shared owner were to make direct arrangements. You will be invoiced for the Buildings Insurance Premium on an annual basis.

Can I alter or improve the house?

It will be necessary to obtain the written consent of Oxford Citizens Housing Association Ltd **PRIOR** to making alterations or improvements to your property. OCHA will not unreasonably withhold approval.

What will happen if I wish to sell?

There is a process laid down in the Lease for assigning (selling) the lease. The Association has rights to nominate a buyer for your home, if it is unable to do this you may sell your share on the open market. However, the buyer must satisfy Oxford Citizens Housing Association criteria for eligibility i.e, the buyer must not be able to afford to purchase outright on the open market.

What will happen if I don't pay the mortgage?

The mortgage repayment is a matter between the New Build Homebuy owner and the Lender. It works in essentially the same fashion as a full owner occupier's mortgage. It is important to realise the Building Society/Bank can take repossession proceedings and ultimately evict any household which falls behind in its mortgage repayments.

If a New Build Homebuy Owner is experiencing difficulties in meeting his/her mortgage or rent repayment it is essential that they discuss the matter with both the Lender and the Association at an early date so that a solution may be found.

What will happen if I don't pay the rent?

The New Build Homebuy Owner is legally bound to pay rent to the Association in the same manner as she/he pays the mortgage to the Building Society/Bank. Should the New Build Homebuy Owner fall behind with rent payments then the Association may ultimately take proceedings to evict a household.

It is important to note that if the New Build Homebuy Owner experiences difficulties in paying rent that they contact the Association at an early date.

What happens next?

If you are interested in purchasing a New Build Homebuy home you should complete the application form and return it directly to Catalyst Housing Group Ltd (address found on the reverse of the form). If you do not have an application form you can download a form from the website at www.homebuy.org.uk or contact them on 0845 601 7729.

You can only apply for areas that you have a local connection to (normally through residency or employment) and you must ensure that you are registered on your local authority's housing waiting list.

The housing need points assessed by the councils are used to prioritise the applications. Few new properties are being developed and you should be aware that it could be some time before a vacancy becomes available.

A note for Oxford Citizens Housing Association Tenants

If we are able to offer you a New Build Homebuy property you will need to notify your current Housing Officer. You will be required to give 4 weeks notice before the date you wish to move out.

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