



The HomeOwners Alliance guide to:

Getting on the property ladder with help from the government

If you want to own your own home, most people buy properties on the open market through estate agents, online or through private sale, and get a mortgage from a bank or other lender. This involves saving a deposit and meeting the bank's lending criteria.

For some people, saving a deposit or finding the right home at the right price is a struggle. If you're in this situation, it is worth looking into the Government schemes on offer to help you get on the property ladder. There are several different schemes and it can get confusing. Our advice tells you what's on offer, who is eligible, the pitfalls and questions you need to ask first, and how you can apply.

The first thing to note about the government's homebuying schemes is that:

- they are mostly only available for newly built homes. This is because most government financing schemes are done in partnership with housebuilders
- things are about to change with the extension of an equity loan scheme "First Buy" to include existing homeowners as well as first time buyers. This scheme will be rebranded "Help to Buy".

At the moment, government schemes won't be of any help if:

- you are buying through an estate agent
- you want to buy an existing privately owned home that is not part of a government scheme

The Government schemes are:

Help to Buy

- The government will lend you up to 20% of the value of a property in the form of an equity loan. You will have to find a 5% deposit and secure a mortgage to cover the other 75% of the cost of the property.
- Help to Buy can help you if you want to own your own home, are looking at new builds and are struggling with saving for the average 25% deposit needed in today's housing market.
- Covers new build properties valued under £600,00 only
- Open to all potential and existing homeowners
- There is no salary cap or joint income limit applied
- It will run for 3 years from 1 April 2013 (so until April 2016)
- This is an expansion of the First Buy scheme

First Buy

- The government will lend you up to 20% of the value of a property in the form of an equity loan. You will have to find a 5% deposit and secure a mortgage to cover the other 75% of the cost of the property.
- First Buy can help you if you are a first time buyer, are looking at new builds and are struggling with saving for the average 25% deposit needed in today's housing market.
- It is due to be replaced by Help to Buy in April.

HomeBuy shared ownership (new homes)

This allows you to buy part of the property and rent the other part. Over time you can buy more of the property until you own the whole thing



NewBuy

The scheme guarantees your mortgage, allowing you to get a mortgage to buy a newly built home even if you only have a small deposit of between 5 and 10%. This is the only scheme available if you already own a home

Rent to Buy

Rent a newly built home with the intention to buy with shared ownership

FirstBuy

The government provides an interest free equity loan of up to 20% to first time buyers wanting a newly built house.

HomeBuy Direct

The predecessor to FirstBuy. Provided equity loans of up to 30% to first time buyers wanting a newly built house. Now highly limited availability.

There are a few more targeted schemes which, if you are eligible, can help you purchase homes that are not newbuilds:

- **HomeBuy shared ownership (resales)** – this allows you to take over an existing shared ownership property that the current owner has put on the market. Over time you can buy more of the property until you own the whole thing
- **Right to Buy** – if you live in a council house or flat you may be able to buy your home at a discount under the right to buy scheme. The discount depends on where you live, how long you have lived there and whether you live in a house or flat.
- **Armed forces Home Ownership** – a pilot scheme for members of the armed forces with a minimum of 4 years and a maximum of 6 years continuous service - [http://www.homebuy.co.uk/\(S\(gkpodzby4askbxv1sygnkuro\)\)/afos.aspx](http://www.homebuy.co.uk/(S(gkpodzby4askbxv1sygnkuro))/afos.aspx)
- **HOLD** (Home Ownership for people with Long term Disabilities) – [http://www.homebuy.co.uk/\(S\(gkpodzby4askbxv1sygnkuro\)\)/hold.aspx](http://www.homebuy.co.uk/(S(gkpodzby4askbxv1sygnkuro))/hold.aspx)

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