

What is Rent to Homebuy?

This exciting new scheme could help you to take your first step on the property ladder, as you can save to buy your brand new home while you live in it.

It is specifically designed to help you get onto the home ownership ladder by first renting the home you plan to buy, and then buying it at a later date.

You will buy through the New Build HomeBuy Scheme (previously known as Shared ownership) where you buy a share in the property on a part buy part rent basis and pay a subsidised rent on the part that you do not own.

How Does it work?

Rent to HomeBuy is aimed at applicants who are unable to purchase an initial NBHB share immediately, for example due to not having enough deposit to obtain a mortgage. Eligibility terms will be similar to other HomeBuy products, first time buyers with an annual household income of £60,000 who do not already own a property being eligible to apply.

Properties are available in existing Newlon new build developments at 80% of the market rent for that area for a maximum of 3 years. This gives you time to save for a deposit to later buy a share in the property when mortgage finance options improve.

When the time is right you can buy between 25% & 75% of the property. At this time your application will be assessed under New Build Homebuy terms and conditions. An Independent Financial Advisor Agent will then make an assessment of what share of the property you can afford to buy and maintain payments on under the New Build Homebuy scheme.

If the assessment shows that you cannot afford to buy any share because of changes in your circumstances, your landlord will review your tenancy but there is no prior guarantee that it will be renewed.

How do I apply?

To apply for one of our properties you will need to be registered with Housing Options.

Newlon will instruct an Independent Financial Advisor to carry out an affordability assessment to ensure that you would be able to buy the property at this time, if you had the required savings to access current mortgage products.

How much rent do I pay?

Your rent will be 20% less than the rent you would pay with a private landlord.

So, if the rent is £1000 elsewhere, it will be £800 with Newlon. That will save you £200 per month, which you can save towards a deposit for when you purchase the property later on.

You will also pay a monthly service charge towards the costs of maintaining the building and communal areas.

How do I buy my home?

During the time you are renting your home, you will have up to three years to save the deposit required to buy the property. As an incentive to help you buy, we will save 25% of the net rent* you pay to us and use it to discount the price of the share you buy at the end of your tenancy with us.

* Expected to be around £6000 after 3 years, this figure will be received dependent on how long you have been renting for.

This together with the savings you have put aside will assist you in being able to access a mortgage. You then buy a share in the property on a part buy/part rent basis.

Can I have some figures?

For example, if the property is valued at £200,000, then a 50% share is £100,000.

For a 5% deposit you will need to save 5% of £100,000, which is £5,000. If you rent for three years, that equates to needing to save just over £32 per week,

or £138 per month. When you come to buy the property, Newlon will calculate the net rent* that has been paid, and then discount the share of the property that you are buying by approximately £5,500 (if you purchase in 3 years time).

For example, property valued at £200,000, then a 50% share is £100,000 – minus the discount of £5,500 means you will pay £94,500.

If you choose to save the £200 a month (the difference between our rent and the market rent) you could buy your home in much less than three years.

How will Newlon help?

We will help you throughout the process and introduce you to an experienced Independent Financial Advisor who will develop a personal homeownership plan for you including a savings plan for your deposit. If there are any problems with the property during the renting period, you can contact us as you would any private landlord. You can also talk to us at any time if you want to discuss your future home purchase.

How long does it all take?

If you are eligible to participate in Rent to HomeBuy and a suitable property is available, it could take just a few weeks before you can move in. Once in your new home, you can begin the savings plan formulated by your independent advisor. This must take no longer than three years.

Is Rent to HomeBuy flexible?

Rent to HomeBuy is a scheme to help you purchase a brand new home. You must be seen to be saving to buy the property within the three year renting period. If you want to buy quicker, for example in a year, or two years, you can do so.

Where do you offer homes for sale?

We are constantly expanding this scheme. If we don't currently offer a property that you want in an area of your choice, please send us your details anyway. If there is sufficient interest in another specific area, we may offer properties there in the future.

What next?

For more details of this great new initiative, call the sales team on **0800 058 2544** or visit our **website www.shared-ownership.co.uk** for more information.

* Net rent is the figure paid after service charges and other management fees are deducted.