



GUERNSEY
HOUSING
ASSOCIATION

Partial Ownership with Guernsey Housing Association

Sponsored by the States Housing Department



What is partial ownership?

Partial ownership gives islanders who cannot afford to buy a property a realistic way of getting onto the property ladder. Partial ownership may help you buy a home if you can't quite afford the full cost yourself.

What does it mean?

If you are able to get a mortgage but the bank is not able to lend you enough money to buy a property that is suitable for your needs then Partial Ownership may be for you. With Partial Ownership you are borrowing less money from the bank as you are only purchasing a portion of the property and paying a reduced rent on the rest. Or if you have only a small income such as a pension but you have enough savings to buy your part of the property then partial ownership is an option you may wish to consider.

What property could I buy?

Guernsey Housing Association (GHA) is currently building partial ownership homes and has plans to continue building more homes in the future. At present we are building:

- 4 one bedroom houses at Jardin De Haut due 2011
- 16 one and two bedroom flats at Le Rue Clouet due 2011



How do I become eligible for partial ownership?

To be considered you need to:

- Be a locally qualified resident of Guernsey
- Not currently own a home
- Satisfy GHA that you cannot afford to purchase a suitable property on the housing market

How does partial ownership work?

You can buy as little as **40%** of a partial ownership property, or as much as 80% and you can buy more of the home later if you wish, but cannot buy more than **80%**.

You have to make your own financial arrangements to buy your home, and most people need to get a mortgage for this. Three banks in Guernsey have agreed to give mortgages for partial ownership schemes:

- The Royal Bank of Scotland International
- The Co-operative Bank
- HSBC

What will I have to pay for?

You will initially need:

- Savings to cover legal fees (see example on page 4 for an idea of cost)
- Fee to arrange your mortgage – the bank will advise you of this amount.

Then, every month you will pay:

- Mortgage repayment to your bank
- Reduced rent to GHA
- Service charge to GHA (which would cover items such as maintaining any communal areas, building insurance etc.)

You will also have to pay:

- All rates on your house
- Your normal household bills including gas, electricity, water, Telecommunications, TV licence, contents' insurance etc.
- Maintenance – you have to pay all the maintenance costs of your home



Can you increase your share?

Yes, you can start out at 40%, but increase that share you own 10% at a time. This is known as “staircasing”. The cost of this additional share will be valued at the time of purchase however, you cannot exceed 80% or “staircase” in the first year.

What happens when I want to sell my home?

You must sell your home back to GHA so it can be offered to somebody else on the partial ownership waiting list. The price will be a fair market value, confirmed by an independent valuer. If for example you bought 50% of the home, you will get 50% of the total sale price, whether the price has gone up or down. The Association will then sell the property on to those people most in need of these homes.

What next?

If you think partial ownership could be for you, then:

- Consider your finances and decide if you can afford the outgoings there is an example on page 4 you may be able to use as a guideline (think carefully if your income fluctuates or if your job is short term)
- Complete an application form, obtainable from GHA at the address below.

To discuss partial ownership further, contact:

The Housing Officer on Tel. 245530

at the **Guernsey Housing Association**
6 The Bridge
St Sampson, Guernsey
GY2 4QW



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Example - Mr and Mrs Gallienne have a family and need a 2 bedroom property which is for sale for **£310,000** and will need to get a **mortgage**.

Should they buy:	40% Mortgage Repayments	£734.92	over 20 years
	50% Mortgage Repayments	£918.65	over 20 years
	60% Mortgage Repayments	£1,102.39	over 20 years
	70% Mortgage Repayments	£1,286.12	over 20 years
	80% Mortgage Repayments	£1,469.85	over 20 years

(these figures are based on the RBSI base rate tracker and have been calculated at 3.75%.)

The **rent** for the 2 bedroom house will depend on how much of the property they buy:

40% Rental payments will be	£241.83
50% Rental payments will be	£201.52
60% Rental payments will be	£161.22
70% Rental payments will be	£120.91
80% Rental payments will be	£80.60

The **legal fees** for this house will be calculated on the part of the property they will be buying.

Should they buy:	40% Legal fees will be	£930.00
	50% Legal fees will be	£1162.50
	60% Legal fees will be	£1395.00
	70% Legal fees will be	£1627.50
	80% Legal fees will be	£1860.00

Mr and Mrs Gallienne decided to buy 40% and have got a mortgage of £124,000. The family's repayments on this house are:

Repayment of mortgage 20 years*	£734.92
Rent to GHA for 60% of the home*	£241.83
Service charge to GHA *	£5.00
Total monthly	£981.75

*These are estimated figures only calculated October 2009. The prices of future partial ownership schemes are not yet fixed, neither are the rents or service charges. The service charge is different between flats and houses.