

What is partial ownership?

It offers first time buyers a realistic way to get on the property ladder

Partial Ownership is for buyers who cannot afford to buy a property in the normal housing market but could afford to buy part of the cost of a property.

How does the partial ownership scheme work?

If you are able to support a mortgage but the bank cannot lend you enough to purchase a property on the market suitable for your needs, then the partial ownership scheme may be for you. As only a portion of the property is purchased, you need to borrow a lesser amount from the bank and pay a discounted rent on the part still owned by the GHA.

You purchase the maximum you can afford, between 40% and 80% of the property value, at the time of the initial purchase. At a later date you can purchase more of your property in multiples of 10% of the current value. This is called 'staircasing'.

Am I eligible for partial ownership?

Before completing the application form, please see if you meet the following criteria. You must:

- ➡ be a locally qualified resident of Guernsey and living in Guernsey
- ➡ be over 18 years old
- ➡ have minimum savings of £2,500 (1 bed) £3,000 (2 bed) or £3,500 (3 bed) to cover the legal and mortgage fees
- ➡ be able to purchase, with earnings and/or savings, at least 40% of the property.*
- ➡ be able to satisfy the GHA that you are unable to afford to purchase a suitable property on the local housing market.

Please read the Partial Ownership Policy which contains more information.

How much money do I need to prove that I can afford a partial ownership property?

Applicants must be able to finance at least the minimum percentage of a partial ownership property. The minimum annual income requirements are:

Property required	Minimum income required <i>(these figures are guidelines as mortgage interest rates and house prices change)</i>
1 bedroom	£24,000 per annum* (based on purchasing a 1 bedroom partial ownership property valued at £240,000)
2 bedroom flat	£27,500 per annum* (based on purchasing a 2 bedroom partial ownership flat valued at £275,000)
2 bedroom house	£34,500 per annum* (based on purchasing a 2 bedroom partial ownership house valued at £345,000)
3 bedroom house	£37,000 per annum* (based on purchasing a 3 bedroom partial ownership house valued at £370,000)
4 bedroom house	£41,250 per annum* (based on purchasing a 4 bedroom partial ownership house valued at £412,500)

**Please note these minimum figures only apply to Applications received on or after the 14th June 2018. All earlier Applications will adhere to the previously published minimums.*

What is the maximum income I can earn in order to apply for a partial ownership property?

Applicants must have a sole or joint income of less than:

Property Required	Maximum Income
1 bedroom	£46,000 per annum* (based on being able to borrow a minimum of £230,000 from a mortgage lender to purchase a one bedroom property in the private sector, not taking into account any savings required or outgoings such as loans and credit cards)
2 bedroom	£54,000 per annum* (based on being able to borrow a minimum of £270,000 from a mortgage lender to purchase a two bedroom property in the private sector, not taking into account any savings required or outgoings such as loans and credit cards)
3 bedroom	£69,000 per annum* (based on being able to borrow a minimum of £345,000 from a mortgage lender to purchase a three bedroom property in the private sector, not taking into account any savings required or outgoings such as loans and credit cards)
4 bedroom	£73,000 per annum* (based on being able to borrow a minimum of £365,000 from a mortgage lender to purchase a 4 bedroom property in the private sector, not taking into account any savings required or outgoings such as loans and credit cards)

**Please note these maximum income limits only apply to Applications we receive on or after the 14th June 2018. All previous Applications will adhere to the previous published maximums.*

What will I have to pay for?

You will need:

- ➔ your savings to cover the legal fees. The amount depends on the percentage you purchase (generally 0.75% of the value of the portion being purchased).
- ➔ to pay the arrangement and valuation fee for your mortgage. The bank will advise you of this amount.

After purchasing the property, you pay:

- ➔ a monthly mortgage payment
- ➔ any on-going maintenance costs
- ➔ a discounted rent and service charge (which covers items such as parish rates, annual refuse charge, building insurance, maintenance of any communal areas) – payable to the GHA.

Why and what is the service charge?

Service charge is an amount that is added onto your rent and covers any maintenance and repair work in communal areas which remains GHA's responsibility such as landscape maintenance, grassed areas, car parking, private roads, footpaths, drainage.

It also includes for annual boiler maintenance but only for the initial cost of the service. Any costs for parts and extra labour are the responsibility for the partial owner to pay.

How do I apply?

1. You need to fill out a partial ownership application form. Copies can be picked up from our offices or downloaded from our website. You will need to bring into the office all the requested documentation when you submit your application, as the GHA are unable to process your form without this. We need to check that the right people benefit from this first time buyer opportunity.
2. We recommend you save as much as possible towards a deposit for your mortgage. This will reduce the amount you will need to borrow from the bank and you may get a better mortgage interest rate. It is

strongly advisable to clear any outstanding loans. You will also need to use your savings for moving in costs such as new flooring, furniture, appliances, etc.

What happens next?

Our staff will review your application form and all the information that you have sent in. If we are happy with this and you meet our eligibility criteria, then we will write to you to confirm that you have been added onto our active waiting list. **Your position on the waiting list will be the date we received your application form and all the requested information.**

Why wouldn't I be accepted onto the waiting list?

There are several reasons why someone cannot be accepted onto the waiting list:

1. If you can afford to purchase a property in the private sector suitable for your needs then you will be declined. If your salary or joint salary, is over our maximums (see our policy) then you are not eligible and we will advise you to look for a property in the private market.
2. If you are in rent arrears with the States of Guernsey or ourselves, then you must clear your debts before applying for partial ownership.
3. If you meet our criteria but don't have the minimum savings, then we will put you on our reserve list. Once you can prove to us with a bank statement that you have the required savings, then we will move you onto the active waiting list. Your position on the active waiting list will be the date you originally applied.

What happens after I am accepted onto the waiting list?

Our staff need to keep your details up-to-date in case a property becomes available that meets your requirements. This means that if your circumstances change, for example you have a pay rise, a drop in earnings, or a new partner, you need to advise us immediately as this may affect your application. We will also write to you every 12 months requesting up-to-date payslips, bank and savings statements.

What happens when I am offered a property?

1. We contact you to say that a suitable property is available and ask if you would like to be considered for it
2. The bank will ask an independent valuer to go to the property and value it for you.
3. If you accept the property, then you need to contact a bank to find out if you are eligible for a partial ownership mortgage. The banks currently offering partial ownership mortgages are Skipton International and NatWest International.

Can I decline a property?

You are able to decline a property if you feel that the property does not suit your needs and have reasonable reasons for the refusal. You do have to remember that the GHA may only have a few properties that come available.

What is staircasing?

Staircasing is the term used when you buy further shares of your property. It will allow you to own a greater proportion of your home. For instance if you purchased 40% or 50% of your property in 2017, then in 2019 you change jobs and are then able to afford a bigger mortgage you can buy more of your property. The greater share you buy in your home, the less rent you will pay to the GHA. Also whenever in the future you decide to sell your house, back to the GHA, you will receive more money if the value of your house has increased and you own a bigger share of it.

If you would like to do this then please contact your Housing Officer to see if you are eligible and they will take you through the process. It is straightforward and avoids legal costs.

Remember you will only be able to staircase if you have no arrears with your rent and/or service charge.

Here are some guidelines on potential mortgage and rent costs for buyers – please bear in mind that Bank mortgage interest rates and terms, and house prices change over time so these are only a guide and should not be used as firm up to date figures.

Example of one bedroom flat

One-bedroom flat with kitchen, lounge, bathroom and allocated parking.

Property valued at - £267,000.00

**Monthly payments (quoted for January 2019)*

	RENT	MORTGAGE
40% purchase (£106,800)	£249.60	£540
50% purchase (£133,500)	£208.00	£675
60% purchase (£160,200)	£166.40	£810
70% purchase (£186,900)	£124.80	£945
80% purchase (£213,600)	£83.20	£1080

Monthly service charge - £160.22 per month

How long were the latest buyers on the waiting list? 2 to 3 years

This is based on a 30 year mortgage at our current rate of Base + 3.75% = 4.5%

Example of two bedroom house

Two-bedroom house with kitchen, lounge, bathroom, garden and allocated parking.

Property valued at - £355,000

**Monthly payments (quoted for January 2019)*

	RENT	MORTGAGE
40% purchase (£142,000)	£325.00	£588
50% purchase (£177,500)	£270.83	£735
60% purchase (£213,000)	£216.67	£882
70% purchase (£248,500)	£108.33	£1029
80% purchase (£284,000)	£54.17	£1176

Monthly service charge - £79.77 per month

How long were the latest buyers on the waiting list? Averagely 3 years

Example of three bedroom house

Three-bedroom house with kitchen, lounge, bathroom, garden and allocated parking.

Property valued at - £430,000.00

**Monthly payments (quoted for January 2019)*

	RENT	MORTGAGE
40% purchase (£172,000)	£408.20	£870
50% purchase (£215,000)	£340.17	£1087
60% purchase (£258,000)	£271.13	£1305
70% purchase (£301,000)	£204.10	£1522
80% purchase (£344,000)	£136.07	£1740

Monthly service charge - £139.71 per month

How long were the latest buyers on the waiting list? Averagely 3 years

***All figures, as at January 2019, are a guide only and is based on a 30 year mortgage at the current rate of Base + 3.75% = 4.5%**