

**BETTER
BASILDON
HOMES**

WHAT IS AFFORDABLE HOUSING?



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What is affordable housing?

The term 'affordable housing' is not defined in legislation.

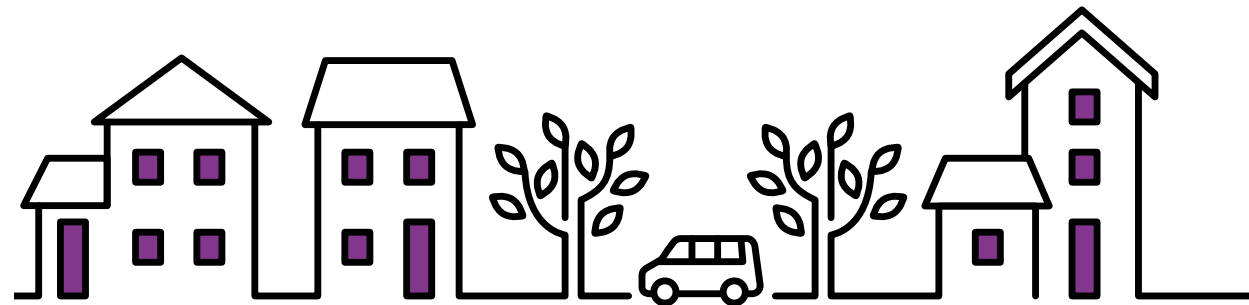
The most commonly used definition is "housing for sale or rent, for those whose needs are not met by the market".

Affordable housing includes:

- Housing for rent
- Low-cost home ownership



Affordable housing for rent



Social Rent

Social Rent is set according to a formula including local wages.

Homes are rented from the Council or Housing Associations which have government-subsidised rent for people on low incomes.

Affordable Rent

Affordable rented housing which is permanently discounted.

These are often provided by Registered Providers such as Housing Associations.

The rent is usually set at 80% of local market rents.

Low-cost home ownership



Low-cost home ownership

Housing sold at a discount - First Homes Scheme

Housing which is sold at a discount of at least 20% below local market value.

For example the **First Homes scheme** which offers eligible first-time buyers a discount between 30% to 50% less than the homes market value.

Who is eligible?

You must:

- be 18 or older
- be a first-time buyer
- be able to get a mortgage for at least half the price of the home
- not earn more than £80,000 a year before tax (£90,000 if the property is in London) - this is your income from the previous tax year

The home can be:

- a new home built by a developer
- a home you buy through an estate agent, which someone else bought before through the scheme

If you're buying with others:

- you must all be first-time buyers
- you must apply together, even if you're not all getting a mortgage
- your joint income cannot be more than £80,000 a year before tax (£90,000 if the property is in London)
- Your joint income is the total of what you all earned in the previous tax year

How the scheme works

You can look for new homes in your area that are advertised by developers or estate agents through the First Homes scheme.

Developers offer these homes to first-time buyers with at least 30% of the market value taken off the price.

Unlike shared ownership, there's no rent to pay.

Every home that's sold is valued by an independent surveyor to make sure the discount is based on actual market value.

New build First Homes cannot cost more £250,000 (or more than £420,000 if the property is in London) after the discount has been applied. The local council can lower this maximum price.

You can decorate or improve your property but if you let or sell your property, you'll need to follow First Home scheme rules.

How to apply

Contact the developer or estate agent (if you're buying from a previous First Homes buyer) and tell them you want to buy a property through the First Homes scheme.

They'll check you meet the eligibility criteria and help you to complete the application. They'll submit your application to the local council.

You may have to pay a reservation fee if the property you want to buy is a new build. You'll get the fee back if your application is unsuccessful.

The developer can offer you incentives such as free goods or cash back. These should not be worth more than 5% of the discounted purchase price.



[Find out more](#)

Low-cost home ownership

Shared ownership

A scheme where people buy a share of a property and pay a subsidised rent on the remaining share owned by a landlord.

When you buy a home through shared ownership, you:

- buy a share between 25% and 75% of the home's full market value
- pay rent to the landlord for the share they own
- usually pay monthly ground rent and service charges, for example towards the maintenance of communal areas

Buying your share

You can take out a mortgage to buy your share or pay for it with savings. You'll also need to pay a deposit, usually between 5% and 10% of the share you're buying.

You can buy more shares in your home in the future. This is known as 'staircasing'. If you buy more shares, you'll pay less rent. The amount of rent you pay will be based on the landlord's share.

[Find out more](#)



Who can apply

[Check eligibility](#)

You can buy a home through shared ownership if both of the following are true:

- your household income is £80,000 a year or less (£90,000 a year or less in London)
- you cannot afford all of the deposit and mortgage payments for a home that meets your needs

One of the following must also be true:

- you're a first-time buyer
- you used to own a home but cannot afford to buy one now
- you're forming a new household - for example, after a relationship breakdown
- you're an existing shared owner, and you want to move
- you own a home and want to move but cannot afford a new home that meets your needs
- For some homes you may have to show that you live in, work in, or have a connection to the area where you want to buy the home.

If you own a home

When you buy a shared ownership home, you must have:

- formally accepted an offer for the sale of your current home (called 'sold subject to contract' or 'STC')
- written confirmation of the sale agreed (called a 'memorandum of sale') including the price and your intention to sell

You must have completed the sale of your home on or before the date you complete buying your shared ownership home

Older people

If you're aged 55 or over at the time of buying the home, you can buy up to a 75% share through the Older Persons Shared Ownership (OPSO) scheme. Once you own 75%, you will not pay rent on the rest.

Low-cost home ownership

Rent to Buy

A scheme where people rent at around 80% of market rents in order to save for a deposit to buy the property in the scheme.

Who is eligible?

To be eligible for Rent to Buy, you must be:

- in full or part time employment
- a first-time buyer
- able to pay your rent and save for a deposit at the same time

You may also be eligible for Rent to Buy if you are returning to home ownership following a relationship breakdown.

A landlord may check your income and credit history to decide if you're eligible.

[Find out more](#)



How the scheme works

You apply to rent a property that is in the scheme. If you're considered eligible, and the property is still available, it will be offered to you.

Your initial tenancy agreement will be for up to 2 years. After that, if you need more time to save for a deposit, your landlord may agree to extend your tenancy.

If you do not pay your rent on time and follow the terms of your tenancy agreement, you may not be allowed to stay in the scheme.

You can buy a home as soon as you've saved enough deposit and can get a mortgage.

How to apply

If you live in England (excluding London), you can search for organisations that have Rent to Buy homes using the [shared ownership scheme service](#).

Properties in London are covered by a separate scheme called [London Living Rent](#).

Council and Housing association homes

Some local councils and housing associations advertise Rent to Buy homes.

Check the [shared ownership scheme service](#) or with your local council or housing association for more information. There may be extra eligibility requirements to apply.

Low-cost home ownership

Mortgage Guarantee Scheme

A UK government-run scheme that offers UK citizens the option to apply for a mortgage with just a 5% deposit.

The new Mortgage Guarantee Scheme is set to be announced in due course as the current scheme ends in June 2025.

Overview

In April 2021 the government announced a new mortgage guarantee scheme to support a new generation in realising the dream of home ownership. This increased the availability of 95% Loan-to-value mortgage products, enabling more households to access mortgages without the need for large deposits. This is due to run until June 2025.



Who is eligible?

Different lenders may have slightly different eligibility requirements but here is a general guide:

The 95% mortgage guarantee scheme is suitable if you

- Are buying a property that will be your only home
- Are applying for a single or joint mortgage
- Want to apply for a repayment mortgage, with no interest-only part
- Have a deposit of between 5% and 9.99% and are looking for a 95% LTV mortgage

You can't use the scheme to

- Buy a new-build property
- Buy a second home, or a buy-to-let property
- Apply for a commercial mortgage
- Apply for an interest-only mortgage

BETTER BASILDON HOMES



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