

Partial Ownership policy**Are you eligible for partial ownership?****An applicant or applicants will be accepted onto the waiting list subject to the following criteria:**

1. Aged 18 years or over.
2. At least one applicant is living in Alderney and has been resident for a minimum of 2 years.
3. Is unable to purchase a property in the private sector based on the applicant(s) current need.
4. The AHA will only allocate a property suited in size to the applicant's needs at that time.
5. Has no outstanding rent arrears or repair arrears from a current or previous tenancy and/or has not broken any tenancy conditions.
6. Provide updated information when requested.
7. Outside of the criteria below, the AHA can use its discretion to accept other applicants onto the waiting list where individual exceptional circumstances may merit it. Applications will be accepted only at the discretion of the AHA Manager, Chief Executive or the AHA's Board.

Income information

8. Applicants must be able to finance the minimum percentage of a partial ownership property. The minimum annual income requirements are the ability to purchase the minimum equity which is 30% in Alderney, of a suitable property:

2 bedroom flats and 3 bedroom houses at The Butes & Sables D'Or are potential properties for partial ownership. Examples below (**figures are only examples**)

Property required	Minimum income required
2 bedroom flat	£18,500 per annum* Based on purchasing a 2 bedroom partial ownership flat valued at £185,000
3 bedroom house	£25,000 per annum* Based on purchasing a 3 bedroom partial ownership house valued at £250,000

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

Property Required	Maximum Income Threshold
2 bedroom	£38,000 per annum * Based on being able to borrow a minimum of £190,000 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	£52,000 per annum * Based on being able to borrow a minimum of £260,000 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.

***Please note these above limits will be based on valuations at the time of the application and bank mortgage terms**

10. The maximum income thresholds are calculated using the Employment and Social Security's Household Income Threshold and Capital Limits (the figures are also the current Income limits for Social Housing limits). If a tenant or applicant earns above the weekly threshold it is perceived that this person can afford to live in the private sector and is asked to leave Social Housing or if they have applied for housing the application is rejected. Using the Income Limits as a baseline it is perceived that any money earned above these limits could be used to save for a deposit towards a mortgage. The estimated saving time would be around 5 years based on 20% above Income Thresholds for Social Housing.
11. Should an applicant be over the above maximum income threshold, but unable to borrow enough funds to purchase a property in the private sector based on their current need, due to age and the amount of years they have to re-pay a mortgage, not taking into account any outgoings they may have such as loans or credit cards, then the application will be assessed on a case by case basis.
12. If applicant(s) are not earning the minimum required income to be eligible for partial ownership they will be kept on the secondary list until the applicant(s) contacts the AHA to provide clear financial confirmation that they are now able to afford partial ownership. This is required in writing and following receipt of this the applicant(s) will be moved onto the active waiting list. The date of the original application will be honoured providing the applicant has kept in contact with the AHA and provided all updates as and when required.
13. If the applicant(s) is/are self-employed, 2 full years income tax returns will be required as confirmation of income. If an applicant does not have the relevant 2 years accounts, they will be placed on the secondary list until the information is available. It will be the applicant(s) responsibility to advise the AHA and provide this information when it becomes available.

Child care

14. We will take into account applicant's child care costs and will require up to date payment details upon their child's birthday on how much the child care costs are. Also, they will need to send in confirmation of the child care costs when they are requested to supply up to date financial information.

Savings information

15. Applicants will be required to have the following minimum amount of savings, to be placed on the active waiting list for partial ownership. These **must** be held in an account in the applicants' name/s for a minimum period of two months. The amounts are detailed below:

Two bedroom:	£2,500 minimum
Three bedroom:	£3,000 minimum

16. If the applicant(s) do not hold the required amount of savings to be eligible for partial ownership they will be held on the secondary list until the applicant contacts the AHA and provides clear financial confirmation that they are now in receipt of these funds held in an account in the applicant(s) name, for a minimum period of two months. The applicant(s) will be moved to the active waiting list and the date of the original application will be honoured providing the applicant has kept in contact with the AHA and provided all updates as and when required.
17. If the above amount is gifted from a family member, the funds will need to be in held in the accounts of the applicant(s). This will be asked for every six months as part of the update procedure. Failure to do may affect your application.

18. Whilst the applicant(s) are waiting to be allocated a property, the AHA would like to see that the applicant(s) are saving a minimum amount of £25 per person per month to enable them to complete the purchase, and the costs of moving to a new property, once allocated.

Percentage of property required to purchase

19. When applicant(s) are offered a property, the GHA will advise the applicant(s) what percentage of the property they are required to purchase based on the applicant(s) income and/or savings. The percentage offered will range between 30% and 80% of the property value. If the applicant(s) require a mortgage to purchase the property the bank may advise only a lower percentage can be purchased. However, if the bank confirm in writing to the AHA the maximum percentage the applicant can purchase is, then AHA will re-offer the property to the applicant(s) on the banks recommendation (as long as the minimum is above 30%).
20. When applicants are offered a property they are required to purchase the largest percentage of the property they can reasonably afford.

Pets

21. Applicants with any existing pets, wishing to be allocated a property need to comply with the Pet Policy

Property ownership

22. If applicants currently own a property (whether in sole ownership or held jointly) in Alderney or elsewhere they can apply, but they will be placed on the secondary list until such time the property has been sold.
23. At this time the AHA will require confirmation of how much equity was received by the applicant(s) following the sale of the property. Once this information has been provided the application will be re-assessed to ensure that the applicant(s) still meet the criteria for the AHA partial ownership scheme. If the applicant can afford to purchase privately they will not be accepted onto the waiting list.
24. A decision will be made based on the information provided, on whether the applicants could purchase a suitable property to meet their needs in the private sector.
25. If the application is accepted, the applicant(s) will be transferred onto the active waiting list, and the date of the original application will be honoured providing they have kept in contact with the AHA and provided all updates as and when required.

Existing partial owners

26. Current AHA partial owners are able to join the partial ownership waiting list if their need has changed, or the partial owner is in a flat and would like to be considered for a house. The partial owner will need to meet the above criteria and will join the waiting list as at the date the new application is received.

Dependent children

27. An applicant who has shared care/custody of a dependent child may be allocated a property suited to their need i.e. one additional bedroom. Evidence of care/custody, in the form of either a Court order, or letter from the other parent/ legal guardian will need to be provided.

Right of review and appeals

28. If an applicant is dissatisfied with a decision, they may ask to have an internal review to be carried out. Any request to have a decision reviewed should be made in writing within 28 days of the date of the letter communicating the original decision.

29. Should the applicant still be dissatisfied with the decision made after the internal review has been carried out, they may appeal to the Guernsey Independent Housing Appeals Tribunal if the decision relates to the following areas:
- Allocations (the properties that AHA offer you or refuse to offer you)
 - Applications for partial ownership
30. The appeal should be submitted in writing no later than 28 days after the decision of the internal review and on a form that will be provided through the Committee for Employment and Social Security.
31. The applicant will be advised of their statutory right to appeal in any decision communicated to them.

APPENDIX I on the following pages – AHA Partial Ownership information leaflet

Date Approved : September 2021 PO leaflet update April 2021	Date for Review : September 2023
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Alderney Housing Association

Buying a Partial Ownership Home with Alderney Housing Association

What is Partial Ownership?

This is a scheme aimed at first time buyers who meet the residency requirements as agreed with the States of Alderney and who cannot presently afford to buy in the housing market.

If you are able to get a mortgage but the bank cannot lend you sufficient to purchase a property suitable for your needs then the Partial Ownership

scheme may be for you. With Partial Ownership you are borrowing less money from the bank as you are purchasing an agreed percentage value of the property and paying a reduced rent on the rest. Alternatively if your income can be combined with enough savings to be able to purchase a percentage of a property then partial ownership could again be an option to consider.

How does Partial Ownership work?

You can buy as little as 30% of the value of one of our available homes, or as much as 80%. You can buy more of the value of the home in the future if you wish, up to a maximum of 80%. The higher the share you buy the less rent you pay and the greater your investment in the home.

You have to make your own financial arrangements to buy your home, and most people

need to get a mortgage for this. NatWest is currently the only bank considering Partial Ownership mortgages in Alderney. If the AHA agree that you can go forward to purchase a property we will put you in contact with the mortgage adviser at NatWest and they will assist you with your mortgage application.

Can you increase your ownership share?

Yes, you can start out at 30%, then increase that share you own in 10% multiples. 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?

The properties are sold on a 125 year lease from the AHA and you must sell your home back to AHA so it can be offered to somebody else on the Partial Ownership waiting list. The price will be a fair market value at that time, confirmed by an independent valuer.

If for example you own 50% of your home, you will get 50% of the total sale price, **with a guarantee that AHA will buy back at no lower than the price you paid.** The AHA will then re-sell the property on to eligible people on our waiting list to retain the property for first time purchasers in perpetuity.

Am I eligible for partial ownership?

To be considered you need to:

- Be a locally qualified resident of Alderney and aged over 18 years
- Not currently or have previously owned property (AHA will assess each application if exceptional circumstances are to be considered)
- Satisfy AHA that you cannot afford to purchase a suitable property on the housing market
- Be able to afford to purchase, with earnings and/or savings, at least 30% of the property value and to demonstrate an ability to service any associated Partial Ownership mortgage to the lender's satisfaction.

What property could I buy?

Alderney Housing Association (AHA) have two 3-bedroomed houses, one wheelchair accessible 3-bedroom house and two 2-bedroom flats identified for future Partial Ownership purchase, subject to their availability.

Previously identified partial ownership properties that are now rented out are not available for Partial Ownership purchase until the existing tenants decide to leave or breach their tenancy. Example in this leaflet shows figures for a 3 bedroom house at The Butes.

What will I have to pay for?

If you buy, say, 50% of the property, you will initially need:

- A deposit on the share of the home you are buying, dependent on the Banks assessment of your financial circumstances
- Savings to cover legal fees of 0.75% of equity value purchased
- To pay a fee to arrange your mortgage, this is based on 1% of the loan borrowed
- Bank valuation fee varies depending on value of the property but could be around £300 (A Bond is not required per advice from Collas Crill and Babbe)
- Land registration fee 0.05% (*minimum £60, maximum £500*)

Then, every month you will pay:

- Mortgage repayment to your bank
- Rent to AHA for the 50% of the home we own
- Service charge to AHA for items such as maintaining any communal areas, insurance of the building, etc.
- The Occupiers Rates and Water Charges on your home. Tax on Real Property (TRP) is exempt
- Your normal household bills including any fuel, contents insurance etc.
- Maintenance – you have to pay all the maintenance costs of your home, unless AHA advises differently as this can vary between flats and houses

The Table below is an example only, as figures change

The Bank is more likely to offer a mortgage if you are able to provide some level of deposit and evidence of savings. If it is proven that you cannot offer a deposit then there is the potential for a 100% mortgage subject to individual financial circumstances.

Example purchase of 40% equity of a 3 bedroom house and a 20 year mortgage:

Full market value of house: £218,000

40% Equity Purchased: £87,200 comprising: Mortgage £82,840 and deposit £4,360

Estimated Initial Costs

Deposit put down 5%	£ 4,360.00
Legal fees of 0.75% of equity value purchased (£87,200)	£ 654.00
Mortgage arrangement fee of 1% of mortgage	£ 828.40
Bank valuation fee based on value of property but could be approximately*	£ 300.00
Land Registration fee 0.05%	£ 60.00
Estimated Total cash required to purchase, with a 5% deposit	£6,202.40

Estimated Monthly Costs

Repayment of mortgage interest and capital on equity purchased (20 year repayment mortgage per month)	£ 675.00
Discounted rent to AHA for 60 % of the home retained by AHA	£ 198.00
Service Charge to AHA for communal maintenance	£ 60.00
Estimated Total Property Monthly Costs to AHA	£ 933.00

Note = guidance only subject to recent figures

These figures are an indication only, based on a mortgage interest rate of 7% and will vary depending on the purchaser's circumstances and mortgage rates at the time. The purchaser has to budget for maintenance and household bills, Water Charges and any other household charges. There may be tax relief on mortgage interest payments. Alderney Property Tax is included in a service charge added to the rent

** Some of the above figures are estimates and may vary on the individual flat/house purchased*

On the last page is a template which can be used to calculate your own costs

What next?

If you think Partial Ownership could be for you, then:

- Consider your finances and decide if you can afford the outgoings, (think very carefully if your income fluctuates or if your job is short-term or insecure)
- Complete an application form, obtainable from AHA by contacting:

AHA Manager, Alderney Housing Association
5 Martyn House, Queen Elizabeth II Street, Alderney, GY9 3TB
01481 824870
www.aha.org.gg

Use this template to calculate the initial cash you will need for the purchase and your monthly costs

Full market value of flat/house: £
 30%-80% Equity Purchased: £

Estimated Initial Costs

Deposit (from savings, could be 5% of equity purchased)	£
Legal fees of 0.75% of equity value purchased	£
Mortgage arrangement fee of 1% of mortgage	£
Bank valuation fee based on value of property but could be approximately*	£300.00
A Bond may not be required. Enquire NatWest	
Land Registration fee 0.05% of the value purchased	£
Total cash required to purchase with a deposit	£

Estimated Monthly Costs

Repayment of mortgage interest and capital on equity purchased <i>(£7.07 per £1000 borrowed on 25 year repayment mortgage per month)</i> or <i>(£7.74 per £1000 borrowed on 20 year repayment mortgage per month)</i>	£
Discounted rent to AHA for % of the home retained by AHA* 2 Bedroom Flat - £277 multiplied by % retained by AHA or 3 Bedroom House - £348 multiplied by % retained by AHA	£
Service Charge to AHA for communal maintenance* 2 Bedroom Flat - £..... or 3 Bedroom House - £.....	£
Total Property Monthly Costs	£

Note

These figures are an indication only, based on a mortgage interest rate of 7% and will vary depending on your circumstances and mortgage rates at the time. The buyer has to budget for normal maintenance and household bills. Currently there is tax relief on mortgage interest payments. The property is exempt from annual Tax on Real Property TRP element of the Alderney Property Tax. From 2021 the Alderney Property Tax (old Occupiers Rates) will be collected by AHA for the States of Alderney (SoA), spread over the year and added to the monthly rent (estimated at £18 per month) and Water Charges paid directly to SoA (estimated at £25 per month).

** Some of the above figures are estimates and may vary on the individual flat/house purchased and will change over time.*