

## Affordable home ownership – brand guidance



This document has been drafted to promote a consistent approach to how local HomeBuy Agents, Registered Providers, House Builders and other stakeholders describe products funded by the HCA.

For more detail on the funding and operation of these schemes please see the Affordable Housing Capital Funding Guide (<http://cfg.homesandcommunities.co.uk/>)

If you have any queries please email them to [HomeBuy@hca.gsx.gov.uk](mailto:HomeBuy@hca.gsx.gov.uk)

## Consumer definitions - a consistent approach for LHBA's, registered providers, house builders and stakeholders

### 1. HomeBuy

HomeBuy is the government umbrella brand for affordable home ownership. The HomeBuy logo stands for a number of government backed affordable housing schemes funded via the Homes and Communities Agency. Applicants wishing to benefit from the schemes under HomeBuy will have to meet the relevant eligibility criteria.

The HomeBuy brand represents a set of products designed to help households who would otherwise be unable to purchase an appropriate home. Shared ownership and equity loan products are in place to assist priority groups (see section 4) and other first time buyers get on to the property ladder. HomeBuy products were launched within the National Affordable Housing Program for 2006-08, with HomeBuy Direct being available from February 2009.

Further information on the HomeBuy brand and the options available through government assisted low cost home ownership products can be located on the HCA's website under 'our brand' you can also obtain the logo from the website under the same section.

It is a stipulation of grant that any adverts, leaflets, websites or alternative marketing have the HomeBuy logo present and should appear in line with brand guidelines. Where mentioned in text the word HomeBuy should appear with a capital H & B.

### 2. First Steps

FIRST STEPS is the Mayor of London's brand to promote low cost home ownership throughout Greater London. It draws together all consumer-facing initiatives which offer economic assistance regarding low cost home ownership to the public.

FIRST STEPS is also the name for the delivery agent for London (Local HomeBuy Agent), FIRST STEPS is the one stop shop for potential buyers looking to access low cost home ownership and provides the same role as the network of Local HomeBuy agents across the rest of England covering HCA operating areas.

Further information on FIRST STEPS and guidance related to the FIRST STEPS brand can be obtained through the FIRST STEPS agent (formally Housing Options). The new FIRST STEPS website is due to go live on the 11<sup>th</sup> April.

It is a stipulation of grant that any adverts, leaflets, websites or alternative marketing have the FIRST STEPS logo present and that it appears in line with brand guidelines and where mentioned in text should appear in all capital letters.

### 3. Local HomeBuy Agent

The Homes and Communities Agency currently has a network of 15 Local HomeBuy Agents providing coverage across England (including London). The network provides a one stop shop for potential buyers looking to access affordable home ownership.

When registered providers are describing the role of the Local HomeBuy Agent the following responsibilities should be mentioned as standard.

The Local HomeBuy Agent is there to guide you/applicants through the options available via HomeBuy and explain the eligibility and affordability criteria. The LHBA simplifies the process for you/applicants by using one application form which then provides you/applicants with access to all HCA funded products

The Local Homebuy Agency network is responsible for:

- Providing a one stop shop for all applicants enquiring about affordable home ownership, they should hold information on all schemes and available developments.
- Assessing initial eligibility and affordability levels of all applications for affordable home ownership products through one application form.
- Creating an indicative mortgage level for all applicants to ensure maximisation of shares.
- Prioritising eligible applicants to ensure best use of public money.
- Maintaining a website which promotes all affordable home ownership offers and developments.
- Raising the profile of affordable home ownership and promoting schemes to HCA priority groups and the broader market.

Further details on the Local HomeBuy agency network and who covers specific areas can be found on the HCA's website [www.homesandcommunities.co.uk/homebuy\\_agents](http://www.homesandcommunities.co.uk/homebuy_agents) or the direct Gov. Website [www.direct.gov.uk](http://www.direct.gov.uk)

### 4. Eligibility

Registered providers should list eligibility as follows

Priority must go to the following groups in the first instance, set in priority order.

- Existing social tenants;
- Serving military personnel; and then on equal priority ranking
- Local priorities as set by Local Authorities.

After these priority groups have been exhausted other first time buyers who fit all other criteria can apply and purchase through the HomeBuy/FIRST STEPS initiatives.

For all government funded programs via HomeBuy or FIRST STEPS, £60K is the maximum household income threshold.

Owner occupiers, including existing shared owners and key workers, are as standard not eligible for assistance through HCA funded products. If a potential purchaser who owns a property wishes to access LCHO they must demonstrate that they are in housing need and have Local Authority support or have sold their property prior to applying.

Further information is available via the Capital funding guide at point 1.4 following the below link <http://cfg.homesandcommunities.co.uk/nbhb-overview.htm>

## **5. Equity loans schemes**

Equity loans describe any scheme where the purchaser holds the full title of the property, but receives assistance through an equity loan which is secured as a second charge on the property.

Although HomeBuy Direct will remain as a scheme name in and out of London, the correct description of the product should be displayed by all providers. *For example, HomeBuy Direct is an equity loan scheme.*

The term equity loan describes two products funded by the HCA called HomeBuy Direct and FirstBuy. Both should be accompanied with the relevant logo, either HomeBuy for HCA operating areas or FIRST STEPS in London.

The term equity loan should replace any reference to Shared Equity schemes which is no longer a correct or accepted term for HCA funded products that describe assistance through a secured second charge.

The following description should be used to describe HomeBuy Direct and FirstBuy.

### **5.1 HomeBuy Direct via KickStart Housing Delivery**

Reference to HomeBuy Direct will remain for the course of the committed programme. The below text describes the product. When marketing HomeBuy Direct via KickStart all material should refer to 'HomeBuy Direct' and not KickStart. When used in text HomeBuy should have a capital H and B and Direct a capital D.

The below text describes the product, all providers should use similar text on provider websites.

*Eligible applicants will be offered an equity loan of up to a maximum of 30% of the purchase price based on the full market valuation of the property.*

*Applicants are required to fund at least 70% of the purchase price by means of a conventional mortgage, savings and any deposit where required. Applicants must obtain their conventional mortgage from a Qualified Lending Institution. For the first five years there is no fee charged on the equity loan component. At the start of year six a fee is collected of 1.75% of the market value of the property at the time the loan is entered into multiplied by the outstanding percentage under the equity loan, rising after year 6 at RPI + 1% p.a.*

*The equity loan is provided by the HCA and developer as a second charge. Further information on HomeBuy Direct is available on the HCA's website.*

### **5.2 Equity Loan - FirstBuy**

FirstBuy should appear as one word with a capital F and B.

The below text describes the product, all providers should use similar text on provider websites

*Eligible applicants will be offered an equity loan of up to a maximum of 20% \*of the purchase price (based on the open market value) (\*30% for HomeBuy Direct)*

*The registered provider will hold the second charge on the property. Applicants are required to fund at least 80% (70% for HomeBuy Direct) of the purchase price by means of a*

*conventional mortgage, savings and any deposit where required. Applicants must obtain their conventional mortgage from a Qualified Lending Institution. For the first five years there is no fee charged on the equity loan component. At the start of year six a fee is collected of 1.75% of the market value of the property at the time the loan is entered into multiplied by the outstanding percentage under the equity loan, rising after year 6 at RPI + 1% p.a. The equity loan is provided by the HCA and developer as a second charge.*

## **6. Shared Ownership**

The term shared ownership should replace any reference to the New Build HomeBuy scheme which is no longer a correct or accepted term for HCA funded products which describe assistance to purchase using the shared ownership lease and applicants purchasing a share and paying rent to a registered provider on the unsold proportion.

All registered providers should use the term shared ownership accompanied with the relevant brand for example, 'HomeBuy' Shared Ownership (outside of London). The appropriate logos should also be displayed on any marketing.

The term shared ownership should also be used to ensure consistency of products. Terms such as part buy part rent can be referred to but after the term shared ownership.

*For example, Shared Ownership is a part buy part rent scheme, where you purchase a share and pay a reduced rent on the remaining percentage.*

The HCA will also fund two types of variant on shared ownership for vulnerable groups - Home Ownership for people with Long-term Disabilities (HOLD) and Older People's Shared Ownership. For more detail see below

## **7. Rent to Buy**

The term Rent to Buy replaces the Rent to Homebuy name, and should be displayed with the relevant logo either HomeBuy or FIRST STEPS. Rent to Buy is not being funded by the HCA in the Affordable Homes Programme 2011-15 but providers will have homes already funded either under construction or which may become available through re-lets.

Rent to Buy should always appear with a capital R and B.

The below text describes the product and the points which all registered providers should make clear to applicants.

*Rent to Buy is a stepping stone into shared ownership, applicants have to be able to afford the minimum share of 25% yet also be able to provide justification as to why they are unable to purchase at that time. Applicants should be aware of the potential obligation to purchase and be aware of the following three details relating to the scheme*

- *The time frame to which the HCA has indicated applicants will be required to purchase as the stock must be returned to its original tenure, Shared Ownership.*
- *The eligibility criteria and the need for applicants to maximise their own mortgageability*

*If whilst the applicants are renting the property, their circumstances change and they no longer fit the standard eligibility, for example, they now earn over £60,000 as a household, they will not be eligible to purchase a share in the property and in most cases will be required to vacate when their tenancy expires.*

Registered Providers with allocations of Rent to Buy should ensure that this term is used on marketing and that it appears before any other description, for example “try before you buy” it is a requirement of grant to use the term Rent to Buy and ensure that applicants understand the requirements.

## **8. Existing scheme names**

The HCA acknowledges that over the years a substantial amount of alternative schemes names have built up. However these schemes all should fit into one of the three descriptions set out above.

For simplicity the existing scheme names have been set out to allow ensure they are described in a consistent way moving forward. Some of the names featured are not official HCA names and are terms which have evolved through marketing, however these have been included

### **Three Key Schemes**

#### **Shared Ownership**

New Build HomeBuy  
HomeBuy NewBuild  
NewBuild Homebuy  
HOLD  
SOFTE (shared ownership for the elderly, now OPSO)  
Key Worker Living – shared ownership  
Re-sales  
Social HomeBuy  
OPSO (Older People’s shared ownership)

#### **Equity Loan Schemes**

HomeBuy Direct  
First Time Buyers Initiative  
Open market HomeBuy  
Own Home  
Expanded Open Market HomeBuy  
GLO Open Market  
London Wide Initiative  
Key Worker living Open market Homebuy

#### **Rent to Buy**

Rent to HomeBuy  
Try before you buy

## **9. Older People’s shared ownership**

Older people’s shared ownership (OPSO) replaces the term ‘shared ownership for the elderly’ (SOFTE).

The mechanics of the scheme have not change, nor has the eligibility or affordability checks required to determine eligibility. The scheme name better describes the target market and over 55s. OPSO is a shared ownership schemes and further descriptions should follow the shared ownership guidance.

## **10. HOLD**

Home Ownership for People with Long-term Disabilities (HOLD) is not a separate housing product but a route into shared ownership.

The provision of HOLD funding is dependent on a specialist Registered Provider offering HOLD assistance within a particular area, and that provider having an existing HOLD allocation.

You will need to be able to sustain the cost of home ownership. You are required to either have a lump sum sufficient to cover the initial purchase without the need for a mortgage, or an on-going source of income sufficient to secure mortgage finance.

PLEASE NOTE THAT THERE ARE CURRENTLY NO LENDERS PROVIDING INTEREST ONLY MORTGAGES FOR APPLICANTS INTENDING TO COVER THEIR MORTGAGE REPAYMENTS SOLELY THROUGH THE SUPPORT FOR MORTGAGE INTEREST (SMI) BENEFIT.

## **11. Intermediate Market Rent**

Intermediate Market Rent is not being funded by the HCA in the Affordable Homes Programme 2011-15 but providers will have homes already funded either under construction or which may become available through re-lets. The HCA encourages providers to convert IMR where possible to shared ownership.

Intermediate Market Rent could be confused with the new Affordable Rent product. The main difference is that Intermediate Market Rent should only be available to households registered with Local HomeBuy Agents who make a commitment to enter into affordable home ownership in the short to medium term. Intermediate Market Rent is for economically active applicants who wish to utilise a subsidised rent in order to save a deposit to get on the housing ladder.

Intermediate Market Rent tenants are under no obligation to purchase the property they are renting.