

## **INFORMATION ABOUT THE POSSIBLE AFFORDABLE HOUSES IN STOCK**

This information is for guidance only. The proposal is still at an early stage and no guarantees can be given that the scheme will definitely go ahead. We do not yet know the selling prices nor the rents at which the houses will be offered; we have taken no decisions about how many houses will be built. Before we can move on and make these decisions, we need your help.

We have to know:

- How many people will be eligible for these houses
- How many people want one
- How much they can afford in mortgage repayments or in rent
- What size houses are needed.

To answer these questions, there is a short questionnaire attached for you to complete and return to us at the address shown. If you decide to return the form to us, you will not be committing yourself to anything. The information you give us is confidential.

Before you complete the form, please read the following information carefully. We have tried to answer any questions you might have about the way in which the proposal might be progressed.

### **What is a Housing Association?**

A Housing Association is a non-profit making organisation, set up to provide housing which people on modest or low incomes can afford in areas where there is a shortage of such housing. Housing Associations employ paid staff, but their Board of Management (the Committee) is entirely voluntary. Since 1980, Government has decided that housing associations should be the main providers of new affordable housing.

### **What is the Rural Housing Trust?**

The Rural Housing Trust is a national charity which helps Housing Associations and Parish Councils to identify housing need and to obtain sites for development in small villages throughout England. The Trust develops the schemes it identifies and works with a partner Housing Association. When the houses are built, the Housing Association becomes the owner of the houses and makes them available for rent.

### **What is Shared Ownership?**

There are many people who cannot afford the full price of a house in the area where they need to live, to be close to family or to their employment. For such people, the Rural Housing Trust can offer the chance to buy a house at a percentage of its open market value.

The percentage share of the property for sale, usually between 50% and 80% of the open market value, is calculated as soon as building work starts. Once the occupier has bought his or her share, no further shares can be bought at a later date. This is to ensure that the houses remain as affordable as possible to future purchasers.

The value of a purchaser's share is linked to the open market value of the house and can rise and fall as a result. If at the time of re-sale the open market value had increased by say £10,000 and the occupier's share was 60%, there would be a gain of £6,000. On the other hand, if at the time of a re-sale open market values were lower than at the time of purchase, the occupier would bear the same percentage of any reduction.

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Shared owners on schemes owned by the Rural Housing Trust do not pay rent on the unsold share of the equity, but they are responsible for all the repairs, maintenance and insurance of the property. There is a small ground rent (£300 per annum) to pay. There is no limit on the length of time a person may stay in the house but, in normal circumstances, no extensions or major alterations will be permitted because this would take the values out of reach of future first time buyers from the village. On shared ownership schemes developed by other housing associations, there is usually a rent to pay on the un-owned portion of the equity.

## **Rented Housing**

Not everyone can afford shared ownership. We also provide rented housing on every development. Usually, we provide three rented houses for every one shared ownership house, unless the demand for shared ownership is very high.

Anyone who cannot afford the rents is eligible for housing benefit. The rents are not as high as in the private sector, but may be higher than current council house rents. Average rents are £68-£80 per week, depending on the size of the house. Remember, if these rents sound too high for you, you may be eligible for housing benefit.

## **Who will be Eligible for These Houses?**

These houses will be available as a priority to *local* people. The Planning Authority will only grant planning consent to meet primarily *local* housing need. Usually the Parish Council will only give the proposal its support if it is to benefit *local* people and landowners often sell land only on those terms. To qualify you must have a **local connection** which is defined as one or more of the following:-

- Current residence in the village for a number of years, usually a minimum of 4 or 5 years.
- Close family living in the village.
- Employment in or close to the village.
- Past residence in the village.
- Sometimes we can consider people who have a connection with a neighbouring village.

In addition to the local connections, applicants must demonstrate their housing need. If your income is high enough to enable you to buy a house on the open market, then you are not in need of a house provided by the Housing Association. Housing Associations can consider couples without children and single people.

## **Costs**

As soon as we start building, we announce the selling prices. The percentage of the equity which you could buy for this price will depend on the full valuation of the houses when they are built.

When calculating whether or not you could afford a shared ownership house, you should assume you could obtain a mortgage amounting to three times the main annual income plus one or one and a half times the second income. Sometimes you may be offered two and a half times joint income. You will also need some savings towards legal fees, moving costs, furniture, connection charges for electricity and telephone etc.

For rented houses, the rents will be around £68-£80 per week. Even if you are in employment you may get help with your rent if your income is low. You should ask about housing benefit at your local Council offices.

## **What Should You Do Next?**

In order for us to decide whether to go ahead, we need to know if there are enough people interested and eligible. If you would complete the attached form and return it as indicated, we can assess the need for new housing. **Remember, you are only registering your interest; this is not an application form and does not commit you or us in any way. You will be notified as soon as we have any more information.**