

# Time to take direct action

By Laura Shannon

The new HomeBuy Direct scheme is the newest kid on the affordable housing block. Introduced at a cost of £400million, it allows buyers to own 100 per cent of their homes while only having to find 70 per cent of the equity. The gap is made up by a 30 per cent interest-free loan in a joint venture from the government and property developers. This loan can in turn be used as a deposit to access a better mortgage rate.

Designer Megan Olwen Williams, 30, is among the first customers to sign up to a HomeBuy Direct scheme in London. Before a friend told her about the plan, the idea of owning a property in the capital had seemed unlikely. Then she found a deal through developer Pocket.

Megan says: 'I've been living in Camden for seven years, paying large sums of money on rent. I have a well-paid job but I never have enough money left over to save a deposit. One option was to move out of London, which would have been a shame because my whole life is here. If I stayed I figured I would always be living in rented accommodation.'

The one-bedroom flat in Camden cost £136,500 for a 70 per cent share, based on the full price of £195,000. Megan is now eagerly waiting to move in. She adds: 'For me the scheme was a dream come true in terms of getting on the property ladder. I'm at a stage in life where I wanted to invest in something and I wasn't looking for anything extravagant but I didn't choose shared ownership because I wanted to fully own the property.'

'I have had no experience buying property but the process was easy



Picture: Getty

## Doing her homework

Housing minister Margaret Beckett has been at the heart of the government's new affordable housing scheme, HomeBuy Direct.

She says: 'Our HomeBuy schemes are becoming increasingly popular and it's easy to see why. It means people don't have to save for years for a huge deposit or rely on family and friends to help them get on to the property ladder. You can also buy a HomeBuy Direct property from any participating developer – not necessarily one in your neighbourhood.'

Take-up of the scheme is looking positive with 32,000 people having pre-registered despite it being designed to assist just 18,000 buyers, who qualify if they are in a household earning £60,000 or less. It is the latest in a string of home ownership schemes but Beckett says choice is vital.

'The reason there are different schemes is to make sure people can find the option that suits them,' she says. 'Some people will prefer shared ownership, others may want to rent first and buy later, and others will want a low-cost loan which will help them get started. But, of course, we are constantly reviewing our schemes and we listen to feedback from customers.'

to understand and there was little for me to do except exchange the paperwork.'

Although you are still liable for repaying the 30 per cent loan, repayments are not due for the first five years so you can concentrate on paying the mortgage and saving. After that you pay off the loan at a low interest rate of 1.75 per cent, which increases in line with the Retail Price Index plus one per cent every year. You can even begin making repayments on the loan after a year if you choose. Finally, a HomeBuy Direct property can be sold on at full price but the loan has to be paid off in full after the sale.

Pocket has HomeBuy Direct developments in Hounslow and

Ealing, west London, with full market prices starting at £150,000.

Marc Vlessing, director of Pocket, says: 'Many first-time buyers are struggling to save so this financial boost from the government, which is matched by the developer, makes putting down a 30 per cent deposit a real prospect.'

'The scheme is good news for the target market of people salaried out of social housing but unable to buy on the

open market. It's a special measure in the economic downturn and is a great initiative to help those on low to moderate incomes own a home of their own – outright.'

Full ownership is what separates HomeBuy Direct from alternative affordable housing schemes, where ownership is shared between the buyer and the developer. More than 130 developers agreed to offer the scheme when it was introduced and properties in areas such as Croydon,

Bromley and Wimbledon will be included.

Other schemes include Open Market HomeBuy, Rent to HomeBuy and NewBuild HomeBuy. These options allow you to gradually increase your stake in the property, which is known as 'staircasing'.

David Bexon, of home search website SmartNewHomes.com, says: 'There is a wealth of affordable housing options available to buyers struggling to raise the full finance required to purchase outright. These offer everything the regular cash buyer is looking for, from large family properties in the Home Counties to London apartments.'

For more information visit [www.communities.gov.uk/housing](http://www.communities.gov.uk/housing)



A floorplan of Pocket's Camden development