

# It's a win-win way

Try before you buy — the ideal way to ease young home-owners on to the ladder, says **Jane Barry**



Sutton's Wharf South at Mile End is a short walk from Victoria Park and close to a "village area" with a selection of designer boutiques, cafés and gift shops. For information on Rent-to-Buy, call One Housing Group on 0800 234 6242, or visit [www.ohgsales.co.uk](http://www.ohgsales.co.uk)

**R**ENT-TO-BUY is a new affordable-housing deal that lets you rent without saying farewell to your home-owning ambitions.

The scheme offers an assured shorthold tenancy of a new-build housing-association home for a period, usually of up to three years. The rent is subsidised and at the end of the three years — or at any time before — you can buy a share in the property.

Rent-to-Buy (RTB) has come into being because, with

share in the first two years, your housing association may be prepared to add several thousand to your savings. You will not be hit by a further drop in house prices — when you decide to buy, it will be at the market value at the time you make your decision. And you can find out whether you like living in your new home before you commit yourself.

The eligibility criteria for RTB are the same as those for shared ownership. You must be a potential first-time buyer with an income below £60,000, and those who work or live in the same borough as the property get priority.

Not all housing associations offer RTB. Dominion, for instance, has decided instead to concentrate on making shared-ownership easier by

ties have coined their own names — for example, East Homes's Rent Now Buy Later or INplace's and Places for People's (PIP) Try Before You Buy. And all make slightly different offers.

While the usual period of an RTB agreement is three years, Places for People's deal is for one year, and while a typical rent is 80 per cent of market value, PIP charges a market rent. However, buy when your year is up and PIP returns all your rent as a deposit.

Other housing associations offer varying financial incentives. If you buy a share within two years, Family Mosaic gives you back 75 per cent of your rent and INplace pays your purchase costs up to £4,000. One Housing Group (OHG) gives you £3,000 for buying in the second year

**'RTB seems such a sensible idea that it is surprising nobody thought of it before'**

From **£172,500**, minimum share purchase 40 per cent: Gateway House, New Cross. One- and two-bedroom Rent-to-Buy flats on a three-year deal. Rents from £585 a month.

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mortgage famine, high deposits and anxiety about negative equity and unemployment, housing associations are beginning to feel the pinch almost as badly as developers.

"There are shared-ownership homes built that are sitting empty," admits Olivia Powis of the London Housing Federation (LHF), representing the capital's housing associations. "People aren't looking to buy so much and are not able to. So it's a way we can offer them well-built, good-quality homes to rent."

But RTB seems such a sensible idea it is surprising nobody thought of it before we hit the financial buffers. In fact, the Homes and Communities Agency (HCA), the new government body in charge of affordable home-building, intends to make it a permanent part of the affordable mix on future developments.

The advantages to the despairing first-time buyer are obvious. Lower-than-market rents make it easier to save for a deposit and, if you buy a

dropping its average minimum share of 40 per cent to 25 per cent for certain first-time buyers.

Nor is there one agreed RTB deal. Although the HCA calls the scheme Rent-to-HomeBuy, some of the housing associations offering RTB proper-

but £5,000 if you become a shared-owner in the first.

And what happens if you decide not to buy at all? Some housing associations — INplace and PIP, for instance — will let you carry on renting. But OHG says: "We consider each case

**'It seemed a good idea to try the place before deciding to commit'**

**POLICEMAN** Joseph Tooley-Barnes, 23, pays £700 a month to rent his one-bedroom Rent-to-Buy flat in One Housing Group's (OHG) Bow development, Coborn Road.

Over the next three years he has the chance to buy a 35 per cent share of the property, currently valued at £220,000. OHG will give him £5,000 if he buys in one year, or £3,000 if he buys in two.

For Tooley-Barnes the opportunity to rent during the current falling market is very welcome.

"I couldn't commit myself to something where I'd lose money," he says.

"It seemed a good idea to try the place first before deciding. The subsidised rent gives me an opportunity to save and the money afterwards is quite appealing."



Left CGI of Atelier, middle photograph of converted Fire Station, The Watch and right photograph of Connect

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# to buy



From £210,000, minimum share purchase 35 per cent: Suttons Wharf South (above and right) is on the river at Mile End. One- and two-bedroom flats on a three-year-deal, with rents from £750 a month. For more information, call One Housing Group on 0800 234 6242, or visit [www.ohgsales.co.uk](http://www.ohgsales.co.uk)



on its individual merits but there is no guarantee that the tenancy will be renewed."

Olivia Powis denies that this is confusing. "Different mortgages vary hugely and people can get their heads around that," she points out. And the HCA says: "Registered Social Landlords [housing associations] have to operate differently to take into account the needs of the communities they serve. We don't see this as a

problem, which is why we want to provide 'tailored' support, not a 'one-size-fits-all' solution." The answer seems to be, shop around and read the small print. And, as the lords advises, consult your local HomeBuy agent.

### Contact

For your nearest HomeBuy agent, call 0845 230 8099, or visit [www.housingoptions.co.uk](http://www.housingoptions.co.uk).

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