

your own

There's no place like home

A growing number of teachers are taking advantage of the affordable housing schemes offered to key workers. Elyssa Campbell-Barr explores the options available and speaks to two NUT members who have benefited.

THE AVERAGE home in Britain now costs £199,184 (BBC, August 2006). That's around six times the average teacher's salary

of £31,540 (DfES, March 2006). For young teachers, the figures make even more depressing reading. A typical flat at £185,703 costs almost ten times the typical starting salary of £19,161. Teachers starting work in inner London may earn more, but here an average flat costs a whopping £270,146 – almost 12 times the £23,001 starting salary.

With mortgage lenders generally offering applicants loans of between three and four times their annual earnings, it's little wonder

that an increasing number of teachers are turning to affordable housing schemes to get on to first rung of the property ladder.

The government launched its Key Worker Living initiative – including the HomeBuy scheme – in March 2004. The aim was to provide help with the costs of mortgages for teachers and other key workers in areas where high property prices would otherwise prevent them from living close to the communities they serve.

Satisfied customers

A Department for Communities and Local Government (DCLG) study, published this September, shows that in its first year the HomeBuy programme helped 3,413 key workers buy homes in Greater London, the south east and the east of England.

The majority of those benefiting from HomeBuy were under 30, had been in post for less than five years and had a household income of less than £30,000. Almost all (95 per cent) reported being very or fairly satisfied with the programme.

What is a key worker?

For HomeBuy, a key worker is defined as "someone employed by the public sector in a frontline role delivering an essential public service in the areas of health, education and community safety". As well as school teachers, the definition covers other NUT members, such as qualified nursery nurses, teachers in further education, and educational psychologists.

What options are available?

A number of affordable housing initiatives are offered by the government, housing associations and other agencies.

Open Market HomeBuy

To take advantage of Open Market HomeBuy, first-time buyers are typically expected to raise a mortgage of around 75 per cent of the property's value. The remaining 25 per cent is funded in two parts – a 12.5 per cent government equity (interest free) loan and 12.5 per cent from a specialist mortgage lender.



Helen's story

English and classics teacher and Key Stage 3 co-ordinator Helen Gregory, 26, recently moved into a one bedroom shared ownership flat in Redhill, Surrey.

Helen had no means of getting a mortgage on her teaching salary and had resigned herself to years of renting. "If you are a teacher living in the South East you just don't get paid enough to buy somewhere," she says.

She investigated the Open Market HomeBuy initiative, but there were no funds available at the time. Then she heard about HomeBuy's shared ownership schemes.

Helen contacted her local housing association, filled in reams of forms... then encountered a series of delays. It was a frustrating time, as she needed to move before starting a new teaching job in September.

Then the housing association offered her a viewing on a new one bedroom flat in Redhill. Valued at £150,000 it was within her budget and a commutable distance to her new school. The only problem was that seven other people were interested. So Helen booked the first appointment of the day and took along written confirmation of her mortgage offer and salary.

The mortgage offer came from Teachers Building Society, which Helen rang after seeing their number on a pen she'd been given in a teachers' goody bag. "The consultant went through the mortgage options available. By the end of the conversation I felt much calmer

and for the first time believed that what I was trying to do was achievable."

After an agonising wait of nearly a week, Helen received the news she was waiting for. "They said I could have the flat – I couldn't believe it!"

Teachers Building Society gave Helen a 100 per cent mortgage on a 35 per cent share of the property. Her monthly mortgage repayments are £347 and rent is £244. There's also a monthly service charge of £82, and she's had to pay stamp duty, solicitors' fees and other costs totalling around £3,500.

"It's not a cheap option – effectively I'm paying the same as if I was renting," she acknowledges. "But this way I get a leg up on the housing ladder and when I come to sell I will have accrued some equity."

So would she advise other teachers to do the same thing? "Yes. We all need somewhere to live and this way you get a chance to own part of the property. I would never have had that opportunity otherwise."

For more information

www.communities.gov.uk – click on "housing" for general information about affordable housing

www.housingcorp.gov.uk/0845 230 7000

– the Housing Corporation is the government agency that funds new affordable housing and regulates housing associations in England. Its website includes a list of HomeBuy agents.

www.englishpartnerships.co.uk/ftbi – for details of the First Time Buyers' Initiative.

www.housingoptions.co.uk – for information about affordable housing in London.

www.homebuy.co.uk – for information about affordable housing in Berkshire, Buckinghamshire, Essex, Kent, Oxfordshire, Sussex and Surrey.

www.housing.org.uk – the website of the National Housing Federation, including information about low-cost home ownership.

www.teachersupport.info/08000 562561 – for factsheets on affordable housing and shared ownership.

www.teachernet.gov.uk – type "key worker" into the search box to find information about the schemes available and case studies from teachers who have benefited from them

www.teachersbs.co.uk/01202 843500 – Teachers Building Society provides mortgage and savings products to the education sector.

Steve's story

Steve Hill, 28, is a PE teacher and school sports co-ordinator. He moved into his two bedroom shared ownership flat in Copthorne, West Sussex, in December 2005.

Steve began looking into affordable housing when a couple of his colleagues bought flats through the HomeBuy scheme. He applied for the scheme in the summer of 2004, but was disappointed to find that there were no more funds available.

However, with Steve's details on their database, Downslands Housing Association continued to send him details of new key worker developments across West Sussex. "For ages I only got information about schemes at the other end of the county. I was beginning to lose hope. Then one day I received details of this place five miles from my work."

It was a spacious two bedroom flat – one of just six key worker properties in a large new development. Steve was offered the £175,000 property on a part-rent, part-buy basis. He raised a mortgage to buy a 45 per cent share and pays a low rent on the remaining portion.

Buying the flat involved financial sacrifices. "I needed a deposit and had to pay stamp duty on the full value of the property, as well as all the usual moving fees," says Steve, "so I used my savings and sold my car."

Steve found that purchasing a shared owner-



ship flat was little different to buying a property in the normal way. "I was just dealing with the housing association instead of an estate agent. I had to do a lot of chasing, but it was worth it in the end."

Steve and his wife Sarah, who married this August, plan to increase their share of the property as soon as they can. "After we've been here a year, we can buy additional ten per cent chunks, or even purchase the flat outright," he explains. "I see it as a stepping stone to fully owning our own place."

Becoming a property owner has had a huge impact on Steve's life. "Before, I was living with my parents. They were really supportive, but moving here has taken my life to a new level," he says. "It's given me a more mature outlook, more independence – and it gave me the confidence to ask Sarah to marry me!"

New Build HomeBuy

This is a shared ownership scheme available to key workers and social housing tenants. Purchasers buy between 25 and 75 per cent of a home in a new development and pay a subsidised rent on the remaining share. They have the opportunity to increase their ownership at a later stage, and may eventually buy the property outright.

First Time Buyers' Initiative

The First Time Buyers' Initiative aims to increase the supply of affordable housing, enabling more people to own their own homes. It is being delivered through English Partnerships, the national regeneration agency.

Eligible first time buyers purchase at least half of the property, and English Partnerships retains the rest. After living in the home for three years, buyers pay a charge to English Partnerships based on a percentage of the equity they don't own. Around half the homes in this scheme are for key workers.

Discounted rent

Some housing associations offer discounted rent schemes for key workers. The cost is normally between that charged by social and private landlords in the area.

How do I apply?

To apply for any of these schemes, contact the HomeBuy agent covering the area where you work. The Housing Corporation (see left) can provide details of HomeBuy agents across England.

Local schemes

Some councils and housing associations have their own affordable housing initiatives. Contact your local authority for details of schemes in your area.

A word of caution

Before applying for any affordable housing scheme, look carefully at all the terms and conditions. Don't forget that you may need to pay a deposit and will have to cover solicitors' fees, stamp duty and other costs. Also, your savings or your partner's income may affect your eligibility for some schemes.

It's worth investigating what will happen if you leave teaching, take a career break or move into the private sector (your HomeBuy agent will be able to provide advice). Some schemes require you to buy your home outright or give it up if you stop being a key worker. Remember, too, that if you sell your home, you will only be entitled to keep a percentage of the profit – equivalent to the percentage of the property that you own.

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