

Appendix 3 - Comparative Options

Product	Example House Price ¹	Government Deposit/Discount ²	Share purchased ³	Buyer Deposit ⁴	Mortgage	Equity Rent/service charge(pcm) ⁵	Example mortgage payment ⁶	Total Cost pcm	
Right to Buy = example 1 (House – max discount)	£200,000	60% but £103,900 max	100%		£0	£96,100	£0	£516	£516
Right to Buy = example 2 (House min discount)	£200,000	35% = £70,000	100%		£130,000	£0	£698	£698	£698
Right to Buy = example 1 (Flat – max discount) ⁷	£200,000	50% = £100,000	100%		£0	£100,000	£50	£537	£587
Right to Buy = example 1 (Flat – max discount)	£200,000	70% but £103,900 max	100%		£0	£96,100	£50	£516	£566
Tenant Incentive Scheme	£200,000	£33,000	100%	£7,000	£160,000	£0	£859	£859	£859
Shared Ownership	£200,000	£0	40% = £80,000	5% of share purchased = £4,000	£76,000	£275	£408	£683	£683
Havering Council Rent ⁸	n/a	n/a	n/a	n/a	n/a	£501	n/a	£501	£501
Help to Buy (Shared Equity)	£200,000	20% = £40,000		5% = £10,000	75% = £150,000	£0	£805	£805	£805
LBH Social HomeBuy	£ 200,000	25% of RTB discount = £25,975 in equity	38% including RTB 'bonus'. Based on 25% = £50,000 purchase	5% of share purchased = £2,500	£47,500	£310	£254	£564	£564

Notes

¹ Lower quartile house price is £183,500¹

² The government deposit for Help to Buy is time limited to 5 years. After that period loan fees are charged

³ The percentage of equity purchased under shared ownership can range from 25% to 75% at initial sale. 40% used in the example is a common initial share

⁴ Buyer Deposit is Variable depending on LTV. The level of buyer deposit will depend on individual circumstances and requirements of the lender

⁵ Shared owners pay an equity rent of 2.75% p.a. of remaining equity not purchased. In this example £80,000 is the share purchased leaving £120,000 against which an equity rent is charged. LBH Social HomeBuy would attract 3% equity rent on unsold proportion

⁶ All mortgage payments are assumed to be over the course of 30 years, with 5% interest rate. The figure represents monthly payments

⁷ The RTB flat example lease fee is an estimate

⁸ Havering Council Rent is based on a the average net rent for a 3 bed house