



What is...

Rent To Buy?

Rent to Buy is a government-funded scheme aimed at those keen to start saving towards a deposit and want to purchase a home in the future!

Cobalt
■■■ Housing

Rent to Buy

Rent to Buy gives tenants the opportunity to pay a reduced rate rent giving them more money to be able to save towards a deposit. Cobalt will not hold any savings on behalf of the tenant, the way in which tenants choose to save will be entirely up to them.

To ensure tenants are on the correct path to owning their home, Cobalt may carry out financial health checks upon tenancy renewals.

Rent to Buy - Case study

Sylvia was looking to get on the property ladder and buy her own home for the first time. As a trainee nurse on a salary of £25,000 with no savings, she did not think she would ever be able to raise a deposit to buy a new home. She currently earns £25,000 per annum and takes home £1,720 per month. Her current rental property costs her £800 per month and is a 1950's terrace in Halewood. Her dream is to own her own home, but due to increasing costs of bills she is not able to save towards putting a deposit down on a house.

With a long commute each day to Aintree Hospital from Halewood, she was pleased to learn that there will be a Rent to Buy scheme available closer to work at Waterdale Gardens. Sylvia has seen one of the homes become available on Waterdale Gardens under the Rent to Buy scheme and has worked out how much she will be able to save through the scheme to put towards a deposit to buy the home in 5 years' time:

MONTHLY COSTS RENT TO BUY	£
Monthly Market Rent Property on Alt View Meadow	£800
Rent charged through Rent to Buy scheme (20% reduction)	£640
Annual savings through 20% reduction	£1,920
Savings over a five year period (Mortgage Deposit)	£9,600
Compared against Market Rent on an older terraced property	£800
Savings over a five year period (Mortgage Deposit)	£0
Five year savings on housing costs through Rent to Buy versus private rental	£9,600

*Rental amounts tbc and may be subject to change.

When Can I Buy the Home?

After five years of renting, you may be given the opportunity to purchase your home for its total open market value at the time of purchase. As a Rent to Buy tenant, if you have saved enough deposit to purchase a percentage (%) share of your home, you may be able to buy your home through Shared Ownership¹ before the 5-year period is up.

Eligibility

To be eligible for Rent to Buy, you must have a desire to purchase a home in the future. You must be in some kind of employment², earn less than £80,000 per year and meet a minimum income criteria³.

All applicants will also be subject to a tenancy reference check⁴. This is because the idea of Rent to Buy is to purchase a home in the future, the tenancy reference will ensure affordability and eligibility to obtain a mortgage. If you have had any adverse credit, this may impact your eligibility for Rent to Buy.

Rent to Buy is only eligible for UK citizens or those with indefinite leave to remain. All applicants will be subject to a right-to-rent check upon application.

For more information on Rent to Buy, contact us at
sales@cobalthousing.org.uk

¹**Shared Ownership** - Shared ownership is a government-funded scheme for those wanting to get on the property ladder. It allows you to purchase a % of a property and pay rent on the remainder, meaning you will need a smaller mortgage amount or cash deposit.

²**Employment** - To be eligible for Rent to Buy, you must be in some form of employment, whether part-time or full-time.

³**Minimum Income Criteria** - The minimum income varies depending on the rental amount of a property.

⁴**Tenancy Reference Check** - Our referencing agent carries this out. The check will confirm your income and affordability for rent to buy, and a reference will be requested from your current landlord if you are renting. There will also be a check to see if you have had any adverse credit history. If you do have adverse credit, this is not to say you won't be eligible, but it does depend on the severity and impact this has on your overall reference. If you have had a CCJ in the past 12 months or have even been made bankrupt, you will not be eligible.