

ANNEX 2: CUSTOMER AFFORDABILITY

Shared Ownership Affordable Housing Programme

1. The HCA provides an affordability tool to assess a shared ownership purchaser's individual circumstances and to determine the share that they are able to buy.
2. Tables 1-3 give several examples of the households who may benefit from the scheme and their circumstances. Mortgage costs are estimated based on products currently available on the market. For a 95% Loan to Value mortgage this is approximately 3.2% for open market and 4% for shared ownership customers.

| Table 1: £168,000 home – 50% purchase | | |
|--|-------------------------|--------------------|
| | Shared Ownership | Open Market |
| Minimum household income | £31,000/year | £45,600/year |
| Deposit needed | £4,200 | £8,400 |
| Mortgage costs | £426/month | £774/month |
| Rent costs | £192.50/month | £0 |
| Service charges ¹ | £15/month | £0 |
| Total monthly housing costs | £633.50/month | £774/month |

| Table 2: £200,000 home – 58% purchase | | |
|--|-------------------------|--------------------|
| | Shared Ownership | Open Market |
| Minimum household income | £42,600/year | £54,300/year |
| Deposit needed | £5,000 | £10,000 |
| Mortgage costs | £588/month | £921/month |
| Rent costs | £192.50/month | £0 |
| Service charges ¹ | £15/month | £0 |
| Total monthly housing costs | £795.50/month | £921/month |

¹ This includes buildings insurance costs that the council can recover.

| Table 3: £145,000 home – 42% purchase | | |
|--|-------------------------|--------------------|
| | Shared Ownership | Open Market |
| Minimum household income | £24,000/year | £39,400/year |
| Deposit needed | £3,625 | £7,250 |
| Mortgage costs | £310/month | £668/month |
| Rent costs | £192.50/month | £0 |
| Service charges ² | £45/month | £30/month |
| Total monthly housing costs | £547.50/month | £698/month |

² Buildings insurance plus £30 per month of additional service charges are assumed for the Table 3 scenario as properties at this price level within York are most typically apartments.