

HomeSaver – An Affordable Rental Programme

Our HomeSaver Programme supports people into home ownership who thought they would never be able to own their own home. This programme provides a way of getting you into a new home and helps you to manage your finances so you can afford to buy it after a period of time.

You might be facing one of the following challenges:

- 🏠 You want a safe, secure, stable home for you and your family.
- 🏠 No deposit for a house. Making it even harder, you may have credit card and other debts.
- 🏠 No spare cash — too many weeks in the month!
- 🏠 An income or credit history on which the banks won't give mortgage finance.
- 🏠 You desperately want your own home, but have no way of making it a reality.
- 🏠 Renting feels like money down the drain and you are paying a high percentage of your household income in rental costs.

Here's how the HomeSaver Programme could help:

- 🏠 You occupy a new home built by Homes for People, paying the equivalent of a fair market rent.
- 🏠 Over a five-year period, Homes for People provides financial planning support so you can clear your debts and save a deposit.
- 🏠 You are in KiwiSaver and after the qualifying period can use your savings towards the deposit for the house.
- 🏠 Assuming the property increases in value, above the original cost, you'll get a portion of this increase (normally 25%) to combine with your savings and use as a deposit to buy your home.
- 🏠 After five years, instead of paying rent, you could have similar-sized, or even lower, mortgage payments – but now you're buying your own home.

Find out more detail on HomeSaver in our Frequently Asked Questions (FAQs)

HomeSaver FAQ

ENTRY QUALIFICATION

How do we qualify?

To qualify for HomeSaver you need to be:

- 🏠 A first time home buyer, and
- 🏠 Have a manageable debt that can be paid off in 2 years.
- 🏠 Have a regular combined household income, i.e.: Palmerston North - between \$50 000 and \$85 000 per annum, and
- 🏠 Have the ability to afford and pay a market rent. This would vary depending on the number of bedrooms and the location of the house.

What if I'm on low pay?

All you need is a joint household income of more than \$50,000 to apply.

We've had credit problems in the past?

This may not be a problem. We'll review your circumstances, and you'll get expert financial advice to help clear your debts.

Is there anything else I need to do?

A home ownership education programme will be a requirement and is to be completed before or shortly after taking occupancy of the property.

How do I apply for the HomeSaver programme?

Check our Step by Step Guide for our basic criteria. Then complete a Registration of Interest Form.

What independent advice should I take?

You may wish to talk to a solicitor, financial advisor or family friend. Feel free to ask them to talk to us.

5 YEAR OCCUPATION

How does the 5-year Occupation Agreement work?

The Occupation Agreement provides the same rights as a Residential Tenancy Agreement but with the added benefits of the option to own at the end of the agreement.

A Bond is required to be paid at the commencement date of the Occupation Agreement. This will be equal to 3 weeks rent and will be lodged with Tenancy Services. The bond is refunded at the end of the agreement, or when you buy the property, provided the property has been looked after and all weekly payments have been made.

It gives you an absolute right to occupy the home for up to 5 years provided payments are made and the property is looked after.

Can I sub-let the house to someone else?

No... As with a Residential Tenancy Agreement, you cannot sublet the property to anyone else or make structural changes without the prior approval of Homes for People.

How is the cost of the weekly payments assessed?

The weekly payments will be equivalent to a lower quartile market rent for the property and are set for 5 years. Rent increases will be limited to not more than 3% a year. In Palmerston North the average weekly cost is in the range of \$250 to \$550 per week. The costs per week in other parts of New Zealand will vary.

Who maintains our home while we rent?

Homes for People will pay land rates, insurance and structural maintenance. You will pay electricity, telephone, internet, water, contents insurance and day-to-day up-keep of the property, i.e.: mowing the lawns. We expect you to look after the home as if it were your own.

What if we move before the 5 years is up?

You will terminate your Occupancy Agreement and have no rights to purchase the home. You will have paid market rent for the home while you have been the occupant.

THE PROPERTIES

How big are the houses and are they new?

The properties will generally be new, or near new, one or two bedroomed homes, often as units. A few homes will be for larger households and on their own sections. They will generally be either brick and/or weatherboard construction, with concrete driveway, fencing and clothesline and may include a car-parking space. The houses will also have floor coverings and curtains.

Can I make changes to the house being built?

No - The design and plans for the houses are determined by Homes for People. You are not able to amend the design or plans.

THE PURCHASE PROCESS

When can I buy the house?

You choose when to buy - you have the right to purchase the property at the end of the 5-year period or anytime within it. You can put down your roots, raise children, plant a garden and become part of the local community. Then when you are in a position to raise the money you can buy the house.

But what if I still don't have the money for a deposit when I am ready to buy?

We will help with the deposit by giving you 25% equity in the increased value of the property. However, if you do terminate your tenancy or vacate the house at any time before you buy the house, you do not get a share of the growth in market value of the property.

What is Equity?

The equity is the difference between the original cost of the property and the current market value. For example, if a property that cost \$400,000 increased by \$40,000 over five years to \$440,000, then the equity is the increase, i.e.: the \$40,000.

So, if the example above was in our programme, you would receive 25% of the \$40,000 equity. Your equity would be \$10,000.

Who owns the other equity in the increased value of the property?

Homes for People owns the other 75%; we share the equity increase with you. This means Homes for People receives \$30,000 (75% of the equity).

Do you give me equity in cash for the deposit?

No - your equity is deducted from the purchase price of the house as if it was a deposit.

How are the property valuations worked out?

On commencement of the 5-year occupation, assessments are made as per the example below:

Valuation of property on commencement	\$400,000
Market rent assessment per week	\$330-\$380
Weekly payment (fixed for up to 5 years)	\$350

When you are ready to purchase the house the purchase payment is made up of the following contributions:

Purchased price based on a New Valuation of property	\$440,000
Occupant has a deposit from their savings and KiwiSaver	\$30,000
Homes for People contributes an equity share: (being 25% of difference in value over the original cost)	\$10,000
Occupant obtains a mortgage for remainder of the price	\$400,000

Who values the property?

An independent registered valuer will assess the current market value of the property and a copy of the valuation will be provided to you. On commencement of the occupancy, the original cost of the property will always be less than the valuation, thus some equity is available to you from the day you take occupancy, allowing also for growth in future.

What if the value of the house goes down after 5 years?

You'll have the option of continuing to rent, until market values rise again. You won't have lost any money, because you have paid only the equivalent of market rent in the meantime.

FINANCE

Can Homes for People provide mortgage finance?

No, Homes for People does not provide mortgage finance.

Will Homes for People help us to find a mortgage?

Yes, we will assist with introductions to Banks if required, but to eventually buy the property outright, you will need to arrange your own mortgage from a bank or other financial institutions.

What if we can't afford the mortgage payments after 5 years?

This shouldn't happen. You'll be paying market rents and as the value of the home increases over time you'll accumulate the deposit that will enable you to raise a mortgage. Also, you'll be able to put the money you used to pay other debts into your mortgage.

FULL OWNERSHIP

Who maintains our home after we convert to a mortgage?

All maintenance from this point on will be your responsibility.

What if I sell the house after we have purchased it?

That's entirely your choice; there is the requirement to offer the property back to Homes for People to purchase it at the market price. This gives Homes for People the ability to purchase the house from you, and then offer it to another household who may be trapped in the rental market. Please also note that you will not be eligible for our affordable housing programmes in the future.




Step by Step Guide

Thanks for your interest in our developments and what we do! Below is a Step by Step guide that takes you through our application process and obligations.

So that we can be sure to process your query or application as soon as possible, there are some requirements we need from you to help make the process run smoothly.

Step One: Read about the Housing Programmes and find out if what we offer is a suitable match to your particular situation.

You can read about our Home Ownership Programmes:

-  Affordable Housing Full Ownership
-  HomeSaver – an Affordable Rental Programme
-  HomeforLife – a Shared Ownership Programme

Step Two: Check Your Eligibility

Our basic preliminary criteria are:

All Applicants need to be a NZ Resident or a NZ Citizen

At least one member of the household is in full time employment (35+ hours per week)

Your Gross Household Income is between \$50,000 - \$130,000;

Or have a significant portion of equity, enough to purchase at least a 45% share of a home.

You are not a current homeowner in New Zealand or overseas (i.e. you are a first home buyer or returning to the housing market)

You are committed to owning your own home.

Please note; even if you meet all our preliminary criteria, we may not have a house to offer you at this time. Currently we are receiving many more expressions of interest than we have houses available.

Step Three: Complete your Registration Form

If you think you meet our basic criteria, please complete and submit an Expression of Interest Form through our web form. This provides us with enough of you and your family's basic information to enable us to assess your eligibility into one of our programmes.

Please be accurate and honest with the information you provide so you have the best possible chance of being invited to take the next step towards home ownership.

After submitting the Registration of Interest Form to us, one of our team will be in touch within two weeks to let you know if we have any homes available that meet your needs.

If we do, and you wish to apply for either our HomeSaver or HomeforLife, you will be invited to move to the next stage - a formal application.

Please refer to: Registration of Interest Form

Step Four: The Application

If you have met our preliminary criteria, one of our team will send you a formal Application Form to complete. This is a more comprehensive form that requires supporting documents. Please ensure you complete all sections fully.

You may also be asked to prepare a budget with a registered budget advisor (we can give you the details of budgeters closest to you), so that we can see your financial plan for the future.

You email your application to community@homesforpeople.co.nz or may post or drop off your application to 632 Pioneer Hwy, Palmerston North.

Our team will complete a thorough assessment of your Application and then will be in touch with you, by email or phone. This assessment can take up to three weeks as we receive a large number of applications, so please be patient. If you are successful with your Application, you will progress to the next step in the process. Our team will make sure you know what to do all the way through to the exciting part of the process when hopefully a home will be allocated to you and your household.

If you have any questions, please contact us on 022 024 3742 or email us at community@homesforpeople.co.nz

Your Obligations if you get a house in one of our programmes

Every year you will be contacted by one of our Homes for People team members to arrange a visit for an Annual Review; this is so we can have a chat about how you are enjoying your home and if you are on track with your financial goals.

The following obligations apply if you own all or part of your home:

It is your responsibility every year to pay the Annual Management Fee; this is a requirement for both of our programmes and is non-negotiable. If you do have trouble paying this fee, please let us know and we will do our best to come up with a suitable payment arrangement.

After the initial defect period has ended—two months after you move into the house—it is your responsibility to complete any maintenance that is needed on your property. Your house is likely to be your biggest asset in your lifetime; regular maintenance is very important to protect it. You will find some useful tips on this in your Residents Handbook that you received when you moved in.