

Shared Home Ownership Frequently Asked Questions

Open your mind to the possibility of home ownership
with Opening Doors

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Government of Western Australia
Housing Authority

OPENING DOORS
To Affordable Housing



About the Opening Doors program and Shared Home Ownership initiative

What is the Opening Doors program?

The Housing Authority's Opening Doors program offers a range of affordable housing and land options in Western Australia.

What is Shared Home Ownership?

A Shared Home Ownership initiative helps reduce the high costs associated with becoming a home owner. Through a Shared Home Ownership initiative, the upfront costs of buying a property and the monthly loan repayments are lower.

WA offers one of the largest Shared Home Ownership initiatives in Australia to help people become home owners.

The State Government (through the Housing Authority) currently offers the Opening Doors Shared Home Ownership initiative that can assist in reducing the cost of home ownership by up to 30 per cent for eligible applicants.

As part of the program, the State Government will retain a share of the home.

How much equity will the Housing Authority retain?

Up to a maximum of 30% of the value of the home, or at the Housing Authority's discretion.

How do I participate in a Shared Home Ownership initiative?

People interested in becoming a home owner through the Opening Doors program need to qualify for a SharedStart home loan offered by the State Government's lending provider Keystart. Full eligibility criteria is available from Keystart.

What does it mean when the State Government has a share of my home?

It is still your home. The State Government is really like a silent partner who pays part of the purchase price to help you into home ownership sooner. You pay the rates, insurance and maintenance on the property, but you do not have to pay rent or interest on the State Government's portion of the property. The only repayments you will be required to make are those stated under the terms and conditions of your Keystart loan contract.

Under a Shared Home Ownership initiative you will not be subject to property inspections as long as you meet the obligations of the SharedStart home loan and maintain the property.

Why has the Opening Doors program been released when all the properties are not yet available?

Builders approved by the Housing Authority will continue to construct homes across many areas of Western Australia, and both Keystart and Housing will advise through their websites, and verbally, when more properties are available.

Keystart will maintain records of our registered clients and their preferred areas and as these become available, these clients will be contacted in due course.

Do I pay rent to the Housing Authority?

No. No rent or interest is charged on the equity held by the Housing Authority.

The only repayments you will be required to make are those stipulated under your loan contract with Keystart.

You will however, be required to pay all rates, insurance and maintenance on the property, as Housing does not contribute towards these costs.

Will I be subject to property inspections?

No. The Housing Authority do not conduct inspections on their shared ownership properties. You will be left to occupy the property peacefully and without disturbance by Housing, as long as you comply with your obligations under the mortgage and Co-Owners Deed and maintain the property.

Why can't I choose my own property or my own builder?

The properties that will be available under the Opening Doors program are only properties that are offered by the Housing Authority.

Housing has undertaken a large procurement program to build or purchase dwellings across the Perth metropolitan and regional areas. By applying this restriction we believe we will be able to make housing more affordable, thereby assisting more people into new homes.

Can I choose any type of home that I like? For example, a unit, townhouse or house?

The properties that may be offered to you will be deemed appropriate and dependant on the maximum loan value that you are eligible for, and also whether you are a single / couple or couple with children (family).

The Housing Authority will be procuring a combination of dwelling types, from studio apartments and 1 bedroom homes, up to 3 and 4 bedroom homes.

How long will the Opening Doors Shared Home Ownership initiative be available?

The Opening Doors Shared Home Ownership initiative will continue to be available while the Housing Authority is able to extract sufficient value from its large procurement program to offer housing at an affordable rate. You can register your interest in the program and will be contacted if and when properties become available in your preferred area / location to be prequalified for a loan.

What happens if more than one person is interested in the same property?

The Housing Authority will take the first acceptable offer on a property from a preapproved client.

Are there any benefits in buying all or some of the equity back from the Housing Authority?

Incentives (subject to conditions) in the form of discounts will be offered to those borrowers with Flexible loans. The incentives offered will be dependent on how much of the loan term has elapsed, any improvements you have made and the amount of equity being purchased.

Can I make improvements to the property?

You can make improvements to your property at any time, providing these changes are approved first by Keystart and the Housing Authority.

These terms are set out in the Co-Owners Deed that form part of your loan contract. If approval for any improvements you undertake is required from the relevant authority (council, shire etc) you must provide Keystart with a copy of the approved plans and all work must be carried out by a registered builder.

Must I reside in the property?

Yes. Under the terms and conditions of the Co-Owners Deed and the Keystart mortgage you are required to occupy the property as your principal place of residence.

If there are particular circumstances that may require you to vacate the property for any length of time (transfer of employment, illness) you must contact Keystart to obtain advice and/or permission.

Can I eventually become the full owner of the home?

Yes, if you have purchased a property under the Flexible loan. You can choose to increase your share of the home over time based on what you can afford.

If you have purchased a property under the Fixed loan, the Housing Authority will always own a portion of the property. You can however, decide to sell your share back to Housing (based on current market valuation), and use this equity to purchase a home of your own.

Am I free to sell the property?

You can sell the property at any time. A valuation will be conducted to determine the current market value and minimum sale price.

The Housing Authority has the first option to buy the property from you. If Housing does not choose to buy the home, you can sell the property on the open market (under the Flexible loan only).

Any capital improvements you have made to the property since the initial purchase will be credited to you and taken into consideration when calculating the value of the Housing Authority's share of the sale price.

Keystart's SharedStart home loan explained

What is Keystart about and why do you have this SharedStart loan?

Keystart was formed to assist those West Australians who are not readily able to obtain finance through one of the traditional lenders to buy a home of their own. The SharedStart loan has been introduced to support the State Government's Affordable Housing Strategy: Opening Doors to Affordable Housing and the Shared Home Ownership initiative. Keystart will provide the loan for your share of the property.

What if I don't qualify for a SharedStart loan now?

You may be able to improve your circumstances so that you are eligible for a SharedStart loan and Keystart offers an education program that can assist. For further details about the eligibility requirements or the education program contact Keystart.

What if I qualify for a standard loan but prefer to have a SharedStart loan?

This program is designed to help applicants that have no other finance options regardless of genuine savings. Keystart would not consider you for a SharedStart loan if this was the case.

I already own a home but want to apply for a SharedStart loan as well.

Unfortunately, you cannot be considered for any Keystart products if you already own a property. Keystart assists applicants that do not have loan options and all Keystart products require the applicant to own and occupy the dwelling for the life of the Keystart loan.

What if I have a current or previous credit impairment?

If you currently have defaults, court writs or bankruptcy pending Keystart cannot consider you for a loan. However, depending on your situation we may be able to place you on our education program and through Financial Counsellors WA assist longer term with a home loan.

If your credit impairment has been paid we may be able to assist but terms and conditions apply.

Is there only one type of loan feature on offer?

There are two types of SharedStart loans; Flexible and Fixed. Whether a dwelling will be Flexible or Fixed will be determined by the Housing Authority.

What are the differences between a Flexible and Fixed loan?

Flexible: Under this option you will be required to purchase further equity when you are in a position to do so. Annual reviews will be conducted on these loans. If you decide to sell the property at any time, the Housing Authority must have the first right of refusal if, at the time you intend to sell, they still own equity in the property.

Fixed: Under this option you will not be able to purchase any additional equity. If you decide to sell the property at any stage, the property must be sold back to the Housing Authority. This will enable Housing to retain properties in perpetuity to assist more West Australian families.

So if I purchase a property that is deemed to be 'Fixed' I will never be able to own it?

That is correct. However as property prices increase, the value of your share in the property will also increase. This will provide you with greater equity and opportunity to then purchase another home in your own right once the home is sold.

What is the maximum property value?

There is no maximum property purchase value, however the maximum loan values are as follows:

Single: \$330,000

Couple / Family: \$380,000

Above the 26th parallel*: \$480,000

**Applicants must work, purchase and live in these locations.*

These maximum loan amounts have been assessed assuming you have no children and no debts other than your home loan. The maximum entitlement will reduce as your loan commitments increase.

What are the income limits?

The income limits are as follows:

Single: \$70,000

Couple / Family: \$90,000

Above the 26th parallel: \$110,000

Why have the income limits been set at \$70,000 for singles and \$90,000 for couples and families?

Keystart has undertaken considerable research to determine the income levels that assist the greatest number of West Australians into a reasonable standard of housing. These limits are continually reviewed and will be amended if our research deems it necessary.

Keystart believes where banks or other financial lenders can provide assistance, it is a better finance option for clients.

Why are the income, loan and housing limits so much higher above the 26th parallel?

Our research has indicated that these are the limits required to meet the higher cost of housing in these areas. We are also limiting loans in these areas to applicants who will be working, living and purchasing in these towns. We believe that many of the current fly-in / fly-out miners will take advantage of this finance to move to the towns, which will have a positive impact on the local community.

What interest rate will apply?

The current standard variable rate is currently 5.55%**.

*** Current as at January 2016. Please check with Keystart at your time of application, to check the current interest rate that will apply.*

I have owned a property before. Can I apply?

Yes. Subsequent home owners are eligible for up to \$2,000 fee assistance towards settlement costs (agent fees, mortgage registration/preparation, caveats, co-owners deed). You also need to have a 2% deposit, pay the stamp duty applicable and cover any fees not met by the fee assistance at settlement.

Why can't I use an external broker to apply for the SharedStart loan?

These loans can only be written by Keystart loan writers and are not available to external brokers. Keystart staff have had specific training to ensure they are the best prepared to assist clients with their needs.

Can I buy with my brother / sister or friend?

No. The program is designed to help singles, couples or families into home ownership.

Can I stay as a SharedStart client for the whole 30 year loan term?

If you have purchased under the Opening Doors program with the Flexible loan option, you will be subject to annual reviews and will be required to purchase further shares when you are in a position to do so.

If you have purchased a property with the Fixed loan option, you can stay a SharedStart client and reside in the property indefinitely, without annual reviews taking place.

Can I use a SharedStart loan to buy or build a home of my choice? (A home that is on the general market or that I want to build which has no association with Housing).

No you have to choose a home from our listings on www.openingdoorswa.com.au.

Do I qualify?

Maximum qualifying income

- \$70,000 (single applicants)
- \$90,000 (couples / families)
- \$110,000 (above the 26th parallel*)

Couples are defined as two applicants in a married or defacto relationship, with or without dependants.

Qualifying income is Keystart's assessable income excluding Family Tax A & B Payment and Child Maintenance payments.

**Applicants must work, purchase and live in these locations.*

Deposit

\$2,000 or 2% of the applicant's property share value, whichever is the greater. No genuine savings required.

Loan Term

At the time of the loan approval the terms of the loan is not to exceed 30 years.

Maximum individual loan size**

Determined by appropriate Net Disposable Income ratio and assessed uncommitted monthly income level.

The maximum loan values are as follows:

- Singles: \$330,000
- Couples / Families: \$380,000
- Above 26th parallel*: \$480,000

Please note that if it is determined that you are eligible for a maximum loan value above these amounts, you will be deemed to be ineligible for this program and your application will be declined.

**Applicants must work, purchase and live in these locations.*

***Contact Keystart on 1300 578 278*

Maximum property value

Perth metropolitan and country areas: as determined by the Housing Authority.

Above the 26th parallel*: as determined by the Housing Authority.

**Applicants must work, purchase and live in these locations.*

Maximum Housing Authority equity

Up to 30% as determined by Keystart and/or the Housing Authority.

Maximum other debts***

Cannot exceed 10% of monthly assessable income

****Car loans, personal loans, credit / store cards etc.*

Target clients

The Opening Doors program will be open to both eligible first home owners and non first home owners.

Fee assistance

\$2,000. Contact Keystart on 1300 578 278.

Housing Authority cash assistance

Not applicable.

Loan security

Mortgage and Co-Owners Deed (and if required, absolute caveat).

Responsibility for strata levies, rates and maintenance

100% responsibility of borrower/s.

Redraws

Not applicable.

Loan increases

Only available for the purpose of purchasing the Housing Authority's share (or part thereof) in the mortgaged property (Flexible loan only).

Annual income reviews

Review of applicant's income conducted annually to determine capacity to purchase further equity (Flexible loan only).

Liquid or cash assets

Where the applicant/s have available cash (held in bank accounts or otherwise) of more than \$20,000 or more than 15% of the market value of the proposed security property as determined by an approved valuer of Keystart (referred to as 'the surplus cash'), the applicant/s agree that Keystart or the Housing Authority may require them to apply some or all of the surplus cash to:

- Reduce the Housing Authority's share of the property (if the security property is a 'Flexible' property); or
- Reduce the amount of the SharedStart loan required from Keystart (if the security property is a 'Fixed' property).

Discretion may be applied by the CEO of Keystart where a client's circumstances may preclude access to alternative borrowing options.

Unsure about any of the information provided in this document? If so, please contact:

Keystart

1300 578 278

info@keystart.com.au

OR

Housing Authority

1300 761 885

openingdoors@housing.wa.gov.au

Shared

Home Ownership

1300 761 885 openingdoorswa.com.au