A GUIDE FOR SERVICE PERSONNEL

Affordable Home Ownership While Serving - Wales

Shared Ownership - Wales, Help to Buy - Wales and Homebuy - Wales

Affordable home ownership schemes can make it possible to buy a home that you may not otherwise be able to afford on your current income. For serving personnel looking at affordable ways to buy a home in Wales, there are three main schemes to consider. This guide explains how each one works, who can use it and the things you need to know before deciding whether one could be right for you.

Your options at a glance

Shared Ownership – Wales – Buy part of a home and pay rent on the share you don't own.

Help to Buy – Wales – Buy a new-build home with a Welsh Government equity loan towards the cost.

Homebuy – Wales – Get help towards buying a suitable home through an equity loan, where the scheme is available locally.

What being in the Armed Forces can mean

Unlike some schemes in England and Scotland, most Welsh affordable home ownership schemes do not give serving members of the Armed Forces priority. However, Welsh Government guidance identifies military personnel as a priority group for Homebuy, subject to the scheme's requirements and local arrangements. Being in the Armed Forces can also make a difference if you are relocating because of a posting or using Forces Help to Buy. Your military income and allowances may need explaining to the mortgage lender and scheme provider.

01

Shared Ownership – Wales

With Shared Ownership – Wales, you buy and own part of the property. A landlord, such as a housing association or local council, owns the rest and you pay rent on the part they own.

How does it work?

You can initially buy between 25% and 75% of the property. An affordability assessment is used to work out how much of the property you can afford to buy. You must take out a repayment mortgage to buy your share of the property. The landlord owns the rest and you pay rent on that part.

You may also have to pay a service charge, so it is important to look at all of these costs together. Buying a smaller share does not necessarily mean your overall monthly costs will be lower, because you will pay rent on a larger part of the property. An Armed Forces mortgage adviser can help you with this, as well as finding a lender that accepts Shared Ownership and understands your military income, allowances and deductions.

You can buy more of the property later through a process known as staircasing. The more you own, the less rent you pay to the landlord.

What homes can you buy?

You can buy a new-build home through Shared Ownership or buy an existing Shared Ownership home from its current owner. The homes available will depend on where you want to live, and your local council can tell you which housing associations and other landlords offer Shared Ownership in the area.

Who can apply?

Your combined household income must be £60,000 a year or less, and you must not be able to afford a suitable home on the open market. You must also be able to buy at least the minimum share available and obtain a mortgage.

You will normally need to be a first-time buyer, but Shared Ownership can also help people forming a new household following a relationship breakdown, or relocating for work to an area where they cannot afford a suitable home.

You must not normally own another property, although there is an exception if a court order requires you to remain on the deeds of a home where your children live.

What does being in the Armed Forces mean?

Unlike Shared Ownership in England, Shared Ownership in Wales does not give serving members of the Armed Forces priority over other buyers.

However, if you're relocating because of a posting, you may qualify under the scheme's relocation-for-work rules, provided you meet the other requirements.

Your military income may also need explaining during the application. An Armed Forces mortgage adviser can help explain your salary, allowances and deductions to the lender and landlord, as well as helping you find a lender that accepts the scheme.

How do you apply?

Once you have found a Shared Ownership home you want to buy, you apply through the landlord responsible for selling it.

The landlord will assess whether you meet the scheme’s requirements and how much of the property you can afford to buy. Your mortgage lender will also carry out its own affordability assessment before deciding how much it is prepared to lend.

An Armed Forces mortgage adviser can help you through both parts of the process and make sure your military income, allowances and deductions are properly understood.

What deposit will you need?

Your deposit is based on the share of the property you are buying rather than its full value, and the amount will depend on your mortgage lender. For example, if a property is worth £200,000 and you are buying half for £100,000, a 10% deposit would be £10,000.

Can you use Forces Help to Buy?

Forces Help to Buy can be used with Shared Ownership, but you will need a mortgage lender that accepts the combination. The FHTB advance can be used towards your deposit, and the monthly repayment will be taken into account when working out what you can afford.

An Armed Forces mortgage adviser can help you find a suitable lender and work out how the FHTB repayment will affect what you can afford to borrow. Your mortgage lender will also need evidence of your Forces Help to Buy advance. This can include your Personal Information Note (PIN) from the MOD, which confirms the amount and terms of your FHTB advance.

What happens after you buy?

When you buy through Shared Ownership, you enter into a legal agreement with the landlord called a lease. This sets out the rules and responsibilities for both you and the landlord, including buying more of the property, making alterations or improvements to your home, and selling it. Your solicitor will check the lease as part of the legal work involved in buying your home and explain any important restrictions before you buy.

If you want to buy more of the property later, the price will be based on what the property is worth at that time. You can use savings or borrow more to do this. If you already have a mortgage, this could mean borrowing more from your existing lender or remortgaging to a different lender. A mortgage adviser can help you look at the options available to you.

If you decide to sell while the landlord still owns part of the property, you will need to involve them in the sale. Your lease will explain the arrangements for finding a buyer and any restrictions that apply. If you're moving because of a posting, it's worth starting this process as early as possible.

What happens if you're posted elsewhere?

Shared Ownership is intended for a home you live in, rather than one you buy from the outset to rent out. The published Welsh scheme rules do not allow you to sublet the property.

If you're posted elsewhere after buying, speak to your landlord and mortgage lender before making any arrangements. Unlike Shared Ownership in England, there is no published Welsh scheme concession specifically allowing serving personnel to rent out their home because of a military posting.

02

Help to Buy - Wales

Help to Buy – Wales helps you buy a new-build home with a smaller deposit by providing a Welsh Government equity loan towards the purchase price.

How does it work?

Help to Buy – Wales provides an equity loan of up to 20% of the purchase price of a new-build home. You must provide a cash deposit of at least 5%, and a repayment mortgage covers the remaining amount.

For example, if you buy a home for £200,000 with a 5% deposit (£10,000), the Welsh Government could provide a 20% equity loan (£40,000), leaving you needing a repayment mortgage of £150,000.

The equity loan is interest-free for the first five years, although a £1 monthly management fee applies from the start. From year six, interest becomes payable. When you repay the equity loan, the amount owed is based on the property's value at that time, so it could be more or less than you originally borrowed.

What homes can you buy?

Help to Buy – Wales is available for new-build homes costing up to £300,000, purchased from builders registered with the scheme. The property must have an Energy Performance Certificate (EPC) rating of B or better.

Leasehold houses cannot be purchased through the scheme, although leasehold flats may be permitted.

The scheme currently requires applications to be submitted by 31 March 2027.

Who can apply?

You do not have to be a first-time buyer to use Help to Buy – Wales. Existing homeowners can also apply, but must sell their current property before completing their new purchase.

There is no fixed household income limit, but you must pass an affordability assessment and show that you need the scheme's help to buy the property. You must also intend to live in the property as your only or main home, rather than buy it as a second home or to rent out.

What does being in the Armed Forces mean?

Help to Buy – Wales does not give serving members of the Armed Forces priority or exemption from the scheme's normal purchase requirements.

However, the scheme does recognise military postings. If you're posted away after buying, you may be able to rent out your home for up to three years, subject to permission and certain conditions. We explain these under What happens if you're posted elsewhere?

Forces Help to Buy may also help towards your deposit, subject to the mortgage lender accepting both arrangements. Your military salary, allowances and deductions may need explaining during the application, and an Armed Forces mortgage adviser can help with this.

How do you apply?

Once you've found a new-build home you want to buy from a builder registered with Help to Buy – Wales, you can download the application form from the Welsh Government website. A mortgage adviser can help you complete it. You can find participating builders on the Welsh Government website.

You must also appoint a solicitor who has completed the scheme's specific training and appears on the Welsh Government's approved list. Not every solicitor can handle these purchases, so check this before instructing one.

If your application is approved, you'll receive an Authority to Proceed, which allows you to make your full mortgage application. Your mortgage lender will carry out its own assessment before agreeing to lend.

Not all mortgage lenders offer Help to Buy – Wales, but PFL Mortgages has access to every lender on the scheme's participating-lenders list. Our Armed Forces specialist mortgage advisers can help you compare the available options and find a lender that understands your military income, allowances and deductions.

Participating builders: https://www.gov.wales/help-buy-wales

Application form: https://www.gov.wales/help-buy-wales-application-form

Trained solicitors: https://www.gov.wales/help-buy-wales-trained-conveyancers-html

Participating lenders: https://www.gov.wales/help-buy-wales-participating-lenders

What deposit will you need?

You must provide a deposit of at least 5% of the property's purchase price. This can come from your own savings, a gift, money from selling another property or Forces Help to Buy, provided your mortgage lender accepts the arrangement.

Can you use Forces Help to Buy?

Forces Help to Buy can be used with Help to Buy – Wales, but you'll need a mortgage lender that accepts both arrangements. The FHTB advance can help towards your deposit, and its monthly repayment will be taken into account when assessing what you can afford.

An Armed Forces mortgage adviser can help you find a suitable lender and work out how the FHTB repayment will affect what you can borrow. Your mortgage lender will also need evidence of the advance, such as your Personal Information Note (PIN) from the MOD, confirming its amount and terms.

What happens after you buy?

You'll pay a £1 monthly management fee on your Help to Buy – Wales equity loan. No interest is charged for the first five years, but interest starts at 1.75% in year six and increases each year after that. These payments do not reduce the amount you owe.

You must repay the equity loan within 25 years, or earlier if you sell your home or repay your main mortgage. You can also repay some or all of it sooner. The amount you repay is based on the property's value at that time, so if its value has increased, you'll repay more than you originally borrowed. If its value has fallen, you'll repay less.

If you want to repay the equity loan, you'll need a valuation from a qualified RICS surveyor. You can also remortgage while keeping the equity loan, but you'll need permission from Help to Buy (Wales) Ltd if you're changing lender, and there are restrictions on borrowing more. A mortgage adviser can help you understand your options.

What happens if you're posted elsewhere?

Help to Buy – Wales is intended for a home you live in, rather than one you buy from the outset to rent out. However, the scheme recognises that serving personnel may need to move because of a military posting.

If you're posted at least 50 miles away or your journey would take 90 minutes or more, you can apply for permission to rent out your home for up to three years. You'll need to provide evidence of your posting, and your mortgage lender must also agree.

Permission is not automatic, so you should contact Help to Buy (Wales) Ltd and your mortgage lender before making arrangements to rent out the property.

03

Homebuy – Wales

Homebuy – Wales helps people who cannot afford to buy a suitable home by providing an equity loan towards the purchase price.

How does it work?

Homebuy provides an equity loan, normally 30% of the property's purchase price. This can increase to 50% in certain cases, including homes in rural areas or properties adapted for someone with particular needs. You must arrange a mortgage with a lender that accepts Homebuy and can use your own savings towards the remaining cost.

You own the property, but when you sell it or repay the equity loan, the amount you owe is based on the property's value at that time. If its value has increased, you'll repay more than you originally borrowed. If it has fallen, you'll repay less.

Unlike Help to Buy – Wales, there are no monthly interest payments on the Homebuy equity loan.

What homes can you buy?

Homebuy can help you buy an existing home on the open market, or a property offered by a housing association, which may include new-build homes.

Homebuy is not available throughout Wales, but your local council can tell you whether a housing association offers the scheme where you want to buy. The property must be suitable for your household's needs, fall within the local purchase price limits and be approved by the housing association before you commit to buying it.

Who can apply?

Homebuy is intended for people who cannot afford to buy a suitable home without the scheme. You must be able to obtain a mortgage and have enough savings to cover the other costs of buying a property.

You do not have to be a first-time buyer. If you already own a home, you may still qualify if your local council agrees that your current housing does not meet your needs, but you must sell your existing property interest when buying through Homebuy.

In some rural areas, you may also need to meet local residency or employment requirements.

What does being in the Armed Forces mean?

Welsh Government guidance identifies serving members of the Armed Forces as a priority group for Homebuy, provided they meet the scheme's other requirements. How this priority is applied will depend on the local council and housing association.

If you're relocating because of a posting, explain this to the council or housing association when you apply. Your military income, allowances and deductions may also need explaining to the mortgage lender, and an Armed Forces mortgage adviser can help with this.

How do you apply?

Start by contacting the local council in the area where you want to buy. They can tell you which housing association operates Homebuy and how to obtain an application form.

Complete the form and return it to the housing association, which will assess your housing needs, income, savings and ability to afford a mortgage. If your application is approved, the housing association will explain which properties you can consider, any purchase price limits and the next steps.

You'll need to arrange a mortgage with a lender that accepts Homebuy. The housing association must approve your purchase before you enter into a legal agreement to buy the property.

An Armed Forces mortgage adviser can help you complete the application form and find a suitable lender, including one that accepts Forces Help to Buy if you're using it. They can also make sure your military income, allowances and deductions are properly understood.

What deposit will you need?

The deposit you need will depend on your mortgage lender and the rules of the Homebuy scheme operating in the area where you want to buy. Some local schemes set a minimum deposit requirement.

You must also have enough money to cover the other costs of buying your home, such as solicitor's fees and surveys.

Can you use Forces Help to Buy?

Forces Help to Buy can be used with Homebuy, provided your mortgage lender and housing association accept the arrangement. The FHTB advance can help towards your deposit, and its monthly repayment will be taken into account when assessing what you can afford.

An Armed Forces mortgage adviser can help you find a lender that accepts both arrangements and understand how the FHTB repayment affects your borrowing. Your mortgage lender will also need evidence of the advance, such as your Personal Information Note (PIN) from the MOD, confirming its amount and terms.

What happens after you buy?

You'll make your normal mortgage repayments, but there are no monthly payments on the Homebuy equity loan.

You must repay the equity loan when you sell your home, although you can repay it earlier without selling. You'll need to contact the housing association, which will arrange a property valuation to work out how much you owe. You'll be responsible for the valuation fee.

If you want to remortgage or borrow more, speak to the housing association and your mortgage adviser first, as the equity loan may affect your options.

What happens if you're posted elsewhere?

Homebuy is intended to help you buy a home to live in, rather than a property you purchase specifically to rent out.

If you buy through the open-market Homebuy scheme and are subsequently posted elsewhere, you may be allowed to rent out your home with the housing association's agreement.

If you're buying a property directly from a housing association, check its letting rules before committing to the purchase. In either case, you'll also need permission from your mortgage lender before renting out the property.

Still have a question?

Affordable home ownership schemes can be complicated, particularly when military life is involved. If there's something we haven't covered, you can ask us at pflmortgages.com/ask.

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