

Advantages/Disadvantages of Home Ownership

Advantages	Disadvantages
As a secure Council tenant, you may be able to purchase your home at less than its market value. The current maximum discount for Broxtowe Borough Council is £80,900.	If you sell your property within the first five years, you will have to repay a percentage of your discount back to the Council. For example, if you sell your home within the first year, 100% of the discount is repayable. After the second year, it would be 80% etc.
As an owner-occupier, you will be able to carry out improvements to your home without the Council's permission (subject to necessary planning permission).	You will become responsible for all the costs of maintaining your home, including routine repairs, major structural repairs and any improvements. If you purchase a flat, you will have to pay an annual service charge to cover the costs of maintenance and managing your lease, and a ground rent fee.
Your home is the biggest financial investment you are likely to make and the financial gains can be rewarding.	If you are elderly and own your home, its value may be taken into account when deciding if you are eligible for financial help with the cost of residential care.
Most mortgages will be repaid over twenty-five years whereas rent will be payable for the entire length of the tenancy.	As a Council tenant you may be able to claim housing benefit to help with your rent. As an owner-occupier you will not receive any housing benefit to help with your mortgage costs.
If you purchase your own property, you will no longer have a landlord.	The value of your property can go down as well as up. If you cannot keep up with the repayment on your mortgage the bank may apply to the courts to take possession of your home. In these cases, the Council does not have to give you another tenancy.
You will be able to leave your home to your family, or whom you wish.	The Council currently provides buildings insurance as part of your rent. If you purchase your property, you will need to add the cost of buildings insurance, life assurance and mortgage payment protection onto the cost of your mortgage repayments. It is also highly recommended that you insure the contents of your property.

REMEMBER – IT IS IMPORTANT TO GET THE BEST POSSIBLE ADVICE BEFORE SIGNING ANY MORTGAGE AGREEMENT. YOUR HOME IS AT RISK IF YOU DO NOT KEEP UP YOUR REPAYMENTS ON YOUR MORTGAGE.

If you are unsure of how much more you will have to pay out each month as an owner-occupier, it may be handy to use the form below to help you decide if you can afford to buy your home (taking into account your monthly income).

COST	RENTING	BUYING
Rent/Mortgage		
Buildings Insurance		
Contents Insurance		
Council Tax		
Water Rates		
Gas		
Electric		
Life Insurance		
Television Licence		
Telephone Bill		
Television Services (Sky, Virgin)		
Broadband		
Food		
Payment Protection Insurance		
Service Charges		
Car (loan, tax, insurance, petrol etc.)		
Other Costs		
TOTAL		

This is in addition to the one off cost of buying your home, which can include:

- Legal Fees
- Survey Fees
- Valuation Fees
- Land Registry
- Stamp Duty (on properties over £120,000)
- Land Registry