

Guide to owning your own home

This guide has been created to assist disabled persons and/or family members with information on the process of buying a home. In this guide you will learn about some of the important steps in buying a home.

Owning a home has always been and continues to be something many Kiwis aspire to. It has been well-documented that having access to home ownership plays a “central role in individual and community health” as well as “family stability and individual wellbeing”.

- (New Zealand Productivity Commission, *Housing Affordability Inquiry*, 2012).

After reading this guide you will know more about:

- The advantages and disadvantages of buying a home
- Applying for a home loan
- How to get started in your quest to purchase a home
- Common bank loans
- Getting financial assistance
 - [Explanation of KiwiSaver](#) (how to save for a home using KiwiSaver while receiving a supported living payment)
 - [Explanation of some Housing New Zealand grants](#)
 - *Three examples of home finance options*
- Other housing information, resources and videos
 - [Setting up a Trust](#)
 - *Budgeting Service*
 - [Explanation of IRRS](#) (Income Related Rent Subsidy)
 - *Affordable or Shared Equity*
 - [A young adults' guide to flatting](#)
 - *Videos of four different living situations (including owning a home).*

Advantages and disadvantages of home ownership

Only a small percentage of disabled persons enjoy the benefits of home ownership – most people live in rented accommodation. Only 13% of people receiving a supported living payment (over the age of 18) live in their own home.

One advantage of living in your own home is that you are in control of where you live and who you live with. Being the decision-maker gives you more control (and responsibility) over your home living situation.

There are a range of supports that can assist you to live independently in your own home. Check out your eligibility for Home and Community Support Services funded through the [Ministry of Health](#).

Buying a home is a big step, if you are a first-time home buyer you need to think about:

- How to save for a deposit
- What you can afford to buy
- How you will pay for the home loan
- The ongoing maintenance costs for the upkeep of the home
- What neighbourhood you want to live in, and
- What support services are locally available.

Applying for a home loan (important steps in the home-buying process)

In this step, you will learn more about:

- How to pay for a home
- What a home loan is.

How to pay for a home

The first important step in buying a home is learning how you are going to pay for it. When people buy a home it is common to apply for a home loan (borrowing money from a bank to buy a home). You can see three examples of different [home finance options here](#).

Applying for a home loan

The first step is to contact your local bank to inform them that you are looking to buy a home and want to apply for a home loan.

They will sit down with you to determine if you are eligible for a loan and how much you can afford to borrow. This will be determined on how much you earn, if you have any dependants, and what your regular expenditure is (including any level of debt you might have).

The bank will then decide whether or not you are approved to take the loan. Based on the amount allowed to be borrowed from the bank you can now start looking for a home.

Here's a typical scenario in which you decide to take out a home loan

1. You decide to purchase a home, but need to secure a loan to pay for the purchase of the home.
2. You will need to have a deposit (one-time payment with personal money) to secure a home loan. This is usually 20% of the loan.
3. Be sure to agree to the mortgage you will be comfortable paying, not the home loan for which you qualify. Know your monthly financial living needs.
4. Once you have the deposit for the purchase of the home you apply for a home loan with a bank. On approval, the bank lends you the money to purchase the home (the price the seller has asked for the home).

5. Before being allowed to take the loan, the bank does a check-up on your financial situation. This means checking your annual income, future expenses and credit history (checking your credit to see if you have any unpaid debts to the bank or other financial institutions). Based on this information you are either approved or declined to borrow money from the bank.
6. The bank also checks that the security you are giving for the loan (your home) is adequate – the building checks and LIM report are all up to standard. A home loan as opposed to a credit card is securing debt, the bank secures the money they are willing to lend you by using your home as security.
7. The bank then sets up a payment plan where loan-takers pay the bank back each month. You can talk to the bank about the length of the repayment plan. The length of repayment will have a bearing on how much you pay per month.
8. There may be other ongoing costs to consider (such as mortgage insurance, utility bills, maintenance, etc). These are typically paid on a monthly basis.
9. Remember, now that you're a home owner, you will also start to pay council rates.

To assist with saving for a deposit, check out saving while on a benefit and KiwiSaver first home withdrawal, [KiwiSaver HomeStart and Welcome Home Loan](#).

Although lenders, agents, and mortgage brokers are likely to fill you in on all of your home loan options, it wouldn't hurt to have a general understanding of some [common bank loans](#).

Getting started – practical steps in buying a home

Now that you have an insight into how the loan-taking process works, you are ready to take the first practical steps in buying a home.

1. Don't go through it alone

The home-buying process is not always an easy process to go through; purchasing the right home can take time and can be frustrating. You will also meet lots of different people and have many decisions to make. Most people find it helpful to include a family member or friend to support them through this process.

2. Establish what you need and what you can afford

Before you start looking for a home you need to know what you are looking for. Sit down and make a list of what you want and need. Include others in

helping you make this list. Think about what you can afford, the community you want to live in and the services available in the area.

3. Get approval

Getting your home loan pre-approved will help you make a realistic estimation on how much you can afford to spend on a house. The lender will quickly go through your financial situation and estimate how much you will be able to borrow. This way you can start looking and narrow your search for homes based on the loan conditional-approval.

4. Make an offer on a home

This is where a real estate agent enters the picture. He/she will help you in finding a home that fits your requirements and additionally manage the contact with the seller. There are a number of publications that list houses for sale including Trade Me.

It is not uncommon that there are many people interested in buying the same home that is for sale. This often results in an auction. Anybody is then allowed to make offers on the property to the seller. The one who bids the highest normally gets to purchase the house.

Upon purchase your real estate agent will help you with all necessary paper work and arrange with the realtor of the seller. It is then important that you have been unconditionally approved a home loan at this stage.

5. Property valuations/building inspections

There are two things buyers often do – get an independent property valuation and a building inspection. An independent property valuation can provide you with a guide on what you might pay for the property based on similar properties in the area. A builder's report will tell you about the strengths and weaknesses of the home and any potential risks.

There may be some banks that approve your home loan conditionally on obtaining a satisfactory property valuation/building report. Make sure you ask your bank what you need to provide them with before you are able to go unconditional on your home loan.

6. Closing the deal

The deal is closed when the ownership of the home is transferred from the seller to the buyer. The transfer of the property and funds is handled by solicitors representing the buyer and lender.

7. Homeowner's insurance

The lender is going to require house insurance when you purchase a home. This insurance is usually required by the lender to protect their investment,

however, acquiring the insurance, the terms of the insurance, reviewing the terms for adequate coverage and paying for the insurance will be your responsibility.

Other housing information, resources and videos

[Setting up a Trust](#)

Budgeting Services

There are several non-profit organisations that can help you with budgeting advice. You can contact the Citizens Advice Bureau to find a budgeting service that suits your situation. It also offers a free budget advisory service in some centres. Call 0800 367 222 or visit <http://www.cab.org.nz/>

You can also find information and advice to help you with budgeting and debt management (including downloadable booklets) on the Sorted website, or contact the New Zealand Federation of Family Budgeting Services which provides a nationwide free service.

[Explanation of IRRS \(Income Related Rent Subsidy\)](#)

Affordable or Shared Equity

There are several Trusts which operate shared equity schemes in New Zealand, however, they typically require at least one member of the household to be in full-time employment. They are worth pursuing if you are in employment but require some financial assistance towards home ownership.

Under the "affordable equity" model a household purchases a share of the home to a level they can afford (subject to certain parameters and conditions). The remainder is owned by the housing provider and both parties would be represented on the property title. The household organises its own mortgage with the advantage (under this arrangement) of having a smaller mortgage than they would ordinarily require to purchase the property.

[New Zealand Housing Foundation](#)

[Dwell Housing Trust](#)

[Habitat for Humanity](#)

HFH is a global organisation that constructs or repairs homes for families (and some disabled people) all over the world who are in need of financial support. Its rent-then-buy model helps families build a deposit which they can use when seeking independent finance and buy their home from Habitat. Habitat also has a home repair programme called A Brush With Kindness, which helps low income families back on track with their home maintenance.

Queenstown Lakes Community Housing Trust

<http://www.qlcht.org.nz/shared-ownership/>

Resources

[A young person's guide to flatting](#)

Video: [A home of Their Own](#)

Video: [A Home of My Own](#)