

The next move? My first home

This completed chart will enable you to discuss the participants' understanding of the differences between the options for a first home. The table shows you an 'at a glance' list. The next page gives you some explanations of the differences to use in your discussion. Those with a * may have caveats or need additional explanations. Please see the bottom of the table for more information.

| What money goes out? | Renting my own place | Room to rent | Buying my own place | Shared ownership | Joint Mortgage | Compared to living with family/ caregivers |
|--|----------------------|--------------|---------------------|------------------|----------------|--|
| Essential payments | | | | | | |
| Rent | ✓ | ✓ | | ✓* | | ✓* |
| Deposit | ✓ | ✓ | ✓ | ✓ | ✓ | |
| Repairs to house or flat | | | ✓ | ✓ | ✓ | |
| Mortgage | | | ✓ | ✓* | ✓ | |
| Council Tax | ✓ | ✓* | ✓ | ✓ | ✓ | |
| Water | ✓ | | ✓ | ✓ | ✓ | |
| Gas/electric (Dual fuel) | ✓ | ✓ | ✓ | ✓ | ✓ | |
| Building Insurance | | | ✓ | ✓* | ✓ | |
| Communal charges / maintenance fees | | | ✓* | ✓* | ✓ | |
| Legal fees | ✓* | ✓* | ✓ | ✓ | ✓ | |
| Surveys | | | ✓ | ✓* | ✓ | |
| Valuation fees | | | ✓ | ✓* | ✓ | |
| Maintenance of appliances (boiler, cooker) | | | ✓ | ✓ | ✓ | |
| TV licence | ✓* | ✓* | ✓* | ✓* | ✓ | |
| ? | | | | | | |
| ? | | | | | | |
| Non essential payments | | | | | | |
| Broadband | ✓ | ✓ | ✓ | ✓ | ✓ | |
| TV package | ✓ | ✓ | ✓ | ✓ | ✓ | |
| Contents insurance | ✓ | ✓ | ✓ | ✓ | ✓ | |
| Drink | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Socialising | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Travel to work | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Clothes | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Holidays | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| ? | | | | | | |
| ? | | | | | | |

There are always exceptions to the rules.

Rent: Even if you live at home or with caregivers, you may need to pay rent. Shared ownership may involve rent and mortgage.

Council Tax: In a house of multiple occupation (HMO), such as a shared house at university, the Council Tax is normally included as part of your rent.

Building Insurance: You have to pay building insurance by law, but sometimes with shared ownership, this is covered as part of the rent.

Communal charges: These can be an extra charge (often in apartments) that goes towards looking after communal areas such as lifts, gardens or corridors.

Legal fees: You may seek legal advice about renting, for example to check a contract.

Surveys/Valuation fees: In shared ownership, these may be covered by the housing association, but you may have to do this yourself.

TV Licence: You have to pay this by law wherever you live, but only if you watch live TV services either on your TV or another device such as a laptop or phone. You will also have to pay if you stream or download from BBC iPlayer.

The next move? My first home

Definitions of types of property for living independently.

Renting your own place

- This is when you pay a set amount of money for the use of a house or a flat.
- The owner of the property is known as the landlord.
- If you rent, you are called the tenant.
- You may be required to pay a deposit and you'll usually pay rent periodically (depending on the terms of your contract).
- Some landlords use a letting agent to manage their rental properties.
- The landlord is usually the owner of the property, and as a tenant, you are usually only paying for the use of the property.

Rental contracts can include:

- The length of time that you'll need to commit to.
- Rules that need to be abided by.
- Responsibilities you may have, such as utility bills.

There are various things that you'll also need to consider, such as whether you will take the contract out in your own name or with others, and whether you'll need a guarantor and/or references to support your rental application.

Landlords, or their agents, may also request to do a credit check to see if you are likely to be able to pay the full length of the contract based on your history of borrowing. Depending on the type of check, future lenders may see this as well.

Buying

- This is when you purchase or buy a property.
- This usually involves taking out a mortgage.
- A mortgage is a loan of money from a bank or other mortgage provider in order to buy a property.
- The property is security for the loan of money, which means the lender can take the property as payment if you do not pay the loan back.
- To get a mortgage on a property you usually need a deposit (a percentage of the purchase price). Many people have to save over a period of time to build up this deposit.
- You pay interest on the loan (debt), so the amount paid in the end is usually a larger amount than the original cost of the house.
- There are government help-to-buy schemes for first time buyers that can help people to buy their first home.

There are lots of different types of mortgages available. You should always seek financial advice before signing up for a mortgage. When choosing a mortgage, think about the rate of interest, how much the monthly repayments will be, how long the mortgage will run for, and if you will be able to afford the monthly payments.

The next move? My first home

Definitions of types of property for living independently.

Renting in a shared property

In many ways, this is the same as renting your own place. The difference is that if you are in shared property, some bills may be split between the tenants. Alternatively, they may be included in the monthly rent.

Sometimes, the tenants will be responsible for paying the rent as a whole, meaning that if one tenant moves out of the property, others will have to cover their share of the rent, or they or the landlord will have to find someone to replace them.

Shared ownership (joint tenants)

- This is another way of owning part of a property.
- This usually involves taking out a joint mortgage held by two people.
- Joint tenants have equal rights to the property.
- Buying a house or flat with another person can be a good option as you can share the financial cost.

Shared ownership (housing association /not for profit organisation)

- This is a way of owning part of a property.
- You might be able buy 25%, 50% or 75% of it.
- Whatever portion you own, you will pay rent on the remainder.
- Many housing associations offer shared ownership options.
- It's a way of making affordable homes available to people with lower income or particular needs.

There are advantages and disadvantages to all types of ownership. There are risks with shared ownership, for example extra maintenance charges, a ban on sub-letting, restrictions on what you can do with the property, and so forth.

Shared ownership (tenants in common)

- This is another way of owning part of a property.
- This usually involves taking out a joint mortgage held by two people.
- Tenants in common each own a separate share of the property.
- These shares don't have to be equal size - for example, you might own 50% of the property while your two children or friends own a 25% share each.
- This can help people to buy a property who otherwise could not afford it.
- If you want to sell the property, you must still all agree.

The next move? My first home

Extra information about payments for living independently: No choice, your choice.

Bills: Fixed

Rent

You pay rent to a landlord to stay in a property. Your rent will usually be paid monthly. The amount may be negotiable, but it has to be paid. You will also have to pay a deposit, which you will usually get back when your tenancy agreement ends if the property is still in good condition.

Mortgage

A mortgage is a loan from a bank or other mortgage provider in order to buy a property. The property is security for the loan of money. There are lots of different types of mortgages available.

Council Tax

This is paid to the council for services such as bin collections and road maintenance. Everyone in rented or owned properties has to pay this. If you are in a shared rented house, you may have this included in your rent.

How much you pay for your Council Tax will also depend on the value of the property you live in. Every property comes into a Council Tax 'band' – you can look these up on your local council website.

Water

You have to pay for water. Sometimes this is a set charge, but if you have a water meter you will pay for exactly the amount you use.

Gas/Electric (dual fuel)

You have to pay these energy bills. How much you pay will depend on what you use.

TV licence

You have to pay this by law wherever you live, but only if you watch live TV services either on your TV or another device such as a laptop or phone. You will also have to pay if you stream or download from BBC iPlayer.

Building Insurance

This insures the building against damage, such as floods or fire. Usually, if you own a property, you have to insure it, but if you are a tenant, your landlord usually pays for this.

Bills: Your choice

Broadband

An internet connection can be useful to have but they come at different prices and are usually paid monthly. You can shop around for this to get the best deal for you. If you are really struggling financially, you may consider stopping it and using public Wi-Fi facilities for a while. (You must make sure you protect your information and have good security when you do this, such as using strong passwords and changing them regularly. Using public WiFi can pose serious risks.)

TV package

These services can be expensive depending on how many channels you pay for. You could perhaps try Freeview, a one-off payment for a box or service built into your TV. Then there would be no monthly charge. Many TVs today come with Freeview installed.

Contents insurance

You do not have to insure the contents of your home, but people can choose to. This may be because they could not afford to replace everything if it were stolen or damaged. The cost of this insurance will depend on various things, including the value of the things you want to insure in your home. It may also depend on where you live.

Mobile phone

If you get a phone on contract, you need to be sure you can afford it. Mobile phone contracts usually have a minimum term. Another option might be a Pay-as-you-go SIM, so you stay in control of the cost.

Food

Food costs can vary a lot. Cooking from scratch can be cheaper than buying ready-made food and takeaways. It can also be much better for your health and wellbeing. It can be fun to cook for and with friends.

Going out

Socialising can be costly (but not always). You might want to limit how many times you go out, or change what you do. That way, when you do go out, you can still have a good time without as much worry about money.

The next move? My first home

Extra information about payments for living independently: No choice, your choice.

Bills: Fixed (continued)

Deposit

An amount paid to secure a property to buy or to rent.

Valuation fees

Paid by those who want to buy a property to check that what they are paying is the right price.

Legal Fees

Anybody buying a property has to pay a solicitor to do the paperwork.

Communal charges/Maintenance Fees

These are extra charges that you sometimes have to pay in blocks of flats. This pays for the maintenance of all the communal spaces. It may also include building insurance.

Maintenance of appliances (e.g. boiler, cooker)

If you rent, then your landlord usually will pay for these things. If you buy, it is your responsibility.

Repairs when you rent

If you rent, then your landlord will usually pay for these things. If you buy, it is your responsibility.

Bills: Your choice (continued)

Holidays

Most people love a holiday, but holidays should be something we only book if we can still afford them after we have paid all of our bills.

Clothes

Clothes for work may be a priority, but you may be able to cut back on other clothes if you need to. You could also think about shopping in charity shops, upcycling and/or selling your old clothes.

Travel to work

We need to get to work, but if you need to cut your budget, you could look for ways to reduce the cost of travel. You could catch the bus and not the train, walk, or even get a bike. These alternatives will help your health and wellbeing as well as your finances.

Surveys

Surveys are paid for by people who want to buy a property to make sure that there are no big problems with it. The law does not require these, but many mortgage lenders require or recommend that you do them.

Repairs when you own

If you own a place, you could choose not to repair things but that could potentially reduce the value or cause you harm.

Note: There are a number of comparison sites available that allow people to shop around for good deals on many of the bills they may need to pay, such as contents insurance or broadband. It is also important to review your bills frequently to ensure you are getting the best price for the service you require. You can draw this to the attention of the young people when they are looking at the costs of living independently.