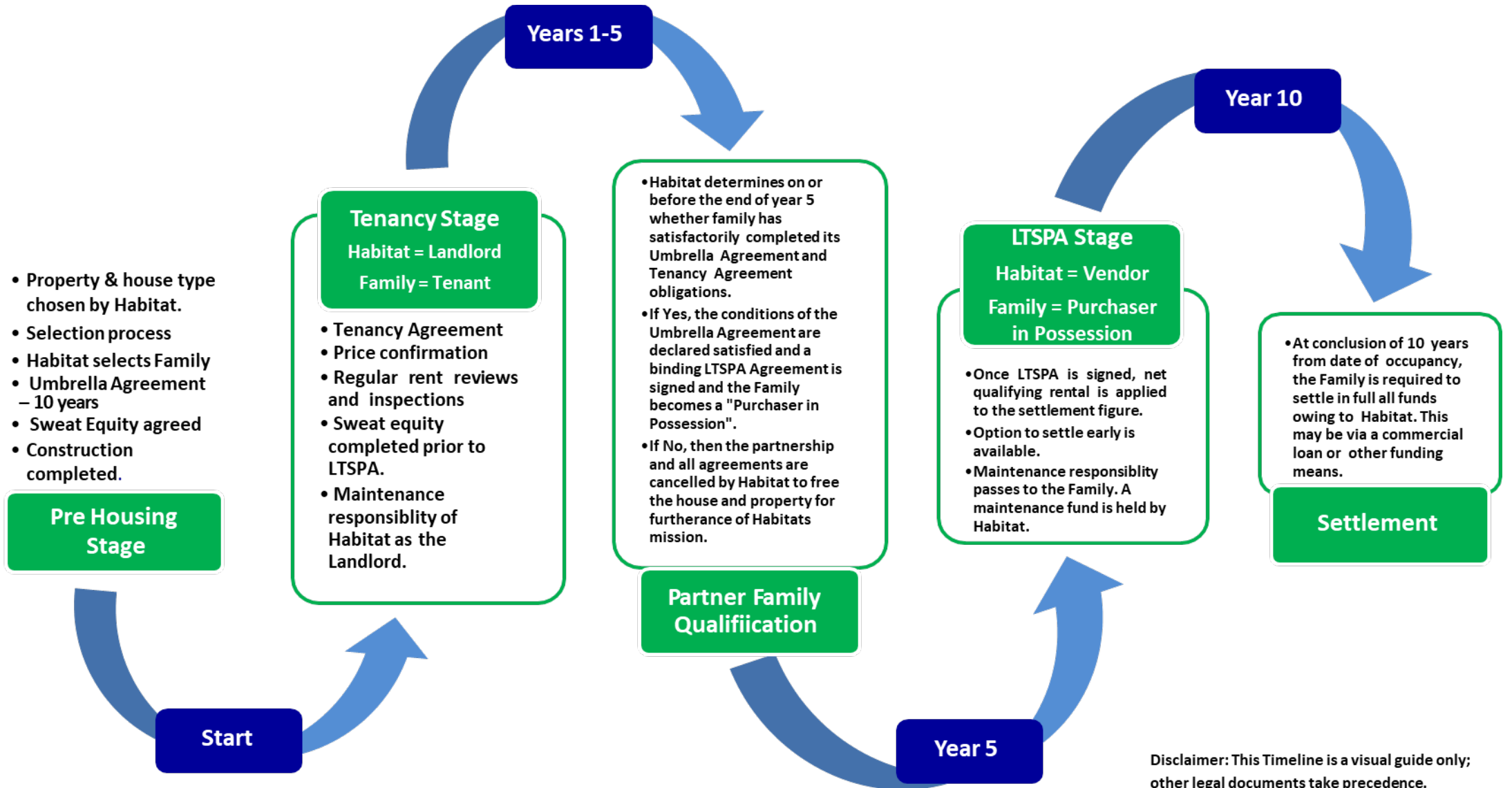


TE AHO TĀHUHU

the Progressive Home Ownership Webinar Series

Progressive Home Ownership Products Explained
Conrad LaPointe, Habitat for Humanity



Disclaimer: This Timeline is a visual guide only; other legal documents take precedence.

Habitat responsibilities

- Develop or secure turn key product.
- Set affordable pricepoint.
- Secure favourable lending conditions
- Ensure robust selection and onboarding process.
- Lead strong financial engagement and planning.
- Support through the bumps along the road.
- Secure settlement at earliest opportunity.

Partner family responsibilities

- Strong and considered application.
- Good communication from outset.
- Transparency of finances.
- Engage in financial planning.
 - Habitat and external
- Ensure regular KiwiSaver payments.
- Take the long term view.

Why Rent to own works

1. Family receives all equity gain.
2. Significant equity gain from day one in most cases.
3. Net qualifying rent pays down house value (mortgage) from day one.
4. Ability for partner family to show strong repayment history and fiscal management to bank
5. PHO subsidy passed through the partner family.
6. Assuming long term interest rates hold at historical levels, rental payments will be higher than mortgage payments prior to year 10.

Example of Rent to own 10 year financial transaction

Please note that in not all cases will the value of the home be discounted (as per below). This is very much dependent on whānau affordability levels and the cost or purchase price of the home to Habitat.

Whānau

Day 1	Home price	\$ 700,000
	Weekly rental	\$ 620
Year 10	Weekly rental @ 2% increase p/a	\$ 756
	Loan Repayments and net net qualifying rent (approx.)	\$ 100,000
	Kiwisaver	\$ 80,000
	Home Start Grant	\$ 10,000
TOTAL loan required from bank		\$ 510,000
	Weekly loan repayment (25 year term @3.29%)	\$ 574

Home

Day 1	Market Value	\$ 770,000
Year 10	@ 3% increase p/a	\$ 1,034,815
Debt to equity ratio		48%

KEY TAKEAWAYS

1. Sound financial modelling of affordability matrix, linking affordable purchase price with household income required.
2. Strong communication and relationship building key to successful partnership.
3. First 5 years under rental agreement key to building foundation for future home ownership.

CONTACT DETAILS

Conrad LaPointe
CEO - Habitat Northern Region
8 Ormiston Rd, Otara
conrad.lapointe@habitat.org.nz