

Shared Ownership Explained

Making home ownership affordable



What is Shared Ownership?

Shared Ownership is a government scheme designed to help buyers get on the property ladder. The scheme is mainly aimed at first time buyers and families whose circumstances change: perhaps after experiencing a relationship breakdown.

Put simply, it allows you to buy part of a property (anywhere between 35% and 75%) then rent the remaining share. If you can't afford to buy outright and only have a small deposit, this could be a great option for you.

While the idea of buying and moving into a new home is exciting, it can also be daunting, which is why we have produced this short guide which will hopefully answer any questions you have.

For further information about Shared Ownership with Leeds & Yorkshire Housing Association (LYHA), please contact: **0113 220 8101** or email **helptobuy@lyha.co.uk**

All our Shared Ownership properties are advertised on Rightmove, the Help to Buy website **www.helptobuyneyh.co.uk/available-properties** and on our website **www.lyha.co.uk/shared-ownership**

"I moved into a LYHA shared ownership property about 6 months ago and it's been such a positive move. I'd previously owned a property with my husband for over 20 years, but when we split up I struggled to find somewhere that suited my needs. I wanted to live as part of a community, somewhere light and bright, with easy access (as I have a long-term health condition). Then I saw an advert for this shared ownership property and it's perfect for me. It's all on one level, close to where I lived before and I'm near to lots of local amenities, so it ticks all the boxes. I think a lot of people don't know about shared ownership or realise it could be for them, but it is a great option that could work for so many people."

Suzie



Who is Eligible?

You can buy a home through the LYHA Shared Ownership scheme if your household income is £80,000 a year or less and any of the following apply:

- You are a First Time Buyer
- You are living in rented accommodation or with family
- You have experienced a relationship breakdown
- You cannot afford to buy on the open market
- You are an existing Shared Ownership owner looking to move
- You do not currently own a home *See FAQs for exceptions to this

How does it Work?

You buy a percentage share of a property (anywhere from 35% to 75%) through a mortgage or cash purchase (subject to eligibility) and pay rent to LYHA on the remaining share. This is payable monthly by direct debit. If purchasing a property using a mortgage, your minimum deposit amount is worked out based on the percentage share you are buying and is typically around 5-10% depending on the lender.

You then have the option to buy a greater share(s) at a later date up to 100%, when you own your home outright: this is known as staircasing. Alternatively, you can also sell your share and move on if you wish to.

For more information, or to check you are eligible for Shared Ownership, please visit: www.lyha.co.uk/shared-ownership or email: helptobuy@lyha.co.uk

I bought a home through the LYHA Shared Ownership programme and one year on I am still really happy with that decision. It has enabled me to get back on the property ladder in a house and area that I love, close to where I work and where I have family connections.

Kate

How do I Apply?

- Firstly, you need to complete a Shared Ownership eligibility application on the government's Help to Buy website:
<http://www.help-tobuy.gov.uk/shared-ownership/>
- Once approved, you need to provide LYHA with a copy of your approval and we can then arrange for a financial assessment to be carried out. *(This is not a full assessment and does not affect your credit score. However it will check your eligibility and affordability).*
- We will then arrange viewings on the properties you are interested in. You can reserve your new home with a £250 deposit which is refunded at legal completion. Please note this is not refunded if you decide to pull out of the purchase.
- Once you have an offer accepted on a property, solicitors and mortgage advisers will be instructed and we will then progress through to exchange and completion, which is done in exactly the same way as an open market sale.
- We will then hand you over the keys to your new home.



Benefits of Shared Ownership

- It's a great way to get onto the property ladder when you only have a small deposit.
- You can live in an area you choose, in a great looking new build property, built to a high spec throughout.
- You can sell your home at any time. If the market valuation has risen you will benefit from the profits.
- You can buy a greater share in the property as and when you can afford it, up to 100% when you own it outright.

Issues to be aware of

- As the home owner you will be responsible for all of the maintenance and repair costs.
For buyers of apartments, you are only responsible for repairs and maintenance of the inside of your home not any communal or external areas.
- When reselling, ideally you will sell to a buyer who is eligible for Shared Ownership, so there may be a reduced market to sell to.



The Staircasing Process

If, at a later date, you decide you would like to buy a larger share, the property will need to be valued by an independent RICS qualified surveyor to get the current market value. You will be responsible for this.

Once received, you can let us know the percentage share you would like to increase to and we can then calculate the sum required for the purchase.

If you are happy to proceed, we will need your solicitors' details and will arrange for a 'Notification of staircasing' to be sent to them.

Once the solicitors are in a position to complete on the extra share amount, they will notify us of completion and we will adjust the rental figures in accordance with the shares purchased.



N.B. Please remember to factor in the cost of the Independent RICS qualified valuation and the solicitor's fees when looking at the cost of staircasing.

The Re-sale Process



If you decide you want to move home, you will need to appoint a RICS chartered surveyor to value your property.

You will then provide us with the valuation and under the terms of the lease we have 8 weeks to sell your property to a buyer eligible for the shared ownership scheme.

If we fail to secure a buyer after this time, you can look to sell your home on the open market, but the buyer should be eligible for the shared ownership scheme. If the buyer does not meet the criteria, there may be the option to complete the sale through 'back to back staircasing'.

Further details can be provided if required.

Frequently Asked Questions

How long does a Shared Ownership purchase take?

It usually takes as long as a normal house purchase, so typically around 3-4 months from the date of the Notification of Sale. If you want to move more quickly than this then please let your solicitor know and they will try to work to the dates specified.

Am I still eligible if I have previously owned a home or am currently selling a property?*

Yes. As long as you are not tied into that or any other property, you can still be eligible for Shared Ownership. This can happen when families are separating or needing to move due to ill health.

Can benefits be taken into account in your income?

Yes, some benefits can be taken into account. However, you would need to check this with your Mortgage Adviser.

What are the costs involved?

There will be a £250 non-refundable deposit (which is taken off the final amount on completion of contracts), the mortgage lenders costs* including valuation, the solicitors' fees* and general moving costs. (*These prices vary and you should ask for a quote directly from your mortgage lender and solicitor).

Can I buy a larger share in my property?

Yes, this is called staircasing. The price you pay will be based on the market value at the time of purchase. A RICS qualified valuer will undertake an independent valuation of the property.

Do I have to staircase up to 100%?

No, you can stay in your home at the original percentage share purchased indefinitely or you can just increase by a smaller amount(s).

Can I sell the property in the future?

Yes, this is called a re-sale. See previous page for details.

Can I decorate my Shared Ownership home?

Yes, you can decorate your home as you wish. However, if you want to make significant alternations or extensions, we ask you to inform us in advance. Any restrictions will be outlined within your lease agreement.

Who should I contact to find out more information?

Please contact us by email: helptobuy@lyha.co.uk or Tel: **0113 220 8101**.

We look forward to hearing from you.

