



Shared Ownership

A guide to buying a shared ownership home



OUR VISION
"Vibrant
communities
in Shropshire"

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If you would like to buy a home of your own but can't quite afford to, shared ownership may be what you are looking for.

This booklet is a general guide to how shared ownership works and answers some of the most frequently asked questions.

Who is Severnside Housing?

Severnside Housing is a non-profit making organisation that provides and manages homes for rent and sale for people in housing need who cannot afford to rent privately or buy in Shrewsbury and the surrounding areas. Severnside has experience of delivering a high standard of homes and services and manages over 5,200 homes.

What is shared ownership?

Shared ownership was introduced to help people who cannot afford to buy a home outright. Through Severnside's scheme you buy an initial share of 50% of the property and pay rent on the remaining share you do not own. Gradually, you can increase the share that you own.

In rural areas, Severnside is restricted to not selling more than an 80% share in your home. These arrangements are limited to rural areas and are intended to provide a means of keeping low cost housing for rural communities. We will tell you if the home you want to buy is one where these restrictions apply.

Am I eligible?

The scheme is intended for people who cannot afford to buy a suitable home in any other way. You must be in housing need and have a household income of less than £60,000. For some schemes eligibility will be extended to include criteria linked to planning conditions. Where such additional criteria apply this will be made clear to you.

Priority will then normally be given to existing public sector tenants and those on local authority or housing association waiting lists in housing need.

Can I buy the property with someone else?

Up to four people can become joint owners. Your solicitor can advise you about this. However, all joint applicants must individually and jointly meet the eligibility criteria.

What kind of property can be bought through shared ownership?

Severnside's shared ownership homes are all new build properties, and are located on new developments across the local area. Prices vary according to location but are expected to be within the means of those people who cannot afford to buy a property on the open market.

How does it work?

The scheme allows you to purchase an initial 50% share of a property from Severnside. The share you purchase is funded by a mortgage which you will need to arrange with a bank or building society. The remaining share you do not own is rented from Severnside. You will also have to pay other housing costs, such as service charges, repairs and maintenance, insurance, council tax etc.

Although you have not bought the property outright, you will have the normal rights and responsibilities of a full owner-occupier under the terms of your shared ownership lease. You are advised to ask your legal adviser as well as the housing association if there are terms you do not understand.

But remember that house prices can go up and down. This means that you might pay more for buying additional shares or have to sell at a price lower than you originally paid.

When you purchase through shared ownership, Severnside will grant you a lease which sets out your rights and responsibilities. If you are unclear about any aspect of your lease you should ask your legal adviser to explain it to you.

What does the shared ownership lease entitle me to?

When you buy your initial share in the property, Severnside will grant you a lease for 99 years. It will entitle you to live in your home as an owner-occupier. It will also entitle you to buy further shares in the property and sets out how you can do this.

Other points covered in the lease set out your responsibility for repairs and payment of rent and service charges. Although you have not bought the property outright, you will have the normal rights and responsibilities of a full owner-occupier.

You are also advised to take your own legal advice on the terms and conditions of the lease.

The cost of buying your own home

It is important to give careful thought to the costs and responsibilities of buying your own home. You will need to do some careful calculations to help you decide how much you can afford to spend on buying and running a home.

What are the initial costs of a shared ownership home?

You will have to pay for:

- **Survey**
You may wish to have your own independent survey which you must pay for.
- **Legal fees**
You are advised to get a solicitor to help you with buying your share. It is worth asking for an estimate before engaging a legal representative, as fees vary.
- **Stamp duty**
This is a form of tax on the transfer of property. You should check with your solicitor whether stamp duty is payable at the time of your purchase. If stamp duty is payable, you can either pay duty on your share or on the full value of the property. Your solicitor should be able to advise you on which option to take.

- **Deposit (if required)**
- **Mortgage indemnity insurance (if required)**
- **Removal costs**
Don't forget the costs of removal. These can be quite large if you are moving several miles from the area in which you currently live.

What are the running costs?

- **Mortgage repayments**
You may need to borrow all or part of the cost of your share from a building society or bank. Repayments will vary as interest rates change.
- **Rent**
The monthly rent will be a proportion of the total rent for the property, calculated by Severnside, based on the proportion of the share you do not own.

For example, if you own a 50% share, you would pay 50% of the total rent. This rent will take into account the fact that you are responsible for the costs of building insurance, maintenance and repairs. It will therefore be less than the normal rent you would pay if you were renting the whole property. The rent will usually be reviewed every year.

Property value £112,500
Share purchased 50% (£56,250)
Share on which rent is charged 50%
Weekly rent £29.75
Weekly service charge £2.05

- **Repairs, insurance and service charges**
You will be responsible for all repairs and redecoration both internally and externally. Severnside will insure the structure of your home and you will have to pay a small management charge to cover this, which is included in the weekly service charge. This charge also includes the costs of rent collection and any grounds maintenance. For more information about service charges, please refer to your lease.
- **Council tax**
You will have to pay the council tax to the local authority.
- **Heating and lighting bills and water and sewage charges**
You are responsible for your own utility bills.
- **Fittings and furniture**
You are responsible for supplying your own fittings and furniture and for the cost of insurance for the contents of your home.

A step-by-step guide to buying through the scheme

How do I buy a shared ownership home?

Step 1 — applying to buy

Local estate agents Holland Broadbridge are acting as Severnside's agents for shared ownership, and have details of all of our shared ownership properties. Application forms are available from Holland Broadbridge and from Severnside Housing. Your application form will be used to initially assess your application and confirm your eligibility. Holland Broadbridge will then pass your details on to Severnside.

Step 2 — the housing association's response

- If we consider you a suitable applicant, we will usually ask to meet you to talk over your application, check your eligibility and ability to afford and sustain home ownership.
- If successful you will be invited to view the property.

Step 3 — arranging a mortgage

- If you already save with a bank or building society, you can approach them first.
- Holland Broadbridge have an Independent Financial Adviser (IFA) who can tell you about the financial products available and suggest a lender to assist you with your purchase.
- If your building society/bank would like to see a copy of the lease, you can ask us to send them one.

Step 4 — purchasing the home

- Once you have been offered a mortgage, you will need to let Severnside know.
- Severnside will then send a copy of the draft lease to your solicitor, who will advise you on what it says, approve it on your behalf, make a local authority search and investigate title to the property.
- Severnside, who will become your landlord, will advise you of the amount of rent and service charge you will have to pay on the remaining unsold share.
- The purchase can then be formally completed and you can move in.

You might find it helpful to take this leaflet with you when you first contact a bank/building society or solicitor/licensed conveyancer.

Step 5 — buying further shares in my home

- The detailed procedure is contained in your lease, but in the first instance you need to write to Severnside. We will get the property valued and let you know the cost of the further share. You will have to pay the valuer's fee. You will have three months to arrange a mortgage and complete the purchase of the further share.

Additional information for owners

Can I make improvements or alterations to my home?

If you wish to improve your home or make structural alterations to it, you must first have Severnside's written agreement to what you want to do.

What if I fall behind with my mortgage repayments?

The mortgage contract is between you and your bank or building society. If you begin to have financial problems which may mean you cannot pay your mortgage, you should let them know as soon as possible. If you do fall behind on your payments and cannot agree on a solution with your bank or building society, there is a risk that they will take possession of your home and sell it. You would be entitled to your share of the money received, after all your debts have been paid.

What if I fall behind on my rent or service charges?

Under the lease you will be obliged to pay the rent and service charge. Again, if you find you have financial problems, get in touch with us as soon as possible.

What do I do when I want to sell?

You may sell your share at any time but you must tell Severnside in writing that you want to move. Severnside has the right of first refusal on this sale and can buy back the property at the current market value. There are further restrictions which apply in rural areas; please refer to your lease for full details.

You will benefit from any increase in the value of the property according to the share you own, but you should be aware you may be affected by any fall in values.

Sevenside Housing provides a telephone interpreting service for more than 150 languages and can provide this document in a range of formats.

Jeśli potrzebna jest jakakolwiek pomoc w zrozumieniu niniejszego dokumentu, lub potrzebne jest tłumaczenie na inny język, proszę o telefon na numer 0845 2342424.

Os hoffech gael cymorth i ddeall y ddogfen yma, neu os hoffech gael ei chyfieithu i iaith arall, ffoniwch 0845 2342424.

یا آپ اس کا ترجمہ کسی اور زبان میں
آپ کو کسی طرح کی مدد کی ضرورت ہے
اگر اس دستاویز کو سمجھنے میں
0845 2342424 پر ٹیلیفون کریں۔
کرانا چاہتے ہیں تو براہ مہربانی

倘若在理解本文档方面您需要任何帮助，
或者希望把它翻译成另一种语言，
请拨打 0845 2342424。



Audio tape



Braille



Different
Languages



Large print

Shared ownership application forms are available from:



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Tel: 0845 234 2424 or 01743 285000

www.sevensidehousing.co.uk



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