



## A guide to buying a shared ownership property

## Introduction

Plymouth Community Homes is a registered provider of social housing, regulated by the Homes and Communities Agency (HCA).

Plymouth Community Homes is selling properties through the Help to Buy Scheme, known as Shared Ownership. This scheme enables eligible applicants to purchase a share in a property whilst renting the remaining unsold share from Plymouth Community Homes, as the landlord.

Plymouth Community Homes is awarded grant funding to support the cost of building these affordable homes to enable buyers to get on the housing ladder.

This guide aims to provide customers with a clear and transparent understanding of how these homes are offered to potential buyers by sharing with you the requirements of the Home and Communities Agency. There are specific requirements that PCH, as a housing provider have to comply with.

## What are the requirements for buying a shared ownership property?

Before you can purchase a shared ownership property you must be accepted onto the affordable homeownership scheme by the local Homebuy agent, Help to Buy South West. You can make an application online at: [www.helptobuysw.gov.uk](http://www.helptobuysw.gov.uk). Help to Buy South West will consider your current housing situation, your household composition and your financial status before accepting you onto the scheme.

You must be able to afford to buy the share that is being sold. You can purchase the share outright as a cash buyer, or by securing a mortgage. You must also be able to afford the rent which is payable on the share still owned by Plymouth Community Homes. You will need to have a deposit in place for the mortgage and savings towards legal fees, a reservation fee and costs for moving house.

You will need to appoint a solicitor to act on your behalf for buying the property. The seller will also appoint a solicitor and once you have officially reserved the property, the solicitors will manage all legal matters with regards to the conveyancing process.

## Eligible applicants

The aim of the Help to Buy shared ownership scheme is to support people to buy a home who cannot buy a property outright on the open market. In order to be eligible to purchase a shared ownership property applicants must:

- have a household income of less than £80,000
- be unable to purchase a property suitable for their housing needs on the open market.
- primarily be first time buyers, though some applicants who own or have previously owned a home may be eligible.
- be registered with a Help to Buy agent for their locality. They will conduct an initial assessment to confirm whether the applicant/s are eligible to be on the register for Shared Ownership housing.

It is the applicant's responsibility to notify both PCH and the Help to Buy agent of any changes to their circumstances after the application details have been checked by the Help to Buy agent.

## Joint applicants

An eligible applicant who wishes to buy a home with someone else can only proceed on the condition that all joint applicants become joint owners. Anyone joining in the application who already owns or part owns a home must sell it at the time of jointly buying through shared ownership. An offer of a shared ownership home will not be eligible unless the owned home has been sold subject to contract and we receive confirmation of this from your solicitor.

An existing tenant qualifying for the scheme may have a partner who does not want to join in the application. The application can proceed in the sole name of the qualifying applicant provided the current landlord gains vacant possession of their current property and there is no obligation to re-house the partner.

## Existing owners

Owner occupiers, including existing shared owners, can, in exceptional cases, have access to the scheme subject to the following conditions:

- That they meet the general eligibility criteria for the scheme, that is that the annual household income is no more than £60,000 and are otherwise unable to afford to purchase a property that is suitable for their needs without assistance;
- Each application will be assessed on its individual merits by the Help to Buy agent and provider;
- Existing home owners must have written support from the relevant local authority that the applicant has a housing need before being accepted onto the scheme. It is for local authorities to determine how best to make such assessments of housing need and determine their own processes which are likely to be most responsive to their local housing markets; and

The provider must retain a record of the local authority's written support.

Existing owners/shared owners who are deemed eligible are required to have already sold their property or sell their property at the same time as buying through shared ownership.

## Applicant priority

Shared ownership properties are grant funded by the government. Priority must go to the following groups, set in priority order

- Existing social tenants and serving military personnel;
- Those that will address housing problems in local and regional housing markets as defined by the local authority; and
- Other first time buyers.

Where shared ownership properties are being built on a rural exception site the priority for allocations will be set out in the section 106 agreement agreed between the local planning authority and developer/ Registered Provider. This will often stipulate that priority will be given to applicants that meet the criteria set out above with a connection to the local area.

### **What financial details are taken into account?**

Plymouth Community Homes will conduct an affordability assessment to ensure that the applicant is able to purchase their share of the property and sustain the rent payments payable to Plymouth Community Homes. PCH will also take into account the outgoing expenses of living in that property.

### **Income and assets**

Capital, access to that capital, and any income generated by it will be taken into account when assessing the applicant eligibility for Help to Buy shared ownership. However, any lump sums paid to eligible members of the armed forces as a result of illness or injuries are to be disregarded when assessing eligibility and sustainability. Please note that the above applies to one off lump sums only and not to other payments, such as pensions, which are still classed as income.

'Access to capital' as detailed in the above paragraph means that applicants will be expected to liquidate what capital assets they may have, Capital assets could include savings, bonds, shares, land and any other financial investments.

Applicants must be able to afford their purchase, and sustain their housing costs. We will undertake appropriate checks on the applicant to ensure that they are able to do this by completing an assessment of the applicant/s income and expenditure to ensure the purchase is affordable.

### **Affordability assessment**

PCH will undertake an affordability assessment and will require the following documents from the applicant. If there are joint applicants some documents must be provided for both applicants:

- Last **3 months** Wage Slips/Proof of income or last 3 year's accounts or SA302's (if self-employed) for all applicants
- Last **3 months** bank statements from all accounts that you hold, for all applicants
- Proof of savings – this is to show that you are able to pay your mortgage deposit, legal fees and PCH reservation fee. If the money is being gifted please provide a letter from the person gifting the money, stating the amount of money that they are gifting you and a bank statement showing they have the amount in their account. This is for anti-money laundering purposes.
- Copy of any loan/credit agreements and statement of amount outstanding, for all applicants
- Letter from your employer stating your employment contract & current salary; for all applicants

- Last P60; for all applicants
- Photo ID – passport/driving licence/birth certificate; for all applicants
- Copy of any working tax credits award (if applicable);
- Copy of your current tenancy agreement (if applicable);
- A copy of the key facts document for your mortgage in principle.
- If you are a home owner, a letter from your solicitor to show the property has been sold subject to contract and a mortgage redemption statement.

Plymouth Community Homes will only proceed with the affordability assessment once all these documents have been provided.

The affordability assessment will include an assessment of all income and expenditure. Plymouth Community Homes, as a responsible seller, will expect the applicants to have no less than £250 surplus of all income and expenditure.

As part of this process, we will check the applicant's immigration status. Those applicants who are subject to immigration control (i.e. who require leave to enter or remain in the United Kingdom under the Immigration Act 1971) are less likely to be able to satisfy this requirement unless they have indefinite leave to remain in the UK.

### Applicants expressing an interest in the same property

In the event that a number of applicants express an interest in a property at the same time PCH will comply with the HCA regulation and the following will apply:-

- The applicant who provides the sales officer with all the affordability assessment documents will have first choice of the property
- If two applicants submit their information at the same time, the first priority will be given to the highest eligible applicant:
  - Social Tenant or Armed forces
  - Applicant in housing need determined by the City Council
  - First time buyers

### Shares sold

PCH will market our properties with a minimum share to be sold. We will market a variety of minimum shares across the individual schemes to ensure that we sell a range of shares between 25% and 75% of the open market value.

The share offered to you will depend on the financial information you provide. As this is a grant funded scheme, we have to demonstrate to the HCA that we have maximised the share sold, this is based on your financial situation ensuring that you can sustain the ongoing payments.

### Valuations

PCH will use a Royal Institute Chartered Surveyor (RICS) to value our shared ownership homes. Valuations are undertaken by an independent surveyor providing comparable evidence from the housing market in the location the properties being sold.

Valuations reports are held for 3 months. This allows us to make an offer based on the present value of that property. If the sale of the home is not completed within the 3 months a further valuation is undertaken. If the valuation of the property being sold increases or decreases, then PCH will need to complete a new affordability assessment based on the new valuation.

### [How do I buy a shared ownership property?](#)

If you are interested in buying one of our Shared Ownership properties you will need to contact our SO Living Sales team, who will explain the above process to you. Our SO Living Sales team will arrange a viewing, where possible, so you can look at one of our homes for sale. If a viewing is not possible as some homes will be sold off plan viewings will be arranged when the homes are built.

### [Funding the purchase](#)

Before proceeding you will need to have sufficient funds to purchase the share being sold. If you are securing a mortgage, you will need to contact an independent financial advisor to ensure that you can obtain a shared ownership mortgage. Plymouth Community Homes can provide you with a contact for an Independent Financial Advisor if required.

### [Affordability assessment](#)

You will need to provide all the documents to the SO Living team who will assess your affordability for the property you are purchasing.

We may need to come back to you regarding some of the information provided to seek clarity on some areas.

The sales officer will complete the assessment and will recommend you for approval to allocate you one of our homes.

## Offer

Once your affordability assessment has been approved, Plymouth Community Homes SO Living sales team will send you a formal offer letter for the property you wish to purchase. You will need to complete and return the offer documents to Plymouth Community Homes and pay a reservation fee to reserve the property.

## Reservation Fee

To secure the offer made to you, you will need to pay the £500 PCH reservation by contacting our finance team. On completion of the sale the reservation fee will be paid to your rent account.

## Instructing the solicitors

You will need to return the offer acceptance form as this provides details of your chosen solicitor. As soon as the sales team are in receipt of your payment and the solicitor's details, Plymouth Community Homes will be able to instruct our solicitors to start the conveyancing process.

## Completion

The acting solicitors will arrange a convenient completion day between them. Completion can happen at any time during the day. Once completion has taken place, Plymouth Community Homes' solicitor will contact the sales team to advise that they can release the keys. The sales team will then arrange a convenient time to meet you at the property to complete a formal handover.

## After completion

Once completion has taken place Plymouth Community Homes will set up your direct debit and new rent account. Your reservation fee of £500 will be added to your rent account. You will receive a letter providing details of your rent payments and contact numbers for your housing officer, rent officer and the leasehold team.

## After Sales

### Staircasing

Shared owners may increase the percentage share of the equity that they own at any time during the term of the shared ownership lease. This process is known as staircasing. The price paid for further shares is based on the full open market value of the property. Leaseholders have three months to complete their staircasing purchase from the date providers receive the valuation from the valuer. There are associated costs relating to this process.

### Selling your home

Selling a Shared Ownership (New Build Homebuy) home is known as a resale. Any potential purchaser must meet the affordability assessment set by the Home and Communities Agency. PCH will undertake an assessment of affordability. There are associated costs relating to this process.



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