



SO
Living



A guide to shared ownership

How to buy a shared ownership home

What is shared ownership?

Shared ownership gives those who can't afford to buy a home outright the opportunity to buy a share of it.

Within this guide we will refer to both standard model shared ownership and the new model shared ownership.

You will become a leaseholder and pay rent on the percentage of the property that you do not own. The amount of rent paid is agreed and fixed at the outset, and there is a maximum amount by which it can increase each year.

Shares can start from between 10%-75% of the home's value, depending on your lease. The more of the property you own, the lower your rental payments will be. SO Living will advertise a minimum share available but you can always buy more. The affordability assessment will determine the maximum amount you can afford.

Over time you can purchase more shares in your property, also known as 'staircasing'. This can be done after the initial purchase and will reduce the amount of rent you pay as the share of the home that you do not own will have got smaller.

You can buy a shared ownership home with cash or by taking out a mortgage and using your savings. Any deposit you pay will be smaller than if buying outright as you will not be purchasing the whole of the home.

Please remember, your home may be repossessed if you do not keep up your repayments on your mortgage or any loan secured against it.





Who is eligible for shared ownership?

You do not need to be in rented housing, on a local authority waiting list or a first-time buyer to access shared ownership.

If you are a current homeowner and wish to move to a shared ownership home, then you can.

Also, if you buy through shared ownership and need, or want, to move then you can do so by selling your home and buying another shared ownership property. You must continue to meet the eligibility criteria for shared ownership,

including being unable to afford to purchase a suitable home on the open market.

Note that if you own a home currently, either outright or through shared ownership, then you will need to sell your existing property before, or at the same time, as buying a shared ownership home.

Shared ownership, in England is available to those who:

- cannot afford to buy a suitable home on the open market
- have a household income of £80,000 a year or less
- are assessed as being able to afford and sustain shared ownership

Is this a Government backed scheme?

The Government supports shared ownership and funds lots of shared ownership homes. Shared ownership properties can be paid for directly by housing associations (this is most common), private investors, or some councils, sometimes known as Section 106 properties.

What properties are available for Shared Ownership?

Shared ownership properties tend to be either new-builds offered by housing associations, or resales of existing shared ownership properties.

SO Living is part of Plymouth Community Homes (PCH). PCH is a registered landlord which provides both newly built homes and existing homes for resale. For more information on our homes available please refer to the SO-living website www.so-living.co.uk

Are there restrictions on where you can buy?

Some shared ownership homes will be limited to people with a local connection to the area (either through work, family or an existing home).

These restrictions are intended to make sure that local people in these areas can access affordable housing, in order to remain in the area.

In some cases, you may only be able to purchase up to 80% of the property. This restriction is to make sure that affordable homes developed in rural areas remain as affordable housing for future buyers.

Properties where these restrictions apply will be identified when you search for properties.

Priority for British Armed Forces

The only group of people that have priority for shared ownership homes are serving members of the British Armed Forces, or those that have been honourably discharged in the past two years.

Who owns the rest of my shared ownership home?

The remainder of your home will be owned by Plymouth Community Homes. For the part of the home you do not own, you will need to:

- pay rent on it
- agree and sign a lease.

Why do I need to sign a lease?

Although you will own a share of your home, you will remain as a leaseholder. This means that you sign a lease (a contract) with your landlord that sets out the rights and responsibilities of each party and details what you can and can't do.

Having a lease means you've got the right to keep your home for a certain number of years (usually up to 990 years), but the land belongs to PCH.

Remember, the lease is a legal agreement. Make sure you read it all. A solicitor is best placed to advise you on the detail.



What repairs and maintenance am I responsible for?

You're a homeowner, so it's up to you to keep the place in good condition and fix anything you're not happy with.

If you've got a house, you're responsible for repairs and maintenance inside and outside. If you're living in a flat, you only need to worry about the inside – but you'll probably need to contribute towards the building and grounds via your service charge.

When you purchase a home under the new model shared ownership lease, your property will come with a 10 year initial repair period. This applies whilst you own less than 100% share in the home. During this time you will be able to claim costs up to £500 a year from PCH to help with qualifying essential repairs. If the repair can be claimed through product warranties, building insurance or builder warranty, you will be required to do so.

PCH will provide more information on how you can make a claim when you complete on the purchase of your new home but, for ease, you will have two options. You can use a PCH tradesperson or a TrustMark approved tradesperson. We will require you to provide information to us so that we can decide if the claim can be approved or denied. If you choose to use a TrustMark tradesperson, then you will be required to provide additional information to support the claim.

If you do not claim any costs then £500 can be rolled over by one year only, meaning the maximum allowance you can have in a year is £1000, see table below for breakdown.

Year	Repairs Allowance	Allowance claimed	Allowance remaining	Rollover to following year
1	£500	£0	£500	£500
2	£1000	£250	£750	£500
3	£1000	£750	£250	£250
4	£750	£0	£750	£500

If you purchase a resale home with this lease you will acquire the remainder of the initial repair period, this period does not start again.



Is there a defect period?

If you have bought a new build home then the property will come with a defect period, usually 12 months from the date of handover. The home will also come with a building warranty which tends to be 10 years from the date the property has finished being built however, this can vary depending on the building warranty provider. More information will be provided when we offer a property.

Can I decorate?

You don't need anyone's permission to hang pictures, strip the hallway, or paint every room a different colour. But knocking down walls or any other structural changes will need the housing association's permission. Of course, any improvements you make to the property will be taken into account when you want to sell – it could increase its value.

Can I have a pet?

We have a pet policy for all our homes. Before taking a pet into your home, you must get permission. More information is available from our website: www.plymouthcommunityhomes.co.uk

Can I sublet?

No. Your lease prevents you from subletting.

What does the service charge cover?

Your service charge includes your building insurance and a contribution towards the management and maintenance of the estate.





Can I sell?

Yes, you can sell your shared ownership home at any time to:

- buy another shared ownership home
- buy another home outright
- move elsewhere

If you decide to sell your share, then your landlord will have a 4 week period to nominate a new buyer for your property.

This is to ensure that shared ownership homes continue to remain as affordable housing and available to other shared ownership applicants.

If PCH are not able to sell your property to another shared owner, then you will be to sell with another estate agent.

If your home has increased in market value, then you will benefit from this increase in line with the amount of equity in the home you own. However, if the market value of your home has decreased then you may receive less money than you have paid in.

If you have made improvements to your home, then you will benefit from the full value of these improvements that you have paid for. We will advise you of the full process and how this all works when you get to the point of wishing to sell and move.



Can I buy more shares?

Once you have taken your first step on to the housing ladder by buying an initial share you can, at any point afterwards, buy more shares in your home. This is known as 'staircasing'.

There will be some homes that have restrictions on staircasing which your landlord will have advised you about before you first bought the home. Any restrictions will also be detailed in your shared ownership lease. For most homes, however, there will be no restrictions and you will be free to staircase to own 100% of your home outright.

The standard model shared ownership lease enables you to purchase extra shares of 10% or more at a time. With the new model shared ownership lease you have the option to staircase by 1% for the first 15 years, or in tranches of 5%.

These can be purchased using cash or by increasing the amount you borrow from your mortgage lender. Your lender will check that you are able to afford to do this.

If you sell your home, and its value has increased, you will benefit from the additional value of your home. If the value of your home has decreased, you may get back less than you have put in.

If you wish to purchase additional shares you will need to get in touch with the Sales Team to discuss this. Your lease will set out the process you will need to follow.

If you are buying 5% or more, you will need to get your home valued by an independent surveyor. This valuation will set the price you will need to pay for the additional share. You will also have to instruct a solicitor to act for you in the purchase of the additional shares. It will be down to you to pay the valuation fee, solicitor's fees, any mortgage fees plus any administration fees that your landlord may charge.





How do I find out if the property is affordable for me?

You can purchase your share of the property with either cash or a mortgage.

If you are thinking of purchasing your share through a mortgage you will need a deposit of between 5% and 20% of the share you are purchasing. You will then need to raise a mortgage for the remainder of the share you will purchase.

If you are thinking of buying a shared ownership home with a mortgage then we would recommend that you consult a mortgage advisor. They will look in detail at your income and expenditure and advise you on what you can afford. A charge may be made for such advice by a mortgage advisor. They are not employed by the PCH so their advice is impartial.

You can find a mortgage advisor, near to you, on the Financial Services Register www.register.fca.org.uk or visit our website www.so-living.co.uk/mortgage-advisors

How do I apply for a property?

All our available properties will be advertised on our website www.so-living.co.uk. You can apply for a property by clicking on the apply button and completing the required information. Once we receive your application we will advise where you are on the list for this property. All applications are on a first come-first serve basis. If you are first in line for this property you will be asked to undertake an affordability assessment with our nominated financial advisor.

Affordability assessment

We will ask you to make contact with our nominated financial advisor who will conduct an affordability assessment to ensure that all payments on your intended home are affordable. They will require a range of documents from you to undertake this assessment. Please ensure you liaise with the financial advisor and respond in a timely manner to avoid any delays with this process. Once your affordability has been assessed and deemed affordable they will then send this assessment to Plymouth Community Homes to conduct their internal approval process. When approved the Sales Team will send you the relevant sale documents for you to read, sign and return.

During this period, the Sales Team will discuss the current arrangements for viewings.

What are the costs involved in shared ownership?

- 1 First you'll need a deposit, typically between 5% or 20% of the share you're buying
- 2 Mortgage arrangement and valuation fees. The amount will depend on the lender
- 3 If you are buying your share with cash, then you will need to cover the cost of the share you are buying instead of taking out a mortgage
- 4 A £500 reservation fee to secure the property – this will be credited to your rent account on completion
- 5 Between £1,500 to £2,500 for solicitor's fees
- 6 Removal costs
- 7 Funds to furnish your new home
- 8 Stamp duty, depending on the share you buy. Your solicitor can advise you on this amount

What costs do I have to pay when I own my home?

After you've put down a deposit (and paid any legal fees), you'll be paying your mortgage, rent, and service charge each month. Your mortgage is worked out based on the size of the share you've bought, and your rent is paid to Plymouth Community Homes. (It's good to note that

your rent and service charge will be reviewed every year based on market fluctuation, so remember to check your lease carefully for details of possible rent increases.) If you buy a share outright, you will only have your rent and service charge to pay.

There are also other costs involved once you have bought the property to think about, here are some of them:

- Mortgage protection insurance
- Contents insurance
- Council tax
- Gas/electric/water and telephone charges
- Other household bills
- Repair and maintenance costs



Buying a new shared ownership home

Your offer and reservation

Once your affordability assessment has been approved, you will receive an offer letter. You should carefully read all the documents to make sure the details are correct. You will then need to sign and return all documents to the Sales Team and pay your reservation fee. The reservation fee reserves the property so we do not sell it to anyone else during the conveyancing process. The reservation fee is credited to your rent account on completion.

Instructing a solicitor

When buying a home, it's advisable that you appoint a solicitor to act on your behalf. They will handle the conveyancing for you (legally registering the lease with land registry), explain the terms of your lease and communicate with PCH's solicitor on your behalf. It is worth noting that you will need to pay for the costs of local searches and your legal fees.

Once you have returned your offer letter and paid your reservation fee you will then need to instruct a solicitor. We recommend that you find a solicitor who is familiar with shared ownership. Your solicitor will tell you what information they need.

Find a solicitor near to you that is qualified to offer conveyancing, by checking The Law Society's register: solicitors.lawsociety.org.uk

We will instruct our solicitor to carry out the conveyancing for the sale of the property. Once solicitors are instructed it is really important to regularly communicate with your solicitor about your purchase.

Instructing your mortgage advisor

In addition to instructing your solicitor you must also instruct your mortgage advisor to apply for your mortgage (if you are buying with a mortgage). Once the mortgage advisor is instructed it is really important to regularly communicate with them about your mortgage offer.

Completion Day

The two solicitors will agree a completion date. On this day, the sales officer will meet you at the property to welcome you to your new home, hand your keys over and give you information on your property.



Buying a shared ownership home timeline





 so-living.co.uk

 0800 0778 748

 so-living@pch.co.uk

 facebook.com/solivingplym

 twitter.co.uk/solivingplym

 SO Living. Plumer House,
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 **Opening times**

Monday - Thursday 9am - 5pm

Friday - 9am - 4:30pm



Information correct at March 2024