

Our

10 Top Tips

for

Shared Ownership

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Shared Ownership

Shared Ownership is a way of enabling people to get on the property ladder. But it can also be quite a complicated arrangement.

Here are our top tips on making the most of your Shared Ownership opportunities.



01

Am I eligible for Shared Ownership?

Before you can buy a Shared Ownership property, you will need to be approved by the Housing Association. You can buy a home through Shared Ownership if:

- your household earns £80,000 a year or less outside London, or your household earns £90,000 a year or less in London.
- you are a first-time buyer, or were previously a homeowner but can no longer afford to buy, or you are an existing shared owner looking to move on

If you are aged 55 or older, you may be eligible for Older People's Shared Ownership. These leases are capped at 75% shared ownership – it means you can't own more than 75% of the property. You could own less than that percentage, but if you choose to own 75%, you will not pay rent on the remaining 25%.



02

What restrictions apply to Shared Ownership properties?

When you are buying a Shared Ownership property, you are buying a share of a house or a flat. The remaining share will be kept by the Housing Association.

You will be granted / assigned a lease of the property, and this will be subject to rent and restrictions. So, even though you own part of the property, you will only be able to use the property in certain ways, and share it with certain people.



03



Where do I go to buy a Shared Ownership property?

If you are thinking about buying a Shared Ownership property, you will need to contact a Help to Buy agent in the area you want to live.

04

Is a Shared Ownership property right for me?

The government offers a few different ways of making property ownership more affordable. There are equity loans, Shared Ownership schemes and mortgage guarantees. Look into these and make sure that you are picking the best available product to suit you.

05

How much stamp duty is payable when buying a Shared Ownership property?

If you are buying a Shared Ownership property, and you are the first owner under the lease, you will need to decide how to deal with Stamp Duty. You could either pay the tax on your initial share and rent, or on the full market value of the property plus ground rent. This is a tactical decision.

If you choose to pay Stamp Duty on your initial share, you won't need to pay Stamp Duty if the value of the share you are buying falls below the tax threshold. Rent is taken into consideration and if you were to increase your shares to 80% or more, for example, then Stamp Duty will become payable.

If you elect to pay Stamp Duty on the market value of the property at the time of purchase, you will not have to pay stamp duty again, even if you increase your shareholding to 80% or more. This option is only available if you are the original leaseholder.





06

Can I buy a larger share of the Shared Ownership property?

As time goes by, you may be able to buy further shares of the property. In most cases you can buy up to a 100% share in the property – this is known as staircasing. You will need to check whether or not your lease allows this; not all leases do.

How much would the shares cost? This calculation is based on a valuation of the property and the market value of the whole of the building. If you are interested in staircasing, you should contact the Housing Association and see what opportunities exist. However, remember the point we made about Stamp Duty becoming payable in certain circumstances where more shares are bought.



07



Can I make improvements or alterations to a Shared Ownership property?

Until you own 100% of the property, you will not be able to make any structural or non-structural changes, or any repairs to the property without the consent of the Housing Association.

A word of caution: if you go ahead and make approved changes, you won't be entitled to any more of a share or value than that set out in your lease. So, while you may enjoy living in an improved home, it is the Housing Association that stands to benefit financially from your efforts.

08

What payments do I need to budget for?

When you own part of a shared property and rent the other part, you are wearing two hats. On the one hand you are a home-owner, responsible for paying a mortgage. On the other, you are a tenant who must pay rent. Your lease will set out how that rent will be calculated, so make sure that you can afford to make all payments that become due, and that you set up reliable methods of paying every month.

09

What additional costs will I be required to pay when buying or selling a Shared Ownership property?

When you go through the process of buying or selling Shared Ownership, the Housing Association – as well as you – will incur some costs and expenses. These include valuation fees and legal fees, all of which will be passed onto you. You could face quite a significant bill, so get a handle on what you might have to pay, and budget for it.

10

Are there any restrictions on selling a Shared Ownership property?

If you own a share in your property, you are not free to sell the property as you ordinarily might. The Housing Association has the right to nominate the buyer.

You should therefore always contact the Housing Association first if you are considering selling your property to ensure you follow the correct procedure.



Talk to one of our advisors to find out more:

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