

## Factsheet 9 - Shared Ownership

Shared ownership is a type of intermediate housing offered on certain homes across England. It is sometimes called 'part-buy, part rent'.

### Who is eligible?

Households are eligible to buy a home through shared ownership if:

- the household income is £80,000 a year or less
- they can not otherwise afford to buy a suitable home in the area that meets their housing need
- they have enough savings for a deposit plus the costs associated with purchasing a property.

In North Norfolk, new shared ownership properties and some re-sales of shared ownership properties are advertised through the Your Choice Your Home scheme and so any interested household must be on the Housing List to bid for a shared ownership property.

Once a household is nominated for shared ownership property, the Housing Association will undertake an 'affordability check', assessing the applicant's income, savings and outgoings – to check that they are eligible, and to ensure that their new home is affordable over the long-term.

Shared ownership properties are also advertised by the Help to Buy Agent and it is recommended that any household interested in shared ownership or other forms of intermediate housing for sale or the Help to Buy schemes (loan or guarantee) registers with the local Help to Buy agent, for more information see [here](#).

### How does shared ownership work?

The household will purchase a share in the property of between 25% and 75% of the home's value on a leasehold basis and the Housing Association owns the remaining share of the property. The household will then pay rent to the Housing Association for the share they do not own, the rent charge will be around 3% of the share's value (this percentage may be different on older shared ownership properties).

To purchase their share, most applicants will need an earned income to obtain a mortgage from a lender. Some may have equity - savings, a retirement lump-sum, or capital from their share of a property following a relationship breakdown – which is just enough to purchase a share of a property, but not enough to purchase one on the open market. You will also need to have a deposit which can be up to 15% of the value of the share you want to buy.

In some cases, no rent is charged on the share that is not owned by the Housing Association or the Council. This applies to properties which are called Shared Equity – they are sold using a shared ownership lease, but the initial share sold is higher, between 60% and 85% on the initial sale. With Older Persons Shared Ownership, once the shared owner has purchased 75% of the value of the property, no rent is charged on the unsold share.

## Rights and responsibilities

A shared ownership owner will have rights and responsibilities, just like any other homeowner, which means they are responsible for general repairs and maintenance. However, there may be shared areas (such as open space or in flats, hallways and roofs) which the Housing Association will maintain, so there may be a service charge which is paid with the rent.

## Buying more shares - 'staircasing'

After the purchase of the initial share, it is possible to buy more shares until the whole of the property is owned outright: this is known as 'staircasing'. The cost of the new share will depend on how much the property is worth at the time, if the value of the property has increased, the value of the new share will be more than for the first share. If the property has dropped in value, the new share will be cheaper.

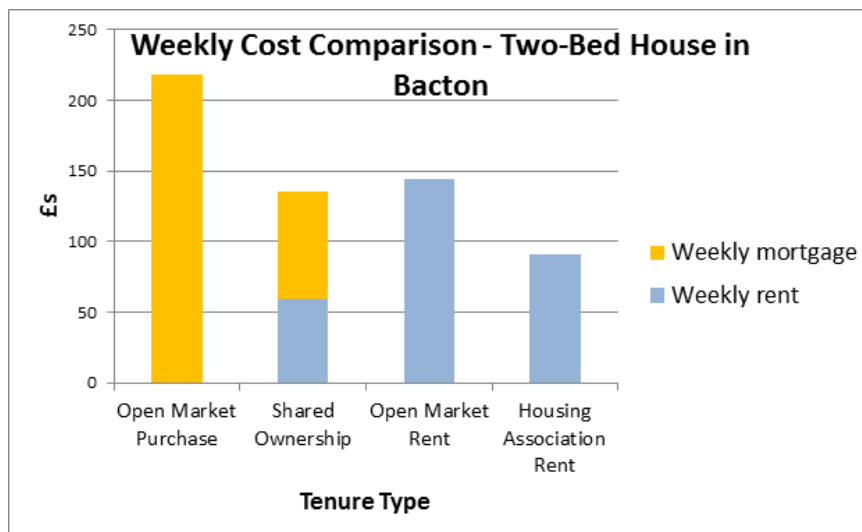
In rural areas, the maximum share may be limited to 80% - this is to ensure that the property cannot be resold on the open market. This will always apply to homes on Exception Housing Schemes.

## Selling a shared ownership home - 'resale'

The householder can sell their share of the home at any time, but must tell the Housing Association in writing: this is because the Housing Association has the right to find a buyer for it, and can ask us to nominate potential purchases from our Housing List.

## Example of Shared Ownership - a 2 bedroom house in Bacton

The property is valued at £160,000. A 35% share is £56,000, for which the applicant needs a mortgage: based on a 25 year repayment mortgage at 5%, this will be approximately £331.00 per month. The applicant will also pay rent of £238.00 per month on the remaining 65%, plus a service charge of £18.00 per month, to the Housing Association. Their total housing costs are £587.00 per month, or £136.00 per week.



In this example, purchasing a shared ownership property is around 62% cheaper than purchasing a similar property outright: it is also about 6% cheaper than privately renting a property.