SHARED OWNERSHIP

SHARED OWNERSHIP WEEK 2018

Edited by **Melissa York**

ALL YOU NEED TO KNOW ABOUT THE SCHEME THAT COULD GET YOU ON THE PROPERTY LADDER

INSIDE

HOW IT WORKS

We guide you through the step-by-step process to start buying your own home through Shared Ownership

Start the home buying process by signing up at *sharetobuy.com*. You'll find a list of participating Housing Associations (HAs) and you can also register with them via their websites to stay up-to-date on what's for sale

THE OFFER STAGE

At this point, the HA is required to verify your identity in accordance with UK money laundering regulations. Once this is done, it will make you an offer to purchase the home. If you choose to accept this offer you will be invited to a financial interview with an independent mortgage advisor (IMA) The IMA can also provide advice about arranging your mortgage for a Shared Ownership home.

5 APPOINT A SOLICITOR

Everyone who buys a home needs a solicitor to work on their behalf during the conveyancing process.

YOUR SOLICITOR WILL:

- Make sure you have everything necessary to help you buy your home quickly.
- Check the lease and speak to your mortgage lender and the HA's solicitors.
- Carry out what are known as searches, checking the HA actually owns the home it's selling you and making sure there are no planned developments (such as new roads) that will affect your home.
- Check that all the paperwork and your mortgage are in place to allow you to purchase your new home.

RESERVING YOUR HOME

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Once your application has been accepted, you can register for homes you're interested in and book viewings when they have launched.

Once you've chosen a home, a small payment – usually between £200 to £500 – will reserve it for you.

The reservation fee will be returned to you if;

- You decide that you don't want to go ahead with your purchase
- The HA is unable to offer you the property of your choice
- You buy the property, in which case it will be deducted from the fees due at completion.

Shared Ownership isn't based on a first-come, first-served basis, so if more than one person reserves the same property, the HA will locate according to its eligibility criteria, which changes depending on the HA and the development.

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THE INTERVIEW

Your IMA will then invite you in for an interview to check:

- The information on your application is correct and you can afford to make the purchase.
- Agree the percentage share you will purchase. This is based on income, savings and any outstanding credit commitments.
- Provide you with information to help you choose the right mortgage for you.

AFTER THE INTERVIEW

After your interview the HA will issue a Memorandum of Sale (MOS) to all solicitors. It will give a date by which to exchange contracts and makes your intention to buy a home a legally binding agreement.

You will usually exchange contracts within four weeks of the MOS being issued.

Once you have received your mortgage offer, your deposit has been paid and the exchange of contracts has taken place, the HA will give you a completion date.

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COMPLETION DAY ARRIVES

Completion day is when the money is exchanged via solicitors.

Once this is done, the HA will give you the keys to your new home so you can move in.

Am I eligible for a Shared Ownership home?

Kush Rawal from So Resi explains what criteria you need to fulfil to be eligible for a Shared Ownership property

Q&A

DO I HAVE TO BE A FIRST TIME BUYER?

Shared Ownership is not just for first-time buyers; you might have owned a property in the past and want to get back onto the property ladder, for example, following financial difficulties or a divorce. The important point is that you must not currently own another home when applying – you may apply if your current property is on the market and under offer.

IS THERE A LIMIT TO MY HOUSEHOLD'S SALARY TO BE ELIGIBLE FOR SHARED OWNERSHIP?

Shared Ownership is designed for people who can't afford a home on the open market. To apply, your annual household income must be less than £90,000 in London, or £80,000 outside of London.

DO I NEED TO LIVE OR WORK IN THE AREA TO BE ABLE TO BUY A SHARED OWNERSHIP HOME THERE?

It's different for each home or development. You can find out if you are eligible for any So Resi home on our website. Some local authorities like to give priority to people who live or work in the area, and other homes are open to people from all areas.

DO I NEED TO BE A UK/EU CITIZEN TO BE ABLE TO BUY?

Not necessarily. There is nothing that legally prevents potential homebuyers subject to immigration control (i.e. who require leave to enter or remain in the United Kingdom under the Immigration Act 1971) to buy a Shared Ownership home in the UK, providing they meet the usual eligibility requirements. This includes the ability to demonstrate that they can afford and sustain home ownership in the longer term, which may be affected should they not have indefinite leave to remain in the UK.

At So Resi, we'll adopt a case-by-case approach to confirm if a buyer is applicable for the Shared Ownership scheme.

CAN I BUY THROUGH SHARED OWNERSHIP IF I HAVE DEPENDENTS (I.E. CHILDREN OR DISABLED FAMILY MEMBERS)?

Yes, you can purchase through Shared Ownership if you have dependents. At So Resi, many of our shared owners are families.

Our homes are available to single people, couples or families; as long as you meet the eligibility criteria, you can apply.

To find out whether you are eligible, visit soresi.co.uk

Could I afford to buy a Shared Ownership home?

James McPhail from Southern Housing Group tackles your questions on the financial requirements

Q&A

IS THERE A MINIMUM SALARY THRESHOLD FOR PURCHASING A SHARED OWNERSHIP HOME?

The short answer is no. Each property will have its own unique minimum requirement, so we'd recommend speaking with one of our friendly sales managers to understand the individual specifications. The minimum salary threshold will also depend on the size of your deposit. If you have a larger deposit, then the minimum salary requirement is lower.

HOW MUCH DEPOSIT IS REQUIRED?

Typically, the minimum deposit you'll need for one of our homes is 5 per cent of the share you are purchasing. If you're looking to purchase a Shared Ownership property, you will benefit from lower deposits than on the open market. This is to ensure it's accessible to a wide range of potential homeowners.

WHAT KIND OF CRITERIA DO I HAVE TO MEET TO PASS THE AFFORDABILITY CHECKS AND WHO CARRIES THEM OUT?

We ask each first time buyer to go through a financial assessment with one of our registered third party financial advisors. This is to ensure that each potential homeowner meets the required affordability checks.

The process requires you to demonstrate that no more than 45 per cent of your monthly income will go towards your mortgage, rent and service charge.

CAN I BE SELF-EMPLOYED/FREELANCE AND STILL PASS THE AFFORDABILITY TESTS?

Absolutely. While it may be difficult for self-employed/freelancers to buy a home on the open market, we're dedicated to helping you purchase your first home.

In addition to the regular checks, if you are self-employed/freelance we ask that you provide three years proof of income in the form of your annual SA302 forms that your accountant should be able to provide you with.

The form is effectively a certification that outlines exactly how much income you have declared.

WILL THERE BE A SERVICE CHARGE ON TOP OF MY RENT?

It's normal in developments to find a service charge.

This is necessary in order to keep communal areas in good working order. Typically, this will include a variety of maintenance and repair costs, such as the cleaning of communal areas, maintaining the landscape, reserving funds for any future major work and more.

Each property will be required to pay a service charge on top of their monthly rent. The service charge varies from development to development.

We recommend that you ask your sales manager for a full breakdown of the service charges when you view a property.

Visit shgroup.org,uk to find out more

THERE'S NO PLACE LIKE HOME

Be close to Crossrail with these Shared Ownership homes

STRATFORD

NEW GARDEN QUARTER
STRATFORD, E15
NOTTING HILL GENESIS
STRATFORD STATION

One, two and three bedroom apartments are on sale in this Zone 2 location next to Queen Elizabeth Olympic Park, with gardens, a residents' gym, and parking spaces available, all a 5min walk from Westfield Stratford City. One beds from £101,875 for a 25 per cent share. *Call 020 3815 1234 or visit nhgsales.com*

WANSTEAD PARK
ILFORD, IG1
METROPOLITAN
ILFORD STATION

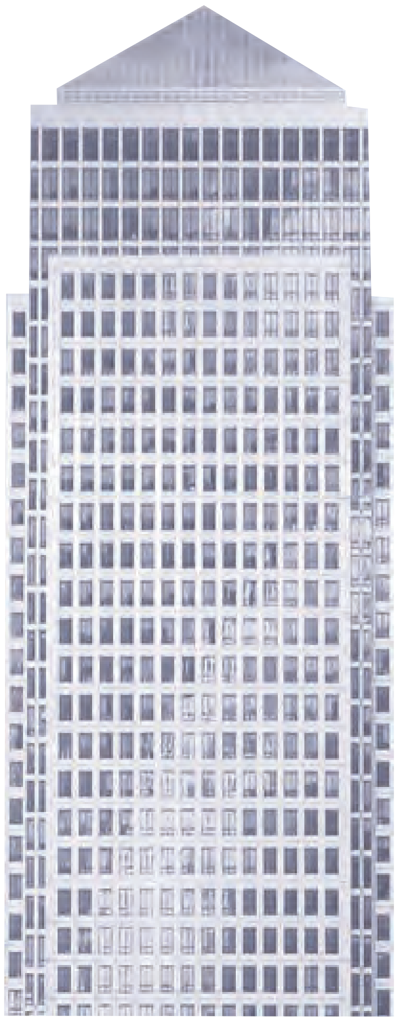
ILFORD

A 30-minute commute into the city, along with green spaces like Valentines Park and Wanstead Flats in a terrace-style development. A number of Outstanding rated schools are nearby, too. Four bedroom houses from £176,750 for a 35 per cent share. *Call 020 3535 2555 or visit metropolitansales.co.uk*

Halve your commute with these new homes

PIMENTO
ALDGATE, E1
NEWLON
ALDGATE EAST

One and two bedroom apartments are on sale, 52 in total, on the outer edge of the City of London. One beds start from £640,000 and two beds start from £760,000, with a minimum share of 25 per cent available to buy. *Call 0800 058 2544 or visit newlonliving.co.uk*



SOUTHALL

SOUTHALL VILLAGE
HAVELOCK ROAD,
SOUTHALL, UB2
CATALYST HOUSING
SOUTHALL STATION

These two bedroom apartments are on sale in west London. The minimum share is £145,000 for a 40 per cent share in a flat at full market value of £362,500. It's part of a regeneration of the wider estate in a canalside location. *Call 020 3369 0242 or visit southallvillage.com*

ROYAL ALBERT WHARF
DOCKLANDS, E16
NOTTING HILL GENESIS
GALLIONS REACH DLR

Two and three bedroom apartments are on sale in a waterside location that's 20mins from Canary Wharf. Crossrail services are also coming to Custom House at the end of next year. Two beds are available from £111,250 for a 25 per cent share. *Call 020 3815 1234 or visit royalalbertwharf.com*

MILLHARBOUR
ISLE OF DOGS, E14
NETWORK HOMES
CROSSHARBOUR DLR

Twelve one, two and three bedroom apartments are on sale in this development close to Canary Wharf on the Isle of Dogs. There's a concierge and access to a private roof garden, with one bedroom homes starting at a full market value of £590,000, two beds from £650,000 and three beds from £850,000. *Call 020 7704 5618 or visit networkhomessales.co.uk*

Minnie Dando from Hyde New Homes explains how you can buy more of your home

WHAT IS STAIRCASING?

Q&A

WHAT ARE PEOPLE REFERRING TO WHEN THEY TALK ABOUT STAIRCASING?

Buying more shares in your shared ownership home is called 'staircasing'. The price you pay for the additional shares is based on the current market value of your home.

CAN I STAIRCASE ALL THE WAY UP TO 100 PER CENT OF THE PROPERTY?

You may staircase in separate stages or in one stage to 100 per cent ownership. In a few cases, a Shared Ownership lease may limit the share you may buy in your home (this usually applies to properties in rural locations).

HOW MANY TIMES CAN I STAIRCASE?

Most leases allow staircasing up to a maximum of three times. The minimum share you can buy is 10 per cent.

WILL I NEED TO PAY THE FEES EACH TIME I STAIRCASE?

Yes, you will be liable for valuation and your legal fees each time you staircase. The housing association is responsible for their own legal fees in staircasing sales.

Minnie Dando from Hyde

CAN I DECREASE MY SHARE IN THE PROPERTY IF I FALL INTO FINANCIAL DIFFICULTY?

This will differ dependent on your housing association's policies. If a shared owner falls into financial difficulty it is important they discuss the situation with their mortgage lender and housing association at an early stage, to avoid repossession on their home.

IS 25 PER CENT THE MINIMUM SHARE I CAN BUY?

Shared Ownership is flexible enough for you to purchase the share you are able to afford. In most cases the minimum share is 25 per cent, however, rarely, there have been some developments in London offering the ability to part-purchase as low as 15 per cent.

ONCE I BECOME THE OUTRIGHT OWNER OF MY SHARED OWNERSHIP HOME, HAVING STAIRCASED TO 100 PER CENT, WHAT HAPPENS NEXT?

Once you've achieved full ownership of your home, you no longer pay rent to the housing association. If you decide to sell your home in the future, you will keep 100 per cent of the proceeds rather than a portion based on the share you own.

But remember, you're still the leaseholder and must continue to pay your service charges (and ground rent, if applicable).

If you own a house rather than an apartment, you can transfer the freehold of your home by requesting this from your housing association. Most associations will require you to cover the legal costs for this transfer, but do not charge a transfer fee. Once the transfer has taken place you will no longer pay the buildings insurance portion of your service charge, although you will be required to take out your own.

Graham Phillips from The Guinness Partnership explains how you can sell your Shared Ownership property

Q&A

WHAT HAPPENS WHEN I WANT TO SELL MY PROPERTY?

DO I SELL THE PROPERTY THROUGH AN ESTATE AGENT OR THE HOUSING ASSOCIATION?

Your Housing Association will help you sell your Shared Ownership home in the first instance. It may ask for photos and a description of your home so it can list your home on its website.

The lease you signed when you purchased your home will give the Housing Association a period of time to find a buyer – this is known as a "nomination period". This is usually around three months, but depends on the Housing Association.

DO I HAVE TO PAY ANY FEES TO THE HOUSING ASSOCIATION TO SELL THE PROPERTY LIKE I WOULD TO AN ESTATE AGENT?

Yes. Fees are usually mentioned in your Shared Ownership lease. If the Housing Association fails to find a buyer in the "nomination period" then you can sell your home using an estate agent or an online property agent.

Giving your Housing Association some time to find a buyer can work in your favour as its fee for selling your home may be less than an estate agent will charge.

Marketing manager Graham Phillips

HOW IS THE VALUE DECIDED? CAN I USE MY OWN SURVEYOR AND CONVEYANCER?

You'll start by having your home valued by a qualified surveyor, who'll prepare a report for you and your Housing Association.

The price of your share will be a percentage of the full market value. For example, if you own a 50 per cent share and the full value of your home is £200,000, the sale price will be £100,000.

You can use your own surveyor and conveyancer as long as they hold the necessary professional qualifications and aren't related to you in any way.

DO I GET TO CHOOSE WHO I SELL MY SHARE TO?

A buyer is selected by your Housing Association from those that are interested in buying your home. It will use guidance provided by Homes England to determine who's most suitable.

CAN I TRADE UP TO A BIGGER SHARED OWNERSHIP PROPERTY (IF I'M LOOKING TO START A FAMILY, FOR INSTANCE)?

Yes, as long as you sell your existing home at the same time as buying a new Shared Ownership home then you are able to take advantage of the scheme again.

Bank manager Adam used Shared Ownership to buy a home with his fiancee in Walthamstow

FROM RENTING TO SHARING TO OWNING

Bank manager Adam Cooke spent most of his working day arranging mortgages for other people. But when it came to getting a mortgage himself, he found he couldn't get one large enough to be able to stay in the place he called home with his fiancee Hannah.

They'd been renting together in Walthamstow for two and a half years when they decided that they wanted a place of their own. They were specifically looking for a 'blank canvas' that they could decorate themselves and searched for two years for something they could afford.

Adam's day job meant he had a working knowledge of the various options available, so he had heard of the Shared Ownership scheme already. That's when they came across Unity Works in the Blackhorse Road area, where housing association Peabody was offering 30 apartments to first time buyers to part-buy, part-rent.

"It was the culmination of all our

NAME: Adam Cooke
AGE: 28
OCCUPATION: Bank Manager
PROPERTY: Two bedroom apartment at Unity Works
HOUSING ASSOCIATION: Peabody (peabodysales.co.uk/020 7021 4842)
LOCATION: Walthamstow
DEPOSIT: £39,000
SHARE: 50% (FMV £390,000)

Adam and Hannah on the sofa of their new home in east London

A CGI of Unity Works from the outside. All homes at Unity Works are sold

dreams coming true," says Adam, 28. "It wasn't like the other cramped apartments we had viewed before – it made us want to put our names down then and there."

They put down a £40,000 deposit to buy a 50 per cent share of a two bedroom apartment, with plans to staircase to full ownership of the property by next summer. Though there were some stressful mortgage issues, Adam says, "Peabody was understanding and helpful as we sorted them out." Now, for only a little more than they were paying in rent around the corner, the couple live in a more central location that's a 10 minute walk from Blackhorse Road Station on the Victoria Line and London Overground.

> It was the culmination of all our dreams coming true

"Walthamstow is a great up-and-coming area; there's so much around and it really is its own part of London. Overall, it was a fantastic investment," says Adam. "As I work in banking, I have people come into the branch asking me about these schemes all the time and, now that I've experienced it, I honestly cannot recommend it enough – especially for first time buyers, who may not have large amounts of savings for a big deposit."

To find other Peabody homes, call 020 7021 4842 or visit peabodysales.co.uk

RIVERSIDE RESIDENCE THAT BEATS RENTING

Kate and David explain how they bought a home together through Shared Ownership after an uninspiring trip to the bank

When this newly engaged couple began looking to buy their first home together, they looked at what they could afford and concluded they'd be starting a family in a fixer upper outside of the capital.

Their exploratory trip to a mortgage advisor was "soul-destroying" says David Collins, who works for an insurance company in the City. "He was telling us that we basically needed to double, sometimes even triple, what we had to buy on the open market."

So David started to look at other options. "I didn't know anything about Shared Ownership when we started and, at first, I wasn't really sure," he said.

At first, his fiancee Katie Mosley, an occupational therapist, was skeptical, but was eventually reassured when they found a two bedroom apartment on sale through housing association L&Q in North Greenwich. The Waterman development had great transport links from the Jubilee Line, to the

NAME: David Collins and Katie Mosley
AGE: 35 and 28
OCCUPATION: Insurance and occupational therapist
PROPERTY: Two bedroom apartment at The Waterman
HOUSING ASSOCIATION: L&Q, call 03330033630 or visit lqpricedin.co.uk/greenwich-peninsula
LOCATION: North Greenwich, SE10
DEPOSIT: £22,900
SHARE: 40% for £228,000 (FMV £572,000)

David and Katie in their new home in North Greenwich

> Their exploratory trip to a mortgage advisor was 'soul-destroying'

Thames Clipper boat to the Emirates Air Line cable car, halving Katie's commute to west London. The couple could also enjoy all the shops and restaurants in the 02 Arena and walk along the river to the parks and museums of Maritime Greenwich.

Over a process that only took 30 days to complete, they bought 40 per cent of an apartment worth £572,000 with a £22,900 deposit. With the rent and mortgage, their housing costs now amount to approximately £1,400 a month. "It feels incredible to have my flat in London, and to be able to say that we own this place. A friend of mine rents in the area," says Katie. "He's got a place half the size of this and pays a lot more."

David was impressed the flat came with modern appliances built in, Katie adored the bathtub, but both fell in love with the riverside view from their private balcony. "[It's] wowed every visitor we've ever had," says David.

"I was sitting on the balcony on my own, having a cup of tea and I sort of realised, 'wow, we've bought this amazing place'. That's a special feeling, isn't it?"

To find out more or register your interest, visit lqpricedin.co.uk/greenwich-peninsula or call 0333 0033630.

PROPERTY'S BEST KEPT SECRET?

Help to Buy seems to have stolen the limelight from Shared Ownership. Why is it still flying under the radar?

If this is the first time you've ever heard about Shared Ownership, you're not alone. *City A.M.* can exclusively reveal that just 18 per cent of Londoners had heard about the part-buy, part-rent scheme from a government website, even though it's promoted by them alongside Help to Buy as one of the solutions to the current housing crisis.

This figure comes from a survey carried out by YouGov, commissioned by housebuilder Aster Group, which has over 2,000 Shared Ownership properties in its portfolio, while the scheme represents a third of its properties currently in development.

They canvassed awareness among over 200 shared owners, 51 of whom were in London, to see how they had come across the Shared Ownership scheme and whether they would recommend it to others.

Once the rest of the UK was taken into account, 14 per cent said they had heard about the asset class from the government, half had discovered it through housing associations and 42 per cent through their own research on the internet.

So far, only 10 per cent of Londoners have increased their share of equity through staircasing, with many citing affordability issues, though 86 per cent were aware that purchasing more shares was an option (a bigger percentage than the country at large). Yet, 43 per cent of those who had already bought into the scheme were unaware that they could move from one Shared Ownership property to another.

"There is an outdated view of Shared Ownership that it is simply a stepping stone to buying a house outright," says Bjorn Howard, CEO of Aster. "While that is a route many will take, and one that still needs more backing, it is wrong to simply view Shared Ownership as a kind of housing limbo land. It offers people long-term security, a meaningful equity stake in the property market and the flexibility to make housing choices to suit their lifestyles.

"Those in Shared Ownership properties can improve them to add value, or move to different ones – upsizing, downsizing or relocating just as any homeowner would. The fact that more than half of those in Shared Ownership today didn't know this underlines the demand for more education from the housing industry, government and housing associations."

Though it is often misunderstood, there are few regrets from those who do embark on Shared Ownership as a way of getting onto the property ladder. The YouGov/Aster survey shows that two thirds (62 per cent) of Londoners would recommend Shared Ownership to a friend or family member. Of those who said they wouldn't, the cost of staircasing in one of the world's most expensive cities is a common complaint.

Yet two thirds (66 per cent) of London shared owners also think the government should set annual targets for the number of Shared Ownership homes built and 60 per cent think there should be more in the capital.

A show apartment at City Angel, a Foster & Partners designed developement in Islington, where Peabody is offering £127,500 for a 30 per cent share in a studio apartment. Visit peabodysales.co.uk)