

Shared Ownership Properties

Introduction

It can be difficult for first time buyers to get their feet onto the property ladder particularly in the current economic situation. One option available to those people wishing to purchase their first home but who cannot afford the high deposits or unable to get a mortgage on the property is a shared ownership scheme.

How does shared ownership work?

With a shared ownership you only purchase a share of the property. This could be anything from 25% up to 75% of the property. You will only need to raise a mortgage to cover the share you are purchasing which makes the purchase more achievable and affordable.

The housing association will own the remaining share of the value of your home. You will then pay rent on their share of the property.

It is important to note that with Shared ownership properties you will only own a leasehold interest and will be granted a lease over the property by the Housing Association for a fixed term.

As the owner of the lease, you have rights and responsibilities just like any other owner.

This usually means you're responsible for repairs inside the property while the housing association takes care of the outside (eg the roof if you own a

flat). Your Solicitor will talk you through the exact rights and responsibilities contained in the Lease before you exchange contracts.

Purchasing further shares in your Property

This is known as Staircasing and the exact provisions relating to this will be contained in your Lease.

After you have purchase your property you will be able to purchase further shares up to 100% of the value whereupon the whole property will be transferred to you and you can own the freehold.

To do this, you'll have to write to your housing association. For example, you may own 50 per cent and want to buy another 25 per cent.

The cost of your new share will depend on how much your home is worth when you want to buy the share. If property prices in your area have gone up, you will pay more than for your first share. If your home has dropped

in value, your new share will be cheaper.

The housing association will get the property valued and let you know the cost of the new share. You will usually be required to pay the valuers fee to the Housing Association.

Selling your shared ownership home

You can sell your home at any time, but you must tell the housing association in writing.

If you own a share of your home, the housing association has the right to find a buyer for it.

If you own 100 per cent of your home, you can sell it yourself. When you put your home up for sale, the housing association will have the right to buy the property back first. This is known as the 'right of first refusal'.

Please call Jonathan Hudson on 01233 625711 for more information, or email them on jdh@hallettandco.co.uk