Havebury
Housing Partnership

Thinking of buying a home?

A guide to buying a home through our shared ownership scheme.

Understanding shared ownership

Shared ownership aims to help people who cannot afford to buy a home any other way.

How does shared ownership work?

When you purchase a home through the shared ownership scheme, you will pay for a percentage share of the home. This is usually between 10% and 75% of the home's total market value.

You also enter into a lease agreement with us and agree to pay rent on the remaining share.

Who can apply?

You can buy a home through shared ownership if **both of the following apply**:

- Your household income is £80,000 a year or less (£90,000 a year or less in London).
- You cannot afford all the deposit and mortgage payments for a home that meets your needs.

One of the following must also be true:

- You're a first-time buyer.
- You used to own a home but cannot afford one now.
- You own a home and want to move but cannot afford a new home suitable for your needs.
- You're forming a new household - for example, after a relationship breakdown.
- You're an existing shared owner and want to move.

How can I find out what properties are available?

There are two different types of homes you can purchase through our scheme.

- Shared ownership resale is when an existing shared owner wants to sell their property.
- A new build for shared ownership is a new build property that is specifically for shared ownership.

For more information on homes available, please visit our website's '**Home ownership**' section.

All shared ownership homes (houses and flats) are sold as leaseholds. As the landlord, we have an interest in the remaining share.

What happens if I would like to purchase a home?

As part of the application process, you will need to provide:

- three months' payslips
- three months' bank statements
- details of any loans or outstanding credit card debts you may have (in the form of the latest available account statement)
- details of the deposit you intend to put down on the property, along with an account statement confirming its current availability
- a form of identification (either driving licence or passport)
- confirmation of additional income, including any benefits

A financial assessment will be required as part of the legislation for shared ownership sales. Our chosen independent financial advisors complete the financial assessments, and you will need to provide your information to them directly. We will provide you with their contact details if you decide to apply.

Please see our separate information leaflet, **'Guide to applying for a shared ownership home'**, which provides more details on the application process.

We will then explain your rights and responsibilities as a property owner and provide you with further information on the shared ownership scheme.

Priority is given to those who are in the armed forces and those with local connections (if this is a requirement for the properties you are applying for); otherwise, we deal with applications in the order we receive them and will offer to the first person who passes the affordability check.

If your application is approved, you will need to arrange a mortgage to purchase your share of the property. You will also need to appoint a solicitor.

Do you have your own home you are selling?

If you own a home, you must already have the following:

- Formally accepted an offer to sell your current home ('sold subject to contract' or 'STC').
- A memorandum of sale.

You must have completed the sale of your home on or before the date you complete your shared ownership purchase.

Staircaising

If your circumstances change, you can purchase a larger share of your home, and, in many cases, you can eventually own the property outright. This is called staircasing; you can learn more about it on our website.

The terms of the lease will specify the criteria for this.

100% ownership

If you reach 100% ownership, the freehold will transfer to you for most houses, and the shared ownership lease finishes. The lease will remain in place for most flats, but the shared ownership obligations will finish.

What are the costs involved?

We estimate that you will need a minimum of £4,000 to cover the purchase's legal and associated costs. These costs are likely to include the following:

Reservation fee

If you want to buy a new build property, we will require a reservation fee of £500 once you decide to purchase a property. We will deduct this fee from the final purchase price.

This reservation fee is usually non-refundable. However, a team member will look over if there are specific circumstances as to why you can't move forward.

Please note that the reservation fee will not be required if you are interested in buying an older property that the existing shared owner is selling.

Mortgage costs

You will need to arrange a mortgage for the share you are purchasing.

Most high-street building societies or banks can deal with shared ownership mortgage applications.

You may need to place a deposit with the bank or building society, usually a percentage of the total purchase price. Some mortgage providers do not require a deposit.

The mortgage company will require a property survey, for which you will need to pay the valuation fee.

Further costs may be associated with your mortgage application, such as administration, arrangement fees and broker fees. These costs should be made clear to you by the mortgage provider.

There are many different types of mortgages available. Taking advice from an independent financial advisor is recommended. We do not provide mortgages and or offer financial advice.

Stamp Duty

The purchase of a shared ownership property may incur Stamp Duty Land Tax. This can be paid on the property's total value at purchase or on your share. You'll need to get professional advice on the Stamp Duty Land Tax implications.

Legal fees

These are payable to a solicitor who does legal work for you. This will cover the cost of preparing the legal documents to purchase your home. The associated costs of Land Registry fees, search fees and other charges will also be included in the estimate provided by your solicitor.

Some mortgage lenders will offer legal services as well.

Furnishings and removals

You will need to furnish your new home and arrange for your furniture and effects to be moved. Some of our brand-new homes will have floor coverings/carpets included, and some may also have things like hobs/ovens already built into the kitchen.

Responsibilities and charges

Once you have purchased a new home, you will be responsible for:

- mortgage repayments
- rent and service charges - these are reviewed on an annual basis
- council tax
- gas, water and electricity
- telephone, TV and internet
- contents insurance
- full repair and maintenance costs of your new home

Who is responsible for repairs and insurance?

We will insure the structure of your home under our building insurance policy, and you will be charged the cost of the premium as part of your service charge.

If your shared ownership property is a house, you will solely be responsible for all repairs and internal and external redecoration.

If your home is a flat, you will be solely responsible for all internal repairs and redecoration. We are responsible for repairs to the structure of the main building and the communal areas. A percentage of the costs for repair and maintenance relating to your property is collected from you through your service charge.

On the completion date, you will need a contents insurance policy to cover carpets, furniture and other belongings, as our building insurance policy does not cover these.

What is a service charge?

A service charge is a fee you pay to us. The fee includes building insurance and other services such as maintenance of communal areas such as gardening, cleaning, lighting, etc. Your service charge should be paid in full regardless of the percentage share owned.

Is there anything else I should know?

Buying a home is a long-term investment, and your circumstances may change. Here are some questions to ask yourself before you commit to purchasing a home.

- Does the property provide the right accommodation type, or will you need to have a larger or smaller property within five years?
- Do you like the area? Are there good local schools and shops within easy reach?
- Can you afford the costs associated with owning your own home?

Meet Jan and Valentina

In March 2022, Jan, Valentina and their son, Giovanni, moved into their new home in Chettisham, Ely.

They bought their home through the shared ownership scheme. This means they've bought an initial share of the home, then pay rent on the share they don't own.

They previously lived in a one-bedroom flat with a small garden in Cambridge. When Giovanni was born, they were encouraged to think about purchasing their own home.

Jan did a lot of research into shared ownership before applying. He had a few colleagues who had purchased a home through the scheme, which helped them decide to go ahead.

"We decided to look around Ely, as we really liked the area. Then when we saw a house available in Orchid Fields, we decided to go for it. The plan was to start looking to buy this year, but we didn't want to miss out".

Jan says that Havebury were supportive throughout the buying process, although he didn't appreciate how much paperwork they would have to go through.

They have now lived in the property for seven months and are getting to know their new neighbours.

"Ely is beautiful and a great place to raise children. We have a nice neighbourhood, and we say hello to everyone."

Looking into the future, Jan explains.

"We are hoping to buy more shares in the home. But for now, we will take each year as it comes and enjoy the beautiful home we have."

Shared ownership

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