

# What Is Shared Ownership Housing (Homebuy)?



# Shared Ownership / Homebuy

As house prices in Babergh have risen so much over the last few years, many people are finding it increasingly difficult to buy a home in the area. Babergh is working to help local families who are in housing need, who want to own their own home, but cannot afford to buy. With this in mind we are working in partnership with local Housing Associations, to develop shared ownership housing for local people.

## What is Shared Ownership (or Homebuy)?

Housing Associations and local Councils have been providing Shared Ownership homes for at least 10 years. Thousands of people throughout England have already become homeowners through Shared Ownership schemes.

Shared Ownership is a way of bridging the gap between renting and owner occupation. It gives people who cannot afford to buy a home outright, the opportunity to buy a share in a house or flat, on a part rent/part buy basis. This means that the purchaser buys a share of the house and pays rent on the part that they do not own.

At a later stage, if you wish, you can buy extra shares in your home. Please note, however, that in many cases Shared Owners will not be able to buy more than an 80% share in their property. This is to ensure that these homes will continue to be available to local people on a Shared Ownership basis in the long-term. There are already a number of existing Shared Ownership schemes in Babergh where vacancies do occasionally occur. In addition, through our development programme we are working with partner Housing Associations to provide more Shared Ownership homes in Babergh for the future.

## What is HomeBuy?

Homebuy is a range of low-cost home ownership products developed to make home ownership more affordable and help people get a foot on the property ladder. To find out if you can get help and how to apply, you need to contact Orbit First Step who are the HomeBuy Agents for the Norfolk and Suffolk area (excluding Forest Heath and St Edmundsbury) on 08458 50 20 50 or visit their website at <http://www.orbithomebuyagents.co.uk/>

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## How can I Apply for Shared Ownership Housing?

To be considered for shared ownership, you must be on the Council's Housing Register, and registered with the Orbit Homebuy Agent. You must be unable to afford to pay the full market price for a home, but have sufficient income to secure a mortgage on part of a property and pay rent on the rest. In addition you must demonstrate a 'housing need' as detailed in the Guide to Babergh's Lettings Service. This can be found on the councils website. Examples of housing need include:-

- Sharing your home with parents or other relatives.
- Renting privately, and being unable to buy your own home.
- Being on a low income and not being able to buy your own home.
- Leaving your matrimonial home through divorce and not being able to afford to buy another home.

## How does Shared Ownership work?

Shared Ownership means that you part buy and part rent a lease on your home through a Housing Association. The idea is that over time, as your income increases, you can purchase more of your home and rent less. This is called 'staircasing'. The initial percentage you buy will be set by the Housing Association and will vary from scheme to scheme, but is usually 25%, 50% or 75%. You can then staircase, usually up to 80% and sometimes up to 100%. To be considered for some shared ownership schemes you must have a local connection with the area in which the properties are situated as detailed in our Lettings Guide. Staircasing to 100% is not normally possible with properties built to meet local village housing needs.

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## What will I be liable for as an owner under Shared Ownership?

It is important to recognise that although you would be paying some rent as a shared owner, this does not mean that you would be a tenant. You will be an owner-occupier and have the full responsibility for repairs and maintenance of the home you have bought.

You will have to arrange and pay the costs of repairing and looking after the property both internally and externally, including the services such as gas and electricity.

You will also be liable for the following:-

- Paying the rent on the share owned by the Housing Association.
- Paying a service charge on some flats.
- Repairing the interior of the property and the fixtures and fittings and meeting the full cost of this work.
- Keeping the structure and exterior of the property in a good state of repair and meeting the full cost of this work.
- Not altering the exterior of the property or extending it without the consent of the Housing Association.
- Not altering the interior of the property without the consent of the Housing Association.
- Letting the Housing Association have access to inspect the property after reasonable notice.

Not reselling the lease to another party or subletting the property without the consent of the Housing Association and allowing the Housing Association to nominate the new purchaser.

## What will the Housing Association be responsible for?

- Allowing the shared owner to enjoy the property.
- Keeping the building structure insured against loss or fire.\*
- Maintaining and cleaning any communal areas and grounds.\*

(\*This may attract a service charge payable to the Housing Association).

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## What happens if I want to move?

You can sell your home whenever you like. You must notify the Housing Association in writing that you want to do so. This will help you as the Housing Association will put forward people who are interested in buying a Shared Ownership home. This will save you estate agent fees.

In rural areas some homes have restrictions on them to ensure they are available to local people, so you will, in the first instance, only be able to sell to local families who are on the Housing Register.

Because you will own a fixed percentage of the value of your home, when you sell you will benefit from a proportion of any increase in the value of the property. Should the value fall, you will suffer the loss based on the percentage of the property you own.

## What would it cost me to buy or rent a house?

TYPE OF TENURE OWNERSHIP/RENT/ SHARED OWNERSHIP	MONTHLY RENTAL PAYMENT	MONTHLY MORTGAGE PAYMENT	TOTAL MONTHLY PAYMENT	INCOME REQUIRED
Outright purchase mortgage of £145,500*	-	£999	£999	£60,000
50:50 Shared Ownership*	£166	£484	£655	£27,000
Private Rent	£550	-	£550	£22,500
Housing Association Rent	£300	-	£300	£13,000

\*These figures are based on a 2-bed house costing £150,000, a mortgage interest rate of 6.75%, a deposit of 3% and a SO rent level of 2.75% - they are for guidance only.

On some schemes a lower percentage of equity and rental elements may be offered.

**We suggest you find out how much money you can borrow on a mortgage and what your monthly repayments would be.**

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**DON'T FORGET** your weekly/monthly budget will need to include your mortgage repayment and the rent on the remaining percentage of the value of the property, as well as money to cover your domestic bills ie., gas, electricity, water, council tax, telephone, TV licence and insurance etc.

## What other costs must I consider?

When buying a home through Shared Ownership, you must still have sufficient income and capital to afford your house purchase. This can be from savings and/or a mortgage, just as you would expect if you are buying a property on the open market through an estate agent, or from a private house builder.

As well as being able to raise a mortgage, applicants will be liable for other costs. These include:

- **Deposit** - To register your interest in a property, the payment of a reservation fee or deposit will be required. This amount will then be deducted from the purchase price upon completion. This is normally a percentage of the value of the property.
- **Legal Costs** - You will need to instruct a Solicitor to act on your behalf. It is advisable to request an estimate of the charges prior to taking up their services. There will be fees payable to the Land Registry. Also, you may be liable for stamp duty and should take legal advice.
- **Valuation costs** - The mortgage lender will require a valuation to be made of the property you intend to buy. You will be directly responsible for any costs that will be involved in this. Your mortgage lender may charge an administration fee for which you will also be responsible.

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As well as these costs you will also need to consider the other costs associated with setting up your own home for example survey costs, removal costs and furniture and fittings.

We recommend that you seek professional advice from a Solicitor on all these points before proceeding.

## Please Remember....

Babergh has a number of Shared Ownership developments planned as well as vacancies that occur on existing schemes. As a result we keep a list of applicants who are interested in these options. To apply for shared ownership properties you need to be on our Common Housing Register. To check if you are registered with us and to confirm the areas that you would like to be considered for please contact Customer Services on 01473 825757, email [housing@babergh.gov.uk](mailto:housing@babergh.gov.uk).

Please note you will not be considered if you can afford to resolve your own housing problems through the open market, as the scheme is specifically designed to help those who cannot afford this.

Shared Ownership Schemes have been built or are under construction in the following places:-

Acton	Hadleigh
Bildeston	Lawshall
Boxford	Layham
Brantham	Nayland
Cockfield	Nedging
Copdock	Stutton
Elmsett	Sudbury
Great Cornard	

## Lettings Team

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