

ALL ABOUT SHARED OWNERSHIP



DEVELOPING HOMES AND CREATING OPPORTUNITIES
FOR PEOPLE WITHIN WEST NORFOLK

Freebridge
COMMUNITY HOUSING

What is Shared Ownership?

Shared Ownership schemes were first introduced via the Housing Act 1980. The aim was to assist individuals who were in housing need and could not afford to buy a home outright.

With shared ownership, the purchaser buys a share of the property title on a leasehold basis and pays rent on the un-owned share.

Am I eligible?

From April 2016, in order to be eligible for a shared ownership property, the purchaser(s) must have a combined household income of less than £80,000 per year outside London or £90,000 inside London.

Staircasing

- Further shares can be bought as and when the purchaser wishes to. This process is known as Staircasing.
- The rent payable on the unowned share will be reduced according to the total percentage of shares owned.
- The purchaser will buy an initial share of the property between 10% and 75%

Staircasing Process

- The leaseholder would serve notice in writing on Freebridge, specifying the % of shares that they wish to acquire.
- A valuation would need to be sought within 14 days of notification.
- The valuation must be less than 3 months old, when completion of Staircasing occurs.
- The leaseholder must be notified of the market value within 7 days of the receipt of valuation.
- The leaseholder has 3 months to pay the sum equal to the % that they wish to acquire.
- If the shares that the leaseholder wishes to purchase takes them to 100% and the property is a house, then they may serve notice in writing and get the Freehold for free!
- The leaseholder pays for the valuation

Shared Ownership Mortgages

- Not all lenders offer shared ownership mortgages and if they do further checks for affordability will be made.
- The purchaser can apply for a smaller mortgage, so the deposit may be lower.
- Most shared ownership mortgages will usually only require a 5% deposit of the property value, instead of 10-20% of a normal mortgage.
- The 5% deposit means you'll only need £7,500 for a property valued at £150,000

Application

- Speak to Freebridge to see whether the property you wish to purchase is part of the shared ownership scheme or
- Enquire on the share to buy website to see which properties are available, www.sharetobuy.com
- Please ensure you can afford all the costs of homeownership including mortgage fees, moving costs, stamp duty, insurance, repairs, maintenance and service charges (if applicable).

Sale of Shares

- The leaseholder would serve notice on Freebridge, stating that they wish to sell their shares.
- Freebridge have 4 weeks in which to nominate a purchaser to buy at market value, for the appropriate % of shares to be sold.
- If there is no nomination made or the nominated person does not exchange contracts, then the leaseholder can sell on the open market provided this is at market value.
- If no notice is given or the leaseholder subsequently sells at less than the market value, Freebridge can demand the relevant % of the market value that takes the amount up to 100% (as if the leaseholder had served notice on Freebridge to acquire 100%).

Rural Area

- If your property is in a designated rural area, you will only be able to purchase up to 80% of the property value. This is to ensure that the property remains within the shared ownership scheme.

We have taken all reasonable care to ensure that the information contained within this leaflet is accurate and up to date. We do not guarantee your application will be successful based on this information, this should only be referred to as a guide and we accept no liability should your application be denied.

Freebridge Community Housing
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Main Telephone: 03332 404 444

Office Opening Hours:

8:45am - 5.15pm (Mon-Thurs)

8:45am - 4.45pm (Fri)

Bank Holidays, Saturday and Sunday Closed

Out of Office Hours:

The main telephone number (03332 404 444) will divert to our 24 hour emergency service.