

What is Shared Ownership?

Shared ownership was established in the 1980s and is used in today's market as a way to get on to the property ladder in areas where prices are high and mortgages are difficult to obtain. Most shared ownership providers are Housing Associations or Local Authorities.

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It is a scheme whereby you buy an initial percentage of a property based on its market value – generally speaking the minimum purchase is 25%. Rent is then paid to the landlord on the unpurchased portion.

Purchasing under a Shared Ownership allows the buyer to buy additional shares in the property (usually in tranches of 5%, 10% or 25%) until the property is owned outright (this is known as staircasing). The purchase price for each staircasing event is calculated based on the current market value of the property. Every time a further share is purchased the rent payable to the Landlord reduces accordingly. There is no facility to staircase downwards. Some shared ownership schemes only allow staircasing to 80% (usually in rural shared ownership schemes) or in schemes for the elderly this is restricted to 75%.

How is Shared Ownership Different?

- (a) Until you have staircased to 100% you do not own the property outright and you may need to staircase to 100% in order to sell your property.
- (b) Most shared ownership properties are leasehold and on flats you are responsible for payment of all of the service charges attributable to the property. These are not apportioned out in line with the percentage owned. Any ground rent on the property referred to in the Lease does not become payable until you own the full 100%
- (c) The rent payable to the landlord is reviewed annually and will increase in line with the Retail Price Index
- (d) When selling the property you have to offer this back to the Housing Association first who can nominate a buyer if they have someone on their waiting list
- (e) There are a limited number of lenders who will grant mortgages on shared ownership properties
- (f) Your mortgage offer will need to be approved by the Landlord to ensure that it meets with their requirements
- (g) Property insurance is undertaken by the Landlord and is collected back from the property owner through the service charges
- (h) Where stamp duty is applicable to the purchase you can elect to pay at the point of purchase based on the full market value of the property at that time or alternatively you can pay in stages and if you chose the latter you do not pay any stamp duty until you own an 80% share in the property

Should you wish to make any enquiries about shared ownership please do not hesitate to contact us on 0114 249 6926 or email info@pmpl.co.uk.