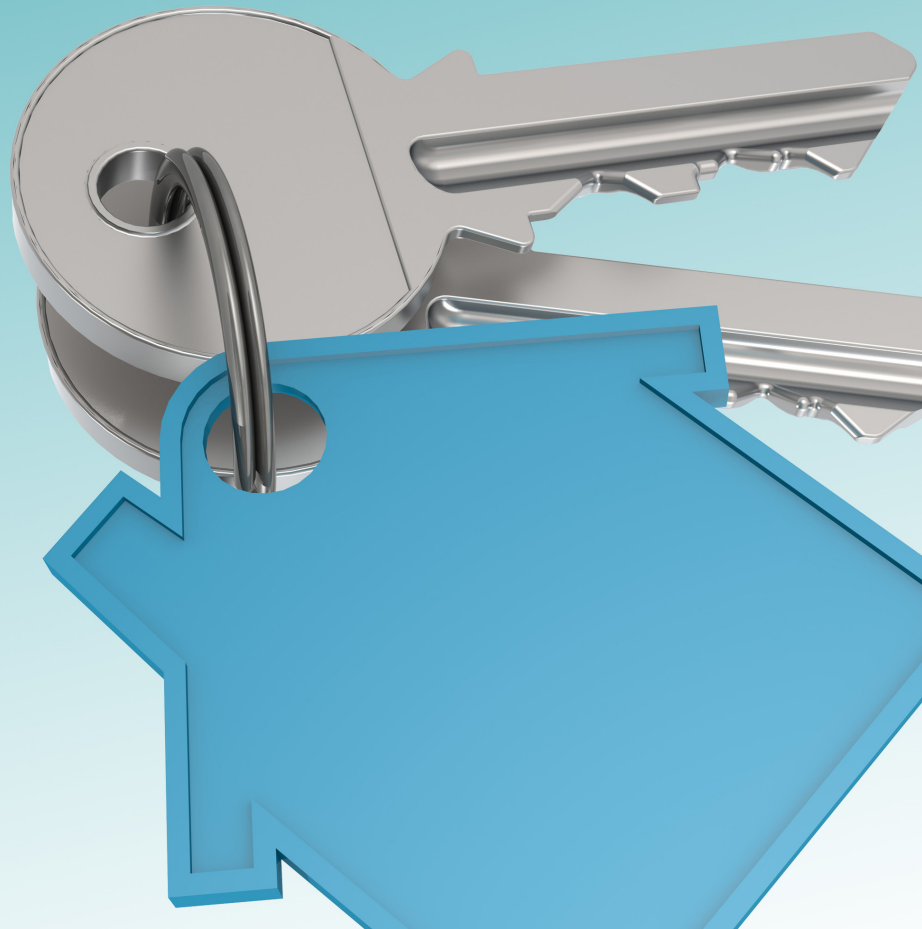


**DRAFT**

# Shared Ownership Scheme guide

If you can't afford to buy a home of your own, shared ownership could be a good option for you. In this guide we explain what it is and how it works.



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# What is shared ownership?

Shared ownership is designed to help people who can't otherwise purchase a home of their own on the open market. This may be because they have a low deposit or can't secure the full mortgage repayments they need, or both.

With shared ownership, you buy a percentage of your home and pay a reduced rent on the share still owned by New Forest District Council (NFDC). Depending on affordability, your initial share may be as little as 25%, or as much as 75%, typically funded by a mortgage and savings.

As time goes on, you can buy more shares in your home, until you own it outright. Your rent will reduce to reflect the larger share you own.

It's a great way to become a homeowner. The Council will be on hand to talk you through the buying process and ongoing responsibilities of owning a shared ownership property.

Shared ownership is designed to help people who can't otherwise purchase a home of their own on the open market.



# Am I eligible for shared ownership?

You must not be able to purchase an open market property suitable for your needs. Your household income must be less than £80,000 per year. You might be a first-time buyer, or returning to home ownership.

Additionally, there are local connection criteria that apply, a summary of which is set out below:

## District

You will have been a resident of the District for a continuous period of two years at the time of application, or;

You will have been a resident of the District for 10 years or more in the past, or;

You will have been employed for at least two years within the District.

## Rural Parishes

You will be required to meet the eligibility criteria for rural parishes as set out in the Council's Housing Allocation Policy, as detailed below:

### Rural Connection Criteria

#### Band A

Those who live or are in employment in the Rural Parish and have been so for longer than 10 years or who have lived in the Rural Parish for longer than 10 years previously or a designated key-worker performing an essential service for the

# What type of home can I buy through shared ownership?

You can either purchase a share in a brand new home owned by the Council or a previously Council owned property from a current shared owner.

Rural Parish community where there is an established need for the applicant to be rehoused to maintain the service.

#### Band B

Those who live or are in employment in the Rural Parish and have done so for longer than five years, or who have lived in the Rural Parish for more than five years within the last 15 years, or whose parents, siblings or adult children live in the Rural Parish and have done so for 10 years or longer.

#### Band C

Those who live or are in employment in the Rural Parish and have done so for longer than two years, or who have lived in the Rural Parish for more than two years within the last 15 years or whose parents, siblings or adult children live in the Rural Parish and have done so for five years or more.

### Rural Exception Sites

You may need to satisfy any additional requirements for local connection and cascades which may be defined in a legal planning agreement accompanying planning consent.



In addition, you'll need to budget for your mortgage payments, rent, general living expenses and household bills, including council tax and contents insurance.

## Are there any additional costs?

During the purchase process, you'll need approximately between £3,000 to £4,000 of savings to cover:

- Solicitors/Legal fees
- Deposit - usually between 5% - 10% of the share you are purchasing
- The reservation fee is deducted from the purchase price of the property.
- Mortgage set up/arrangement fees
- Stamp duty (SDLT)

## Costs after purchase

If you have purchased a share in a flat, you'll pay service charges which include management fees, buildings insurance, sinking fund and depending on the share you have purchased, you may pay a ground rent on your shared ownership home.

### Rent

You're responsible for paying your rent on time every month by direct debit. The rent you pay is based on the percentage of the property New Forest District Council still owns and is reviewed each year.

### Service Charges

A charge which covers services such as communal repairs, maintenance and management costs.

### Ground Rent

You may be required to pay a ground rent to the owner of the land on which your home is situated. This will normally be New Forest District Council. If this applies to you, you will be sent an annual ground rent notice.

### Buildings Insurance

Your home will be covered by our buildings insurance policy, but you'll be responsible for your own contents insurance.

In addition, you'll need to budget for your mortgage payments, rent, general living expenses and household bills, including council tax and contents insurance.

# Congratulations!

## You are a shared owner!

As a shared owner, you have bought a part of your new home and New Forest District Council retains ownership of the remaining share. You have taken on a lease and become a leaseholder and we are now your landlord. The lease itself is the legal contract between you and us, and it sets out both of our legal obligations. You have the same rights and responsibilities as a full owner-occupier.

This part of our shared ownership guide reiterates some of the key points in your lease but also explains your further options now you own a share of a property with New Forest District Council.

## Your lease

Your shared ownership lease is a legal contract between you and New Forest District Council. It sets out your obligations as a leaseholder, and our obligations as a landlord, in a format approved by Homes England. There are certain special conditions over and above that of a normal lease, for example, information about 'staircasing' and any restrictions on future sales.

It's important that you understand your lease and the conditions in it, because breaking the conditions could have serious consequences. When you agree to purchase a home with us, your solicitor will be sent a copy of the leasehold document which they should go through with you and explain any details you are unsure of. You should also keep a copy for your records.



# An overview of information included in your shared ownership lease



## The property

The flat or house you've purchased and plans of its location and layout.



## Your rights and responsibilities

What you are entitled to, and your responsibilities.



## Our responsibilities

What we are entitled to and our responsibilities.



## The building

If you have purchased a flat, this is the building your home is part of.



## Service charges

How and when we charge for the services we provide for leaseholders.



## Repairs and maintenance

Your responsibilities if you own a home.



## 'Staircasing'

Buying further shares in your home until you own it outright.



## Selling

What you need to do when you decide to sell your home and restrictions on sale and subletting.



## Mortgage Protection Clause

How your mortgage lender is protected if you fail to make payments



## Shared areas

Any drives, entrances, forecourts, roads, pavements, landings, lifts, open spaces, and areas providing a way into the building.



## Rent

The amount of rent that is payable and when and how it is reviewed, and what happens if you fail to make payments.

# Your responsibilities as the leaseholder

## **When you signed your lease, you agreed to:**

- Pay rent (including ground rent and service charges, if applicable) and buildings insurance.
- Keep your home in a good state of repair, and carry out regular maintenance and servicing of boilers.
- Repair any faults inside your home or carry out work that we advise needs completing.
- Allow us to come into your home to carry out any inspections or work that is our responsibility.
- Give us a copy of any details you receive detailing changes or works that are going to be carried out to the property or surrounding areas, within three months (or sooner if necessary) of notification.
- Allow other leaseholders into your property to carry out maintenance or repairs that are needed to their property, providing they give you reasonable notice, cause minimal disturbance and 'make good' any damage they cause to your home.
- Only use the property as a private home and not to run any business from the property.

## **Some leases also include the following clauses, asking you to:**

- Contribute to a 'sinking fund' or 'reserve fund' to pay for long term maintenance unexpected works to your building (flats only).
- Decorate the inside of your home as required.
- Reimburse the Council for the cost of repairing any damage that you, your family or your visitors cause to shared parts of the building (flats only).
- Pay us reasonable administration costs plus VAT for any work we do related to reselling your home.

## **Your lease won't allow you to:**

- Make any structural or non-structural alterations to the property without the Council's written permission beforehand.
- Cause a nuisance or a health or safety risk to the Council, its contractors or other people living or visiting the building.
- Install aerials or Sky dishes outside your home.



You are not allowed to sublet your home unless you own 100%.

## Subletting

As a shared owner, you are not allowed to sublet your home unless you own 100%.

You are allowed, however, to have a lodger. Please contact us if you would like more information about this.

## Our responsibilities as your landlord

### Having signed the lease, we agree to:

- Maintain and repair the roof, foundations, lifts and chimney stacks (flats only).
- Maintain, repair and decorate the structure and outside of the building, including communal windows and doors, shared drains, gutters and pipes (flats only).
- Maintain shared areas (for example, staircases, entrances, pathways and grounds) and, if necessary, paint the outside of the building and any shared areas inside (flats only).
- Insure the building.

We can pass on a share of the costs of these responsibilities to our leaseholders as a service charge.

## LEASE AGREEMENT

signed this \_\_\_\_\_

Last Name: \_\_\_\_\_

hereinafter called "Resident"

its hereinafter contained

ident the house located

day of \_\_\_\_\_

total rental of \$ \_\_\_\_\_

# Service charges

We calculate these charges based on the number of properties in the block or scheme and the actual cost of providing our services to your building in the previous year.

As part of your lease, we also collect a separate monthly fee to cover the smooth running of the building. This includes, but is not limited to:

- General maintenance and day to day repairs (for flats).
- Buildings insurance (for flats and houses).
- Lighting and cleaning of communal areas (for flats).
- Housing management services.
- Health and safety checks (for flats).
- Door entry systems (for flats).
- Fire safety equipment (for flats).

Service charges are calculated based on the number of properties in the block or scheme and the actual cost of providing our services to your building in the previous year.

## How much are my service charges

We calculate these charges based on the number of properties in the block or scheme and the actual cost of providing our services to your building in the previous year. Costs may increase year on year to allow for inflation, but subject to your individual lease.



# Other costs

## Buildings insurance

Whilst you remain a shared owner, your service charge will include an allowance for us to provide buildings insurance. For flats in a block, it's important that New Forest District Council has one policy which covers risk to the building's whole structure.

If you have purchased a house, New Forest District Council will continue to provide buildings insurance until you have acquired 100% ownership. You'll need to arrange separate insurance cover for the contents of your home.

## Ground rent

If you have 'staircased' to 100% we will charge you a small fee for ground rent.

## Major works

Major works are planned on a five year cycle and the cost is in addition to your service charge.

We must consult you on any work that is expected to cost more than £250 per leaseholder. This consultation process may take between three to six months.

Major works might include:

- External redecoration
- Major roof repairs
- Window replacement
- Lift repairs

Where the Council is collecting a sinking fund or reserve fund for the scheme, this will be used towards the cost of major works before the Council requests further contributions from you.





A vertical photograph on the left side of the page shows a hand holding a paint roller, applying white paint to a wall. The roller is covered in white paint, and the hand is also covered in paint. The wall is a light beige color, and the paint is being applied in a vertical stroke.

# Repairs and maintenance

If you own a house, you are responsible for all redecoration, repairs and maintenance to the inside and outside of your home after any defects period that may apply.

If you own a flat, you are responsible for maintaining just the inside and we will look after all communal areas (including a door leading from a corridor into your flat), using the funds collected from your service charges.

## Repairs when you first move in

Please always contact New Forest District Council in the first instance. Subject to any defect period that may apply, you will be responsible for the repairs in your home. New Forest District Council will continue to maintain any communal areas.

Items such as your cooker and boiler will come with a manufacturer's warranty, guidance on how to register your details will be clearly labelled on the item you wish to register.

Longer term, the NHBC or similar guarantee protects you against structural faults in your home, for 10 – 12 years.

## Making improvements to your home

You don't need permission for redecorating and simple changes to the inside of your home, but you will need permission for anything more complicated like a new kitchen, bathroom or boiler system.

Make sure you keep all the benefits of any improvements that add value to your home by agreeing the work with the Council beforehand, and saving receipts, plans and estimates. This is so that the cost of the work can be taken into consideration if you decide to sell or buy more shares in your home. If you would like to enquire about making improvements to your home, please contact the Council.

# Increasing your share (Staircasing)

You can purchase further shares in your home at any time, usually in 10% increments, which is called 'staircasing'. People often choose to increase their ownership so that their rent reduces.

The price you'll pay to buy a greater share depends on the value of your property at the time of staircasing. The valuation must be carried out independently by an associate or fellow of the Royal Institute of Chartered Surveyors (RICS) and agreed between you and New Forest District Council.

We'll need a copy of the valuation before you proceed. In most cases, if you own a house, and your lease allows, once you own 100%, we'll transfer the freehold of the property to you. If you own a flat, you'll remain a leaseholder and will still be required to pay your service charges, management fee and any ground rent.

There are costs involved in staircasing, including a valuation fee and solicitor's fees, mortgage arrangement fees and stamp duty (if applicable), for which you'll be liable. If you request a valuation but decide not to proceed at that time, you will still be responsible for meeting the cost of the valuation.

# Re-mortgaging

There are several reasons why you may want to change mortgage provider or borrow more money to be secured against your home.

These might include:

- Changing or transferring the names on your mortgage.
- Staircasing.
- Complying ownership (transfer of equity).
- Taking advantage of a better interest rate with a different lender (but not to borrow any more money).

In all cases, you must get our permission first. We have a financial interest in your home and need to approve the new mortgage and register the new changes with the Land Registry. We may need to assess your financial circumstances again to ensure you can still afford your home if you're removing someone from the lease, or that your new co-owner meets our affordability criteria if you're adding someone to the lease. You'll need to instruct and pay for solicitors as changes will need to be made to legal documents. You're not allowed to re-mortgage to pay off debts or to buy goods.



# Selling your home

Your lease gives New Forest District Council 'Right of First Refusal' to repurchase your home. If we choose not to re-buy your lease, we will try and help you find someone to purchase your share over a six to 12 week period. After this time, with our permission, you have the option to sell your share on the open market.

If you sell your share in either of these ways, your lease will be reassigned to the new shared owner. You cannot sell your share for any more than the price stated in the independent valuation.

You can also consider, with our permission, to simultaneously staircase to 100% ownership and sell the entire property on the open market. If you choose this option, you can sell for more than the independent valuation and we will take our percentage from the higher price achieved. However, if you sell for less, the value of New Forest District Council's share will be based on the independent valuation.

If you sell your share you will be responsible for all associated costs, if you simultaneously staircase and sell, we will pay our own costs.

You will have three months from the date of the valuation to find a purchaser, and then a further three months from the date you find the purchaser to complete your sale.



Your lease  
gives New  
Forest District  
Council 'right of  
first refusal' to  
repurchase your  
home.

**New Forest District Council**

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