



## HELP TO BUY SHARED OWNERSHIP



## A GUIDE FOR APPLICANTS



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Shared Ownership Hand Book

## Section 1 – General Information

This handbook gives general information for applicants for shared ownership housing provided by South Shropshire Housing Association and Meres and Mosses Housing Association and is intended for guidance only.

### About Connexus

Connexus brings together two successful housing groups: Herefordshire Housing Group and Shropshire Housing Group. Each with established reputations for delivering high quality homes and support services which encourage a sense of well-being and belonging in their communities. With over 600 employees and a combined portfolio of over 10,000 homes, we support people, create places and work in partnership with like-minded providers to help our customers reach their potential.

### Contact Details

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[www.shropshirehousing.org.uk](http://www.shropshirehousing.org.uk)

Meres & Mosses Housing Association

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Help to Buy Midlands

Tel 03458 50 20 50

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## Section 2 – About Help to Buy - Shared Ownership

### What is Help to Buy - Shared Ownership

Help to Buy is a range of low-cost home ownership products developed to make home ownership more affordable and help you get a foot on the property ladder when you can't afford to buy on the open market. There are many options under this heading, Help to Buy Shared Ownership is the one we use to help you buy a home that is affordable to you and meets your needs.

### How does Help to Buy - Shared Ownership work

Shared ownership allows you to buy a share in a brand new leasehold property on a part buy, part rent basis and pay a subsidised rent on the part that you do not own.

You can normally buy an initial share of between 25% and 75% of the property and pay rent and service charges to The Housing Association on the remaining share, although the actual share you purchase will be dependant on your personal financial circumstances and will be determined by the use of The Homes England Affordability Calculator. The minimum share available is also dependant on the scheme budget. You should therefore apply for the biggest mortgage you can afford and sustain and not just assume that a 25% share is available.

In most cases, as you become able to afford it, you can buy additional shares until you own the maximum share allowed in your lease. This is known as 'staircasing'. Sometimes this can allow you to purchase 100% and buy the freehold, but some schemes are capped at 80%. If you buy more shares your rent will be reduced accordingly. Shared owners are responsible for all repairs regardless of the share purchased. Please note that not all lenders will give mortgages on properties where there is a limit to the overall ownership, you can however approach The Halifax, The Nationwide and Barclays Bank. A list of approved independent financial advisors will be given to you all of which are well versed in obtaining mortgages for shared ownership.

## Who will Qualify for Help to Buy - Shared Ownership

To qualify you will need to register with Help to Buy Midlands agents at [www.helptobuymidlands.co.uk](http://www.helptobuymidlands.co.uk)

Please ensure that you state South Shropshire Housing as your Housing Association

You will also need to register with Shropshire Homepoint at [www.shropshirehomepoint.co.uk](http://www.shropshirehomepoint.co.uk) if you live in Shropshire.

Priority is given to serving military personnel, and those honourably discharged in the previous 6 years and bereaved partners for a period of 2 years. Those people that address problems in any local housing market as defined by the local authority as first time buyers.

Help to Buy - shared ownership is aimed at people who can not afford to purchase on the open market but want to buy a home of their own.

You will need to fulfil the following criteria:

- All applicants must be over 18.
- You must not be able to purchase a suitable property for your needs on the open market.
- If you are a home owner or existing shared owner you can buy a shared ownership home provided you sell your property and complete both processes at the same time and that you still fulfil all other criteria.
- Your income must be less than £80,000 and more than £12,000.
- You must be in permanent employment or have a confirmed letter of employment or be self employed with 2 years audited accounts.
- You must be a UK resident or have the right to remain clearly stamped on your passport.

You may not qualify if:

- You have had rent arrears in the previous 2 years or have breached your tenancy agreement.
- You have a bad credit history.
- You have had a county court judgement made against you which has not been discharged.

Everyone's circumstances are different and you can have an informal chat with our dedicated sales team to discuss yours in more detail. All applications are considered confidentially and without prejudice.

In most circumstances in Shropshire and Herefordshire you will need to have a local connection to the area where the development in question lies.

In Shropshire this will require you to satisfy at least **two** of the following criteria for at least one of the adult members of the household:

- Your parents were permanently resident in the local area at the time of the applicant's birth;
- You were in permanent residence in the local area for any period of five years as a child attending a local school; or for special reasons attended a school outside of the local area but would have been expected to attend a local school but for those special reasons;
- You are currently lawfully resident in the local area and have lived there for at least the last 3 years;
- You don't currently live in the local area but have previously lived there at some point for 15 continuous years as an adult;
- You are currently employed or routinely carry out self-employed work within either the local area or 5km of the site;
- You have a confirmed written offer of permanent work within either the local area or 5km of the site;
- You can demonstrate with written evidence active community involvement in the local area sustained for at least the previous 2 years.
- Your parents currently live in the local area; or another close family member who provides or requires a substantial degree of support currently lives in the local area;
- If over 55, you have a close family member currently living in the local area.

After six weeks of first advertising this area can be extended to 10km

After a further six weeks this area can be extended to the whole of Shropshire.

In Herefordshire the local connection criteria will be by as follows

Local connection' means having a local connection to one of the parishes specified for each individual scheme the scheme because that person:

- Is or in the past was normally resident there for 6 out of the last 12 months or 3 out of the last 5 years or
- Is employed there or has an offer of permanent employment of at least 16 hours per week or
- Has a family association there, that is, any parent adult child brothers or sisters who have been resident in the area for at least 12 months or
- A proven need to give support to or receive support from family members to enable a person or a family member to live independently in the community and includes people who are in need of such support but are not normally resident but have long standing links with the local community. or
- Because of special circumstances shall not normally apply but amount to circumstances which in the view of the Council may give rise to a local connection

The cascade approach would be as follows:

- A local connection with the parish of (scheme particular); or
- In the event of there being no person having a local connection to the parish of [scheme particular] a person with a local connection to one of the following parishes: (scheme particular); or
- In the event of there being no person with a local connection to a relevant parish referred to above any other person who has a local connection to the County of Herefordshire of a type described above and is eligible under the allocations policies of the Registered Provider if the Registered Provider can demonstrate to the Council that after 20 working days of any of the Affordable Housing Units becoming available for letting the Registered Provider having made all reasonable efforts through the use of Home Point have found no suitable candidate under the criteria above.

### How much does Help to Buy - Shared ownership cost

As well as having the cost of purchasing your share we would recommend that you have at least £3,000 to cover your legal fees which could include:

- Search fees
- Land registry fees
- Stamp duty

- The conveyancer's fees
- VAT

You should also allow for furniture and fittings, contents insurance, council tax and utility bills. Your mortgage lender may also charge valuation fees.

We strongly recommend that you speak to an Independent Financial Advisor to make sure you can afford and sustain a purchase. A list of IFA's who are well versed with obtaining shared ownership mortgages is available from Help to Buy Midlands and is also attached at the end of this document. They may make a charge for their service.

### [Procedure for buying Help to Buy - Shared Ownership](#)

Once you have identified the property you would like to purchase you will need to send your applications to Help to Buy Midlands and Shropshire Home Point if you are not already registered with them and let us know that you are interested in the development.

You will need to send us:

- Three months wage slips for each applicant
- Three months statements from all accounts for each applicant
- Details of any benefits you are in receipt of
- Details of any loans and credit cards you have
- A mortgage offer in principle certificate from a mortgage lender or an Independent financial Advisor
- In some cases where a mortgage wouldn't be required a full credit reference will also need to be provided.
- You will also need to complete and return a local connection form
- If you have been honourably discharged from the military you will need to produce your discharge papers, If you were a member of The Ghurkhas or from a foreign and commonwealth country you will need to have proof that you have indefinite leave to remain in this country.

Once these documents are received your application will be verified and your financial details put through an affordability calculator which will determine the share we believe you should be able to purchase. Once all documentation has been verified we will be able to agree a reservation and solicitors can then be instructed.



We will inform you of the rent, sinking fund and service charges that will be applicable to your purchase; there will also be a fee for building insurance which you will have to take out through The Association. Your rent etc will be payable monthly in advance. And you will be required to complete a direct debit form at completion of the sale.

Our solicitor will send your solicitor a copy of the contract and lease together with a document called 'Key Information for Shared Ownership'. Your solicitor should go over these documents with you prior to completion. This will be your opportunity to raise any final questions concerning the purchase.

The process usually takes about 6 – 8 weeks during which time we are always available to give advice.

Once you have purchased your property you are considered to be the owner irrespective of the share you have purchased. Full details of owner responsibilities are contained within the lease and a shared ownership handbook is available which highlights your rights and responsibilities as owner.

If you have any further questions or would like to discuss your circumstances in confidence please contact our sales team at the numbers at the front of this guide.

