

SHARED OWNERSHIP – INFORMATION SHEET



1. WHAT IS SHARED OWNERSHIP?

Shared Ownership is a form of house purchase which enables you to purchase a share of a flat or house and pay a rent for the remainder. The rent is assessed by the Association and allowance is made for the owner bearing the full repair and maintenance responsibility. Your initial purchase can be 25%, 50% or 75% of the value of the dwelling with the balance being owned by Port of Leith Housing Association.

Shared Ownership allows occupiers to increase the share they own or to purchase outright whenever their financial circumstances enable them to do so. This is called 'staircasing' and means you have the right to buy the balance held by the Association at any time, either in 25% stages or at one go, so you will be able to own your own home outright when you can afford to do so.

2. WHO IS SHARED OWNERSHIP FOR?

Shared Ownership is for those who wish to buy their home, but who cannot afford to pay the full price straight away. Priority will be given to first time buyers; housing association/council tenants; those on housing association/council waiting lists in Edinburgh ('Edindex'); those coming out the armed forces and those whose circumstances are such that can no longer afford to buy a suitable property to meet their health or mobility needs. To ensure that it is applicants on low/modest incomes who benefit from shared ownership, the Association will apply the City of Edinburgh Council's guideline maximum income levels and these are currently £28,000 pa for a single person and £45,000 pa for a couple.

3. WHAT DOES SHARED OWNERSHIP OFFER THAT OTHER ARRANGEMENTS DON'T?

Shared Ownership means that both your initial capital payment and your monthly mortgage payments can be less than if you had bought outright. Your outgoings will probably be more than if you rented but you will have a capital stake in your home and therefore the possibility of tax-free capital appreciation in proportion to the share that you own.

4. WILL I BE ABLE TO GET A MORTGAGE?

Mortgage facilities for the scheme are available from leading Building Societies. Subject to status and income these are available as if you were buying outright. Normally you will have to pay an initial deposit.

5. HOW MUCH WILL I HAVE TO PAY?

These are a number of points to be considered.

What about the rent level?

The level of your rent (or 'occupancy charge') will depend on the size of your share and on the size of the property i.e. if you buy a 50% share you will pay 50% of the rent as assessed by the Association.

Will my rent remain unchanged?

No. The rent will be reassessed every year and you will then have to pay the appropriate percentage of the increased amount.

What about the Council Tax?

Like any other occupier, you will have to pay the Council Tax charge independently to your local authority.

What about Housing Benefit?

You may be eligible for Housing Benefit or a rebate on the Council Tax.

What about the mortgage payments?

You will have to pay off your mortgage by regular payments to the Building Society. The actual amount that you will have to pay, of course, depends on the amount that you borrow and it may vary from time to time as interest rates change.

What if I fall behind with my mortgage and rent payments?

If you fall behind on the repayments then after due warning and certain legal proceedings your home can be repossessed and resold to recover the outstanding debts. In the event of such a sale however, you would be entitled to sales proceeds left after all debts had been repaid in full.

What about the insurance?

The Association will insure the property for its replacement value but we will re-charge you for the cost of this along with your rent and any other service charges.

The insurance does not cover the contents of a house and you should take out your own insurance to cover these items. The Association can offer advice on this matter.

What about repairs and maintenance?

You will be wholly responsible for the upkeep of the property.

What other costs are there?

Solicitor: You will have to pay your own Solicitor to advise you and complete the legal documentation involved in the purchase.

Valuation fee: You may have to pay for the Building Society's valuation of the property and legal cost relating to the mortgage.

Service charge/management fee: this includes garden maintenance/landscaping and cleaning of communal areas

6. HOW CAN I BECOME A FULL OWNER?

You may move from your initial share to full ownership in a number of stages, buying further shares as and when you can afford them. Each share is 25% or a multiple thereof. However, there is no obligation on you to purchase additional shares.

7. WHAT HAPPENS IF I WANT TO SELL?

If you have bought your home outright before you want to move, you will be able to sell it on the open market in the ordinary way.

If you partially own your home when you want to move then you will have to inform the Association in writing in the first instance. There are three options for the sale of your share and in each case you would benefit from a proportionate share of any profits.

- The Association has the option of buying back the property, at a price set by an independent valuer
- You may sell your share on to a household who has been approved by the Association as being eligible for shared ownership
- The whole property can be sold on the open market (with the proceeds being split between you and the Association according to the percentage owned by each party)

8. WHAT PROFESSIONAL ADVICE SHOULD I SEEK BEFORE UNDERTAKING A SHARED OWNERSHIP PURCHASE?

You are strongly advised to see the advice and assistance of a solicitor if you decide to purchase a share in a property. Your rights as a sharing owner are set out in an Occupancy Agreement which is a legal document signed by both parties and you may wish to seek advice before committing to this.

9. WHAT HAPPENS AFTER I HAVE COMPLETED AN APPLICATION FORM?

We will assess your application according to our shared ownership allocations policy (a copy of which can be obtained from the Association) and, if you are eligible, you will be advised whether you have been placed on our waiting list and will be invited for interview

as and when a suitable property becomes available (either a new-built property or a re-sale from an existing sharing owner who wishes to sell their share).

Please contact the Association if you have any queries in the meantime.

Port of Leith Housing Association
108 Constitution Street
Edinburgh EH6 6AZ

Telephone: 0131 554 0403

E-mail: info@polha.co.uk

Website: www.polha.co.uk