



Shared ownership

What is Shared Ownership?

The Government has introduced home ownership products aimed at helping first-time buyers get a foot on the property ladder. These products are branded as the HomeBuy scheme. The HomeBuy scheme is part of what is known commonly known as shared ownership.

There are two main ways in which the HomeBuy scheme can assist you in buying your first home.

Put briefly these are:

New Build HomeBuy

This scheme is available for homes newly built either by Housing Associations or by a builder as part of a larger development. It is a requirement of many new developments that a percentage of the homes are made available for sale in this way. If you buy using this scheme then you share ownership of your home with a housing association. You will need to find a mortgage to help you buy a share of the property and will pay rent to the housing association for the part that they own. The rents are designed to be affordable. You have the right to buy further shares in your home at a later stage. This procedure is known as "staircasing".

If you buy using this scheme then when you wish to sell and move to a new home the housing association may wish to buy it back from you. This is to enable your home to be offered to others who wish to benefit from affordable homes. If the housing association do want to buy your home the price that they will pay you for it will be the open market value. This means that you will benefit from any increase in the value of your home.

Open Market HomeBuy

This scheme is available to help you buy a home that is for sale on the open market. It differs from New Build Home Buy in that you will own all of the property and do not have to pay rent. To buy using this scheme you will need to find a mortgage to pay for around 75% of the property and get an interest free loan from a housing association for the rest.

If you buy using this scheme then when you wish to sell and move to a new home you will need to repay the loan to the housing association. The amount you pay back to them is not the amount you originally borrowed but is a percentage of the value of your home. If the housing association originally lent you 25% of the price you paid for your home then the amount you pay to them when you sell is 25% of the sale price. This means that the housing association is sharing in the increase in the value of your home. The money they make in this way can then be used to provide loans to other buyers.

Am I eligible for HomeBuy?

To find out if you are eligible you will need to make contact with a homeBuy agent. These agents are listed at the Housing Corporation's website at www.housingcorp.gov.uk/server/show/conWebDoc.1154

Are other schemes available?

In addition to the Homebuy scheme you may be able to buy a home being sold by an existing Shared Ownership home owner. These homes are offered for sale by Housing Associations and sometimes by estate agents. To find out if you qualify and to see homes available in this way you will need to make contact with a Housing Association operating in the area in which you wish to live. Your Local Council should be able to provide you with a list. A list of Housing Associations listed by Local Authority Area is also on the Housing Corporation's website at www.housingcorp.gov.uk/server/show/conWebDoc.1154

Do I have to pay Stamp Duty?

The answer is generally yes.

If you are buying using Open Market HomeBuy or are buying an existing shared ownership home then you will pay Stamp Duty Land Tax if the price you are paying is more than £125000.

If you are buying using New Build HomeBuy then different rules apply in relation to Stamp Duty Land Tax. A detailed explanation of the way tax is calculated in these transactions can be found in our New Build Stamp Duty Land Tax fact sheet.

How can Herrington & Carmichael Help Me?

Herrington & Carmichael are well known to and have forged close links with many local housing associations. These associations recognise our commitment and experience in shared ownership by recommending us to homebuyers.

We operate a fixed price conveyancing service for shared ownership buyers and sellers and can put you in touch with people who can help you find a mortgage.

To find out more about how we can help email our specialist team at dgk@herrington-carmichael.com

For more information on the HomeBuy scheme, visit www.housingcorp.gov.uk/server/show/conWebDoc.1154

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Head Office

CAMBERLEY OFFICE
Riverside Way
Watchmoor Park
Camberley, Surrey
GU15 3YQ

tel: 01276 686222

ALDERSHOT OFFICE
4 Station Road
Aldershot
Hampshire
GU11 1HU

tel: 01252 322451

BAGSHOT OFFICE
51 Guildford Road
Bagshot
Surrey
GU19 5NG

tel: 01276 451451

WOKINGHAM OFFICE
Market Chambers
3&4 Market Place
Wokingham, Berkshire
RG40 1AL

tel: 01189 774045