



## **Shared Ownership Frequently Asked Questions**

**The following pages answer the most common questions you may have when you are thinking about buying a home through shared ownership. If you would like further information or would like to know about our current schemes please contact our Home Ownership Team.**

## **Who are Coastline Housing Ltd?**

We are a charitable Housing Association providing affordable housing in West Cornwall. We own and manage over 3,500 homes with a diverse mix of tenures including: affordable rent, supported housing, sheltered and shared ownership. We are registered with the Housing Corporation as a Registered Social Landlord.

## **What is Newbuild HomeBuy?**

Traditionally known and referred to as Shared Ownership, NewBuild HomeBuy is a scheme whereby properties are developed and sold on a part-buy, part-rent basis. This means that you buy a share in your home and you pay a subsidised rent on the share that you do not own. You have the option to buy more shares in the property known as staircasing as and when you feel you can afford to. You can usually staircase to 100% and buy the property outright.

## **Who is eligible?**

The scheme is designed to help people who need help to afford the cost of buying a home that is suitable to their needs. To buy, you need to:

- Be unable to afford to buy a home on the open market.
- Be able to afford the cost of buying the share you want to buy without overstretching yourself financially.
- Have a household income of less than £60,000 per year. This is because the

government considers that you should not be borrowing more than 3 x joint income or 3.5 x single income to buy a home.

- Be an EU citizen or have definite leave to remain stamped in your passport.
- Have enough savings to cover the cost of solicitors etc when buying your home. You should budget for about £3,500. This cannot be added to your mortgage as you cannot secure borrowing against our share of the property.
- Have current household debts of less than £15,000 (excluding any student loans or mortgages).

### **Do I have to be a first time buyer?**

No, but you cannot buy a shared ownership home as a second home or as an investment. If you own a home already, you will have to complete the sale of it before you can complete your purchase.

### **Do I have to have local connections to a particular area?**

For some schemes, you need to have connections to a particular area and be approved by the local authority. This will normally be because the home you want to buy has a planning restriction called a Section 106 Agreement on it saying that it can only be sold as affordable housing to someone with a local connection (for example, someone who was born in a certain parish or area, or who has lived or worked there for a set amount of time). This only applies to some homes – it is not part of the rules of the HomeBuy Scheme.

### **Are there any other conditions?**

If an Anti-Social Behaviour Order (ASBO) or an Anti-Social Behaviour Injunction (ASBI) has been awarded against you or anyone who will be living with you in the last two years, we may reject your application, but only after we have asked you about the circumstances and decided whether it would be reasonable to do so. We will

take references from any existing landlord.

## **What size house can I buy?**

You can buy a house that has one bedroom above the minimum that you need. For example, a single person or a couple could buy a one or two bedroom property. A couple with one child could buy a three bedroom property.

## **What is the minimum/maximum initial share I can buy?**

This can vary from scheme to scheme. The general rules of the HomeBuy scheme allow you to buy between 25% to 75% of the property. You are not permitted to buy more than 75% to start off with – this is because if the percentage gets too close to 100%, it defeats the purpose of the scheme which is meant to help people who cannot afford to buy 100% of a suitable property.

You cannot buy less than 25% for any scheme, however the housing provider may set the minimum share that can be purchased at higher than 25%.

## **Do you give mortgages?**

No. You pay for the share you want to buy with a mortgage from a high street lender, like any other homebuyer, or with savings or a combination of both savings and borrowing. You only pay us your rent and service charge (if any).

Not all lenders provide shared ownership mortgages, so we recommend that you see an independent financial advisor who is familiar with shared ownership rather than approaching lenders at random.

## **Can I buy if I am on benefits?**

It depends on the type of benefit and whether you will be receiving this in the long term

and whether you need to borrow. You may be able to get housing benefit on your rent payments if you are eligible.

## **What may I have to pay for when buying my home?**

As with any home purchase, you may have to pay for the following when buying your home:

- Conveyancing / legal costs
- Land registry search fee
- Office copy and documents
- Mining search
- Local authority search fee
- Drainage search fee
- Environmental search fee
- Bankruptcy search fee
- Identity check
- HM Land Registry land charge fee
- Electronic bank transfer fees
- Survey for mortgage company
- Arrangement fee for mortgage
- Deposit (if required)
- Stamp Duty Land Tax (if required)

## **Who is responsible for repairs and maintenance?**

The shared ownership lease will be a full repairing lease. That means that you are responsible for all works to your home in the same way as any other home owner.

## **How is shared ownership cheaper than buying or renting in the ordinary way?**

Although we are in the business of providing affordable housing, the price you pay for your home is a percentage of the full open market value as assessed by an independent valuer. There is no discount on the price, although if your property is subject to a planning condition meaning that only certain people can buy it, this will have an effect on the market price.

The benefit of shared ownership is that the combined monthly cost of part buying and part renting is cheaper than paying a mortgage on 100% of the property. This means that you can buy and start paying for a house sooner, and that you are less likely to 'miss the boat' if house prices are rising faster than wages. It also means that you get the benefit of any increases in value of the part that you own in the meantime. Obviously the reverse also applies – as with all house purchases, if house prices go down, you do run the risk of 'negative equity'.

## **Is there a waiting list?**

There is not a waiting list as such, but there is a central register of people interested in buying through the NewBuild HomeBuy scheme kept by the government appointed local HomeBuy agent.

Home2Own is the local HomeBuy agent for this area who act on behalf of all local housing associations in Cornwall, Devon and Somerset. The idea is that you only have to complete one application form, however many housing associations you want to be considered by. Home2Own do an initial assessment of your eligibility and put your name on a register with details of what sort of property you want and what they think you can afford. Housing associations use this information to send out information about

homes that we think you might be interested in. If you express an interest in buying a home, we then carry out further checks and ask for documentary evidence to prove what you have said about your income, financial position and identity. We also require your credit report and ask for references from your landlord and employer.

## **Am I just allocated a home?**

No – different people want to buy different houses. If you are shortlisted for the scheme you would view the homes and tell us if you were interested in buying. We offer homes on a first come first served basis, but only after we have made a proper assessment of your eligibility. If more than one person is interested in the same property and both are eligible and they applied at the same time, we look at the priority band that Home2Own have put you in. These are:

- Band A - People who are council or housing association tenants and who would release an affordable home for rent by moving out and buying.
- Band B - Key workers
- Band C - Anyone else (most people are in band C).

If we have to choose between two people in the same band, we have to choose the one with the lowest income, on the grounds that they have the least chance of buying a home without help.

We would also consider the size of the home and the needs of the people who wanted to buy it.

## **How to contact us**

If you would like more information about anything in this leaflet, or would like it in another format please contact the Home Ownership Team by:

Telephone: **0808 202 7728**

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