



southwestern
housing
society

Shared Ownership

a stepping stone towards owning your own home



We aim to provide high quality affordable housing,
and to work to strengthen communities
in the rural areas and market towns
in the south west region.

Enjoy the freedom

About Southwestern Housing Society

South Western Housing Society is a not for profit Registered Social Landlord (RSL) registered as an Industrial and Provident Society with charitable status, is registered with the Housing Corporation and is a member of the National Housing Federation.

The Society was founded in 1944 and owns and currently manages 368 homes for rent and 42 homes for shared ownership in the counties of Somerset, Devon, Dorset, South Gloucestershire and Wiltshire.

Our key objective over the next five years is to develop new affordable homes and increase our housing stock.

of your own home

Shared ownership explained

Shared Ownership is a stepping stone between renting and outright ownership, enabling people who cannot afford to buy a suitable property on the open market to purchase a property on a part buy/part rent basis.

The purchaser usually has to buy at least 50% of the value of the property and pays rent on the part they do not own. In some cases it may be possible to purchase a smaller or larger percentage (where applicable, details will be made available). The purchaser needs to obtain a mortgage from a lender (a bank or building society) for their percentage share of the property.

The purchaser is responsible for ensuring that they are able to afford the rent on the part of the property they do not own and all associated costs of home ownership e.g. council tax, fuel bills, plus repair and maintenance of the whole property. On completion of purchase, a 99 year Shared Ownership lease is given to the purchaser.

The scheme continues to offer the opportunity to purchase more shares when you are financially able to, allowing you to further invest in the future. It also provides you with excellent back-up and support from a Registered Social Landlord.

Your guide to buying your own home

The Government has introduced a scheme known as Home Buy (shared ownership) to help people to get a foot on the property ladder.

New Build Home Buy is the official name, and it means you share ownership of your home with South Western Housing Society. It is a stepping stone between renting and owning your home.

It gives you the opportunity to buy part of a new home and pay a subsidised rent on the part owned by the Society.

At a later date, if you want and can afford to, you can buy more of your home. It's cheaper than buying a property outright and is normally cheaper than renting a home privately.



Costs

It is important to consider the costs and responsibilities of buying your own property before making the decision to proceed. These include the initial purchase cost and the ongoing costs.

Purchase costs

We would suggest that you will require savings of £2,500 - £3,500 to cover the costs detailed below, depending upon the cost of your property:

- Reservation fee
- Valuation fee
- Legal fees
- Stamp duty
- Bank/Building Society arrangement fee

Ongoing costs

Once you have moved into your property there will be ongoing monthly costs, these include:

- Mortgage repayments
- Rent payments
- Insurance (Buildings and Contents)
- Service charges associated with the property
- Repairs and maintenance for the entire property
- Council Tax

Your home may be at risk if you do not keep up repayments on a mortgage or other loan secured on it.

Obtaining a mortgage

The first step is to arrange a meeting at your Bank/Building Society or to speak to an independent financial adviser. You will need to explain to them that you are proposing to buy a property on a Shared Ownership basis. They will need to know the purchase price of the property and the rent payable.

They will advise you, subject to their normal lending criteria:

- How much they are prepared to lend you
- How much it will cost
- Whether a deposit is required

You will then be required to have a professional mortgage valuation. This will be arranged by the lender.

Once the lender is satisfied with the valuation, you should be in a position to be given a formal mortgage offer.

Lenders who have historically offered mortgages on Shared Ownership schemes include:

- Abbey National Plc
- Barclays Bank
- Bradford & Bingley
- Halifax Plc
- HSBS
- Woolwich Plc
- Nationwide Building Society
- Norwich & Peterborough Building Society
- Portman Building Society

Alterations and improvements

It is necessary to obtain the written consent of the Society prior to making alterations or additions to your property. The Society will not unreasonably withhold approval.

Increasing your investment

Once you have lived in your property for a year, you can choose to purchase further shares until you eventually own your property outright. This is called 'staircasing'. Purchasers can 'staircase' after the initial purchase, at a minimum of 10% each time, up to 100% outright ownership.

Rural areas can be subject to other conditions.



Selling a shared ownership property

You may sell (assign) the lease, either to a person put forward by the Society (nominee) or, in the absence of a suitable nominee, on the open market probably through an estate agent.

You may either sell the share you own or you may buy the Society out at the time you actually sell your property, which will then be sold outright to the buyer. The way this works is that you would obtain the full purchase price from the buyer, and then pay off the share still retained by the Society.

Death of a leaseholder

The Shared Ownership lease can be passed on or sold in accordance with the Will of the Shared Owner of the Law of Intestacy. The new Shared Owners will be equally bound by the conditions of the lease.





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