



How Can the Shared Ownership
Scheme Help your Customers
onto the Property Ladder?



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The costs associated with buying a first property outright have surged, and buyers not only face an increase in house prices but potentially tighter credit restrictions imposed by lenders due to the rise in the cost of living.

With house prices increasing, buyers' deposits have also increased. The average deposit required has tripled in the last 20 years, and first-time buyers find it increasingly difficult to step onto the property ladder without help from the 'bank of mum & dad.'

There is a range of Government Schemes to help buyers in different positions. These include:

- First Homes
- Help to Buy (ending on 1st March 2023 with completions needed by 31st March 2023)
- 95% mortgage guarantee scheme
- Shared Ownership

As we have looked at the Help to Buy and First Homes Schemes in past articles, today we explore how can Shared Ownership properties assist potential buyers and what changes have been implemented?

The Shared Ownership Scheme

Firstly, there are various steps that buyers need to complete when interested in purchasing a property via the Shared Ownership Scheme. The initial steps are:

1. Create an account on [Share to Buy](#). This enables buyers to search for properties based on their requirements.
2. Once a property is found, the buyer will need to register their interest.
3. Viewing to be arranged.
4. If the buyer wishes to proceed, the housing provider will ensure that they meet the eligibility requirements.
5. Buyer discusses mortgage options and arranges a solicitor to act for them.

Changes to the Shared Ownership Scheme

The new Shared Ownership model will be implemented on all new build properties through the Affordable Homes Programme from April 2021, running for five years to 2026.

The government will be setting an expectation that all Shared Ownership homes secured through s106 developer contributions – and receiving planning permission from April 2021 – will be based on the new model to align with the delivery of the new Affordable Homes Programme.

The new features are:

- The minimum share is reduced from 25% to 10%.
- The purchase of additional shares, referred to as 'staircasing', will enable homeowners to purchase in 1% increments rather than 10% increments.
- Introduction of a 10-year period whereby the landlord or housing association will cover the cost of repairs and maintenance in the home up to a maximum of £500 per annum – please note that this is only applicable on new build properties or where the share is below 100%.
- Reduction in the housing association has exclusive right to sell the property. Currently, shared owners wishing to sell their property give the housing association an 8-week period in which to sell the property before they can place it on the open market. Owners can opt for this to be reduced to 4 weeks.
- 28th May 2021, Home England published a new model in respect of leases for Shared Ownership properties. The new model will see leases on new build properties increase from 99 to 990 years.
- A Right to Shared Ownership will also be available for most homes delivered via the Affordable Homes Programme, providing tenants with a pathway into homeownership.

The aim of the above changes is directly linked to helping more people onto the property ladder; reducing the minimum share will directly impact the level of deposits required by lenders and enable more buyers to be in a position to purchase a property at an earlier stage.

We at eConveyancer are to support you and your customers. If you are looking for a firm that specialises in Shared Ownership purchases, all you need to do when quoting is to ensure that the 'Shared Ownership' option is ticked. The firms providing quotations are knowledgeable and will be there to support your customers.

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