

A Guide to Shared Ownership

Shared Ownership was introduced to help people who cannot afford to buy a suitable home outright.

Applicants must be in housing need and will normally be on local authority or housing association waiting lists, or a 'key worker' in front line services like education, health and community safety.

How does it work?

Through Shared Ownership you buy a share of the property and pay a rent, normally to a housing association, on the remaining share.

The Housing Association will grant a Lease which will entitle you to live in your home as an owner-occupier and will set out your rights and responsibilities.

Although you have not bought the property outright, you will have the normal rights and responsibilities of a full owner-occupier.

What is Staircasing?

The Lease will also entitle you to buy further shares in the property, known as 'Staircasing', until you eventually own your property outright.

You should remember that house prices can go up or down. This means that you may pay more for buying additional shares or have to sell at a price less than originally paid.

Stamp Duty Land Tax

It is a common misconception that stamp duty is not payable on a shared Ownership property as the purchase price is often below the £125,000.00 stamp duty threshold.

However, stamp duty is actually calculated on the full market value of the property at the time of purchase and not the price paid for the share in the property.

For example:

- If you are buying a 50% share in a property which is valued at £120,000.00 then no stamp duty will be payable.

- However, if you are buying a 50% share in a property which is valued at £130,000.00, stamp duty will be payable on the purchase price of £65,000.00 at the rate of 1%.

Stamp Duty may also be payable on subsequent 'Staircasing' transactions where the market value exceeds the threshold.

You may elect to pay stamp duty on the full market value at the outset and in these cases, no further duty is payable when additional shares in the property are acquired.

For information on shared ownership properties in Cambridgeshire, Bedfordshire and Northamptonshire visit the website of Keyhomes East (www.keyhomes-east.org.uk) which is the 'Homebuy Agent' appointed by the Government to provide a 'one-stop-shop' for all the home ownership schemes in these areas.

Contacts

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