

RADIAN HOMES

SHARED OWNERSHIP, EXPLAINED

PODCAST

Jeni:

Hi everyone! I'm Jeni Fodder, a Sales and Marketing Executive at Yarlington Homes, part of the Radian Group. Welcome to our first podcast, Shared Ownership, Explained!

So, are you thinking of buying your first home? Or looking to make your next step on the property ladder? Shared Ownership could be a great option for you. Joining me today to explain more is Gina Pieri, a Sales Team Leader at Radian Homes and Jade Turnstill, the Marketing and Communications Manager at the Shared Ownership portal, Share to Buy. Nice to have you both here!

To start us off, Gina, would you be able to explain a little more about your role at Radian Homes?

Gina:

Yes of course, I work within the sales team at Radian. Radian Homes is part of the Radian Group, and also a registered provider of social housing.

We have been delivering and building new homes for over 90 years, covering a wide geographical area in the South and South West of England.

We offer customers a wide range of properties to best suit their individual needs, whether that is a studio apartment ranging right up to a four-bedroom house. It is not only the size of the property that we offer a large choice, but we have different tenures to allow customers to choose the right option for them, this includes, Shared Ownership homes, Open Market Sale and rental properties to name but a few options. By offering different housing solutions to our customers we're providing homes to those who really need them as well as committing to investing in local communities to make them stronger and more vibrant.

Jeni:

Great, and how about you Jade?

Jade:

Thanks Jeni and hi everyone! As mentioned, I'm the Marketing and Communications Manager over at Share to Buy, basically we're a national property portal specialising in first time buyer homes, with a focus on Shared Ownership and Help to Buy.

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So, we're a bit of a one stop shop for buyers as we not only have a property search tool but also offer tons of FAQ's and guides, jargon busting videos, expert broker and solicitor panels, and mortgage tools to help work out affordability - so everything you kind of need to help get you started on your home buying journey!

Jeni:

Wonderful, so would you be able to explain what Shared Ownership is?

Jade:

Of course, I'd be happy to! So, Shared Ownership is an alternative home-buying scheme which has been around for decades now and has already helped tens of thousands of first-time buyers onto the property ladder.

It's a government-backed scheme which allows eligible buyers to purchase a share of a property. Also referred to as part buy, part rent, Shared Owners will buy an initial share in their home – usually between 25 to 75%; they'll then pay a mortgage on the portion they own and rent on the remainder to a housing association such as Radian Homes.

Shared Ownership is also ideal for those who can't quite afford the mortgage on 100% of a home as it enables them to become owner-occupiers, with the long-term security and stability of home ownership at a price that's still affordable.

Jeni:

That's great, so could you explain the difference between Shared Ownership and the Help to Buy: Equity Loan?

Jade:

Absolutely, I mean, as we've already touched on, Shared Ownership is a part buy, part rent scheme where the buyer pays both mortgage and rent on their home. On the other hand, Help to Buy is an equity loan whereby the government provides a loan of up to 20% of the full value of the property, so the purchaser only needs to raise a 5% deposit with a 75% mortgage making up the rest.

Although it's worth flagging that if any listeners are looking to buy in London, this would be a little bit different as the equity loan is increased to 40% to reflect the higher price points in

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the capital, meaning that the purchaser will still need a 5% deposit but with a 55% mortgage making up the rest instead.

Along that same line, a question we also get asked a lot is whether buyers can use Help to Buy and Shared Ownership together, but as these are two completely different home-buying schemes, it's worth knowing that you can't actually use them in conjunction with one another.

Jeni:

That's great, thanks. So, Gina, is there any criteria that you have to meet if you'd like to buy a Shared Ownership property?

Gina:

It does vary slightly if you live in London however generally outside of London the criteria for Shared Ownership are:

- That you must be at least 18 years old
- Your household income must be less than £80,000 per annum, however in London it is currently £90,000
- You must not own a home currently or if you do you must be in the process of selling your home making the Shared Ownership property you're purchasing, your main residence
- And it's also worth noting that some Shared Ownership homes will only let you buy if you have a local connection to the council in the area you are purchasing in, for example you may need to show that you either work, live or have a family connection to the local area

Jeni:

Ok, that's great. Is there a points-based system with Shared Ownership? And if I wanted to buy a three-bed house but I live on my own, would that be ok?

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Gina:

Well, we've mentioned the eligibility rules that we discussed earlier and it's worth noting that some housing associations and local boroughs have their own terms regarding priorities and affordability.

Each council will have a different agreement in place which is called a nominations agreement, which sometimes entails different criteria, and yes this may assess the need of the customer for Shared Ownership, but usually it is to ensure they do have that local connection, and the sought-after affordable homes in their area are actually going to local people.

There's no restriction at all on the number of bedrooms and you're able to buy on your own. We've actually had many customers that have bought a home with an extra bedroom in order to maybe start their family or have a guest room. We also have had many people that have already bought Shared Ownership previously and this is their second Shared Ownership purchase and they're moving up the ladder into a larger Shared Ownership home.

Jeni:

That's great. There seem to be many misconceptions around Shared Ownership. Some people think it means you have to share with people that you don't know, is this correct Jade?

Jade:

Oh, this is a question we get all the time but no, not at all! So, the 'shared' aspect of the scheme is actually because you're sharing ownership of your home with the housing association and that's why you pay them rent on the share of the property that you don't own. So, you definitely don't have to buy or live in your home with anyone that you don't want to. We're definitely not going to force you to live with strangers or anything like that!

Gina:

Yeah, exactly, another myth that we get quite a lot is that you're not able to decorate your new home as you're paying rent. That's untrue, you are able to decorate your property, for example you can paint the walls, or you can wallpaper, you can hang pictures, shelves, or install carpets. You can really make the home your own.

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We know that every customer is going to take pride their home, and you may wish to carry out home improvements from time to time. If it's anything above redecoration though, I would recommend that you'll likely need to speak to the housing association prior to starting the work and that's just because it may actually alter the value of your home.

Jeni:

Some great points there, thanks. Another misconception is that Shared Ownership is very expensive because you have to pay both rent and mortgage every month, what do you think to this Jade?

Jade:

So, in a lot cases, the monthly payments for a Shared Ownership property is actually less than renting privately in the same area, just with the added benefit of owning a stake in your home which is great!

And yes, you'll be paying your mortgage on the percentage share that you own, but the rent you pay to your housing provider will usually be subsidised or below-market-value which will help to make those repayments more affordable.

However, it's always worth remembering that there's a lot of variables to take into consideration when weighing up the costs of buying any home – whether that be Shared Ownership or not! For example, you'll have to have your affordability and income assessed by a financial expert to figure out what percentage you can afford as well as the types of mortgage options that are available to you.

And, as well as this, the specific home you're buying can also have an effect on monthly costs. For example, if you're buying at a new build development which has a lot of on-site facilities such as concierge services, gyms or communal areas, this can also increase the monthly service charges that you pay as well.

Jeni:

Thanks Jade, so Gina if you live in a Shared Ownership home, are you ever able to own it outright?

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Gina:

Yes, yes you are! You may have heard it called 'staircasing'. It means when you purchase more shares in your home. For example, if you buy your house initially at 40% you can staircase to get a bigger percentage share, and on some homes – though not all you can buy 100% and own the property fully outright. As you buy more shares in your home your rent will decrease and if you do choose to buy 100% then you will have no rent to pay whatsoever, however there may still be some service charges and some ground rent.

Jeni:

Ok so, if I wanted to sell a Shared Ownership property but I haven't staircased to 100%, would I still be able to do that?

Gina:

Yeah, absolutely, if you're wishing to sell you can do so at any time and this can be done through your housing association.

Jeni:

Jade, what would you say the main benefits of the scheme are?

Jade:

Oh, there's tons of benefits to buying a Shared Ownership home but the big one is probably the deposits as you'll only need to raise 5 to 10% of the share that you're purchasing, not on the full market value of the property.

So basically, if you wanted to buy a 25% share of a home that costs £250,000 – your share would be £62,500. So, that means that your 5% deposit could be as little as £3,125 which is a huge difference when compared to buying on the open market.

Shared Ownership also gives buyers flexibility in regard to stamp duty land tax. You'll usually have the option of either paying the full amount of stamp duty on the home at the time of purchase, or you can defer this until you own 80% of your property. However, if anyone listening is looking at buying in the coming months, don't forget that the government have recently announced a stamp duty holiday running up until March 2021 and this means

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that the vast majority of Shared Ownership purchasers won't actually need to pay any stamp duty.

There's also load of other benefits too such as the variety of properties available – from one-bedroom apartments in big cities to traditional family homes in the countryside, plus you also have the option of choosing between both new build and resale homes. And as Gina mentioned earlier, you're also free to decorate as you like so you can really make it feel like home!

Gina:

Jade's mentioned some absolutely great benefits there. You are able to secure your Shared Ownership property usually with a reservation fee which will come off of the full purchase price. Radian Homes reservation fee is as low as £250 to secure your new home. And the benefits of buying a Shared Ownership home really are endless, we see that in the customers that we move into their homes, that they're able to get a home for less rent than they were previously paying and a bigger home than they actually ever imagined they would be able to afford.

Jeni:

That's fantastic. So Jade, once someone has decided they're interested in Shared Ownership, what are their next steps?

Jade:

So, as Gina covered earlier, you do need to meet certain eligibility requirements to be able to apply for Shared Ownership, so I'd say the first thing you should do is pretty much just make sure that you fit that criteria before you start your search.

The next step would be to register with your local Help to Buy Agent. These are government appointed agents who can offer guidance on the Shared Ownership scheme, as well as support you in the home-buying process.

Although it's worth flagging that if any listeners are looking to buy in London, the process is slightly different and you wouldn't actually need to register with a Help to Buy Agent, instead you can apply for homes directly through the housing associations.

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Once you've done all your initial research into the scheme, you'll then want to start searching for your new home, which is the really exciting bit! As well as signing up to individual provider's websites, I'd recommend checking out specialist property portals such as us at Share to Buy as we list thousands of Shared Ownership homes all across the country.

And, as well as offering tons of content about Shared Ownership, we have handy mortgage tools and expert broker and solicitor panels, we also have a property search tool which allows you to really finetune your search with filters such as radius, number of bedrooms, accessibility requirements and deposit amount. Plus, each of our live listings will also feature a budget calculator that outlines the estimated monthly costs for that specific home which will include rent, mortgage and service charge which can really help when trying to get your head around affordability.

Gina:

Exactly right. Once you've decided Shared Ownership's for you, I'd recommend exactly the same Jade, to start searching for your home. Our website www.radianhomes.co.uk advertises all properties that are available with Radian Homes, and there's a wide range of properties from one bedroom apartments and houses across a large region of the South.

Specifically to Radian Homes processes, once you've found the home that's right for you speak to an independent mortgage advisor. They'll probably ask you questions about your finances in order to see if you can comfortably afford the monthly payments on your chosen Shared Ownership home, they'll take into account the fact that there may be service charges and other charges and ask you about your income to see if you can securely afford the property that you're interested in.

Once you have been qualified and if the property is affordable then it is as simple as placing a reservation fee of £250 on the property and it's reserved to you! Congratulations on your new home! The reservation fee also comes off the full purchase price at the end of the sale so it's not just simply a holding fee.

Once reserved, one of our expert sales team will go through a briefing with you. We've got dedicated officers to help you through your move and we'll book a briefing to explain the next steps in your purchase and help you with instructing your solicitors and get moving. We often recommend which solicitor to choose as there are some fantastic advantages to using recommended solicitors. They're aware of Shared Ownership and how it differs slightly to Open Market Sale, and they'll be aware of the development your home is on and

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more than likely will have completed with other properties there and will have had other customers already move in. We find it makes the process a lot quicker and gets you into your new home as fast as possible.

Once you have given the green light to your solicitor, either a memorandum of sale or reservation form will be issued and we aim for a 28-day exchange of contracts from that point, which gives you the safety of knowing there's a legal binding contract to say that your new home will be yours.

Once your solicitor's ready to exchange they'll then ask for your deposit to be sent over with signed contracts and the exchange will go ahead. The exciting part!

After exchange when the property is ready to be moved into, your solicitor will advise you and then a completion date will be agreed. Completion date is your moving in day. The best part of the whole process. So, one of our sales team will greet you and go through a short handover to get you started in your new home. And then it's just a matter of actually enjoying your new home ownership and that's when the real fun starts!

Jeni:

Fantastic. Last, but not least, it's important to note that military personnel have priority when it comes to Shared Ownership. Jade, could you talk us through that please?

Jade:

Absolutely! So, generally speaking, active members of the military will need to have completed their basic phase one training and either be regular service personnel, clinical staff, a Ministry of Defence Police Officer or uniformed staff in the Defence Fire Service. For ex-military members, you'll need to have served in the Armed Forces for a minimum of six years and you'll also need to apply for a home within two years of your date of discharge from service.

However, it's also worth noting that while military personnel are the only group to be given priority for government funded Shared Ownership homes, some local councils will also have additional priority groups for specific developments based on local housing needs, so it's always worth checking with your provider if you're not sure.

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Jeni:

Gina and Jade, thank you both so much for joining me today. It's been great to talk more in depth with you both about Shared Ownership. And a huge thank you to our listeners, I hope it's been useful for all of you. If you have any questions that weren't covered in today's podcast or for general enquiries, please do get in touch by visiting our website www.radianhomes.co.uk. And thanks again for listening and have a wonderful day!

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