



# | Guide to shared ownership

A place to call home



**CHELTENHAM**  
BOROUGH COUNCIL



## What does Cheltenham Borough Council offer?

Cheltenham is a world-renowned cultural destination; our town is rated one of the best places to live and it is also the UK's capital of cyber and security. We want everyone who lives and works in our town to benefit from Cheltenham's successes, and for all our residents and communities to thrive, not just survive, so that our town continues to be a fantastic place to live, work and visit.

The principles that will guide our priorities, and one of them is to help all our communities to benefit and prosper from our strong local economy. We know how difficult it can be to take your first step on the property ladder, especially in the capital. The cost of rent combined with the cost of living can make saving for your own home feel impossible. But we don't think it has to be that way. We're delighted to offer shared ownership as a way to make it possible for people to finally be able to own their own home.

Our commitment to quality ensures that every property we offer meets the highest standards. Whether you are a first-time buyer, looking to downsize, or seeking a fresh start, our shared ownership properties offer you the security and stability of owning your home, with the flexibility to increase your share as your circumstances change.







## What is shared ownership?

Shared ownership is a government-backed scheme that allows you to buy a share of a property (typically between 10% and 75%) and pay rent on the remaining share owned by a housing association or provider. It's designed to help people who can't afford to buy a home outright.

## Why shared ownership?

Shared ownership allows you to get onto the property ladder more quickly than you might if you wanted to buy a home outright

You will need less savings as you put down a deposit on a share of the property. For example, a 25% share of a property worth £200,000 may only require a deposit of £2,500

You own as much of your home as you can afford, and you can buy a larger share when you can, but the choice is yours

You can buy additional shares as time goes on and you save more, this process is called staircasing

Your monthly mortgage payment plus rent can work out less than renting on the open market

Instead of paying rent every month and having nothing to show for it, you own a part of your home

You can sell a shared ownership property at any time. You could benefit from any increase in value it has experienced since you bought it





# Buying a shared ownership property

With shared ownership, you start by buying a share in your home with the option to buy more shares if you want to. Your deposit will be 5% to 10% of the share you are buying. You pay a mortgage on the share you own and pay rent to us on the share you do not own.

If you are interested in a shared ownership home, you will need to undertake an assessment with an independent financial advisor. They will help you check whether it is an affordable option and, if so, will help establish the optimum percentage share for you that is affordable both now and in the long term. They will also explain the costs of buying a home, such as the reservation fee, mortgage valuation fee, removal costs, and utility connection, so you can make the right decision.

## Who can apply?

To buy a home under the shared ownership scheme you must meet these basic requirements. You may be eligible if:

Criteria	Yes	No
Your household income is below £80,000		
You're a first-time buyer, or you used to own a home but can't afford one now		
You cannot afford a suitable home on the open market		
You can secure a mortgage for your share and afford the rent		
You cannot afford the full deposit and mortgage payments for a home that meets your needs		
Local area connection eligibility		
I am a British or EU/EEA citizen, or have indefinite leave to remain		
I understand and can afford the ongoing costs of buying through shared ownership		



# What are the costs of buying a shared ownership property?

To give you an idea of the costs involved in buying your home through shared ownership, we have put together an illustration\*.

Value of home	£300,000		
25% share	£75,000	Deposit £7,500	
Monthly costs	£1,200	Mortgage £400 Rent £600 Service charge/building insurance £200	
Purchase costs	£3,300	Solicitors and legal £1,400    Mortgage valuation £1,000 Mortgage fees £400                      Reservation fee £500	
Other costs	Water rates Content insurance Broadband Subscriptions		

\*These figures are for guidance only and may not reflect your actual costs.



# What is the process of buying?

## Step 1 | Application

When you find the home you want to make an offer on, provided you meet any local area connection eligibility criteria, you will be referred to our independent financial advisor for an affordability assessment. They will assess what share you can afford to purchase and whether you are eligible.

## Step 2 | Viewing and reservation

We will arrange a viewing and if you wish to proceed you will reserve your home. It will also be possible to reserve plots before they are built, so in this instance viewings will not be possible.

## Step 3 | Legals

You appoint a solicitor Everyone buying a home must appoint a conveyancing solicitor to work on their behalf. It is important that you appoint a solicitor that is familiar with shared ownership.

## Step 4 | We exchange contracts

A memorandum of sale (MOS) will give a date by which to exchange contracts. This makes your intention to buy a home through us a legally binding agreement

## Step 5 | Completion day

Your mortgage lender will give your solicitor the money to buy your home and complete the sale. Congratulations on purchasing your new home!

## Step 6 | Time to collect your keys

We will arrange to meet you at your home and hand over your keys. We will also walk you through your new home and your home user guide.



# How it works

## Frequently asked questions

Your lease is a long-term tenancy in which someone buys the right to live in a property for a set period (anywhere from 99 to 990 years). Unless arrangements are made to extend the lease before it expires, ownership of the property returns to the freeholder.

As a leaseholder, if you own a property in an apartment block, you won't own the land the property sits on; this will be owned by the freeholder

You agree	CBC agrees
To pay the rent at the time and in the way specified	To allow you to occupy your home without interference unless you are in breach of the terms and conditions of the lease
To pay any rent/service charge (if applicable)	To insure the building (but not its contents)
To keep your home in a good state of repair	Please note that there are more clauses in the lease, and you should get your solicitor or legal representative to explain it to you if you are not sure about anything
Not to carry out any alterations or additions (except usual decoration) to your home without our prior written permission	
Not to sell your home without our prior written permission	



## Repairs to your home

You are responsible for all repairs and maintenance on your home after purchase, regardless of the percentage share you own.

The property will benefit from a 12 month defects liability period which covers only certain defects from the date of handover. The lease will also have a repair clause. The shared ownership handbook will have more information relating to this subject.





# Legals

## Succession/transfer

If you make a last will and testament, you can state who will take over your lease when you die. If you die without making a will your lease should be passed to your next of kin. We recommend you seek legal advice when preparing a last will and testament.

If you divorce or legally separate from your partner and you have a joint lease, you must inform us and agree with any mortgage lender which partner is to take over the property. If you cannot agree, a court will make a ruling on who should stay or order the property to be sold. You will need to appoint a solicitor to deal with this for you.

Please note that if the property has a restricted clause within the lease, the property cannot necessarily be transferred. We recommend contacting us for further information.

## Buying more of your home

The process of purchasing additional shares and increasing your ownership (equity) is called 'staircasing'.

This process allows shared owners to increase the percentage share they own in their home, with most leases allowing staircasing up to 100% ownership. Once you have lived in your shared ownership home for a period (as outlined in the terms of your lease), you can choose to buy further shares in your property.

For example, if you initially purchased a 25% share in your home and went on to buy an additional 25%, you would then own 50% of the property.



## What happens when I become a freeholder

If you staircase to 100% ownership, then the property becomes yours. We have no further interest in the property at this point, and there is no rent to pay. It is important to pay your rent along with your mortgage payments, service charges, utility bills, and other costs.

As a freeholder of a property, you own it outright, including the land it is built on. If you buy a freehold, you are responsible for maintaining your property and the land. If you are part of a development estate, you will need to contribute toward the upkeep and maintenance of the communal grounds via an estate charge in addition to any maintenance and insurance costs specific to your home.

Most houses are freehold, but some might be leasehold, especially through shared ownership. All shared ownership homes are leasehold, meaning you own the property for a set period but not the land.



# Selling your shared ownership home

You can sell your share at any time. CBC has the first right to find a buyer. If they don't, you can sell on the open market. The purchaser must meet the criteria for shared ownership.

## Shared owners responsibilities

Keep your home in good condition and carry out any maintenance required. If you own a house, you are responsible for all repairs and maintenance inside and outside your home.

Pay all service charges and rent payments on time.  
Failure to pay could result in repossession of your home

Respect your neighbours and do not cause a nuisance.  
Everyone has a right to quiet enjoyment of their home

Please keep us up to date with who is living in your property

Sub-letting is not permitted but may be considered in extreme circumstances

Request permission from us before making any alterations to your home



## CBC responsibilities

We have a legal duty to make sure that we:

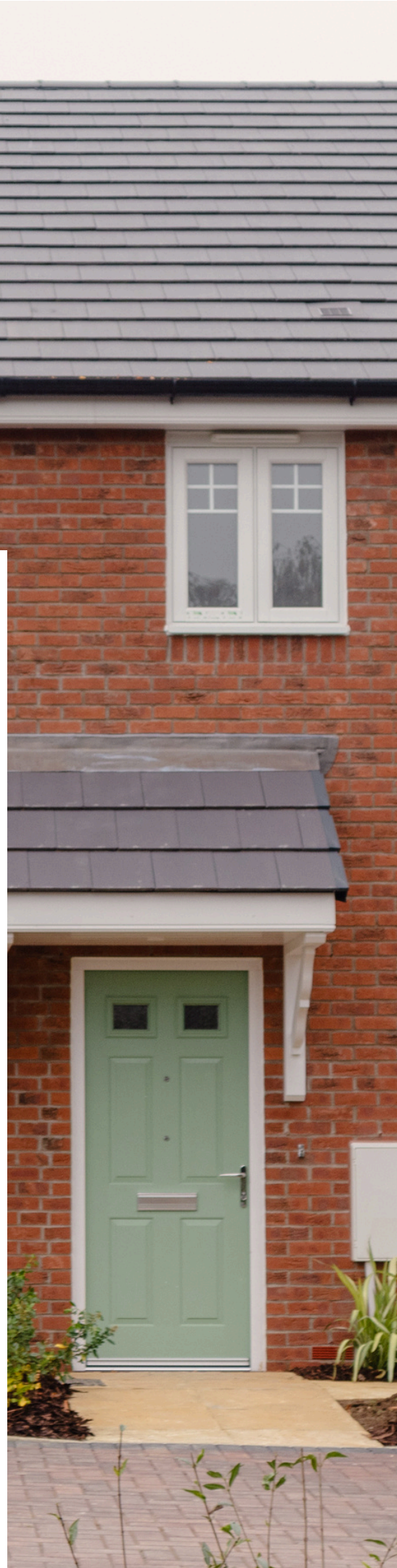
Make sure that you have quiet enjoyment of your home

Keep the parts of your home that we are responsible for in a good state of repair and redecoration

Provide services that are specified in the lease, such as gardening

Provide buildings, public liability and employee insurance

Ensure all service charges are properly demanded and paid







## Building insurance

CBC will be responsible for the insurance of the building (but not the contents). This will be part of your service charge. CBC arranges buildings insurance through a block policy. As we insure a large number of properties under one policy, we receive a discount, which we pass on to shared owners and leaseholders. You will need to notify your mortgage lender that CBC insures the building. You are responsible for arranging your own home contents insurance.



| For more information contact  
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