

A place to
Belong

A guide to Shared Ownership

More than just a place to live

 Peabody



Contents



WATCH OUR GUIDE TO SHARED OWNERSHIP

Shared Ownership

is a government-backed scheme that has enabled over 200,000 people to get on the property ladder, who otherwise wouldn't have been able to.



Owning your own home *made possible*

We want as many people as possible to have a beautiful home to call their own, and at Peabody, we've been helping people in London do this for over 150 years.

We understand how difficult it can be to get a foot on the property ladder these days. Too often people are forced into completely changing their lifestyle or making big sacrifices, like moving away from family, friends and work, just to be able to buy their own home. For many, the idea of ever being able to afford to buy in London feels out of reach.

We are delighted to offer Shared Ownership as a way to make it possible for people to finally be able to own their own a home.

Josephine
Shared Owner at Motion,
Lea Bridge E10



Designed to help get you on the property ladder

Helping people buy homes for nearly 50 years

Shared Ownership was introduced in the 1970s. Since then it has become widely available on new and second-hand homes from housing associations like Peabody across London and the UK.

Shared Ownership makes it possible to buy a property that otherwise would not have been affordable on the open market. It is best suited to people who have some money saved, but not enough for a deposit to buy 100% of a home.

Making sure Shared Ownership is right for you

Shared Ownership is designed to help people get onto the property ladder who otherwise could not afford to on the open market. To be eligible for Shared Ownership, your household income cannot exceed £90,000 when buying a home in London (£80,000 when buying outside of London).

Whilst there are income caps, you will need to be earning enough to ensure you can comfortably afford your mortgage, rent, service charge and bills.

Make sure you meet the requirements

When you find a home you like, you must go through a quick financial assessment to make sure you meet the requirements.

The eligibility for buying a home through Shared Ownership varies depending on its location and size. You can read more about eligibility and how we allocate homes [from page 14](#).

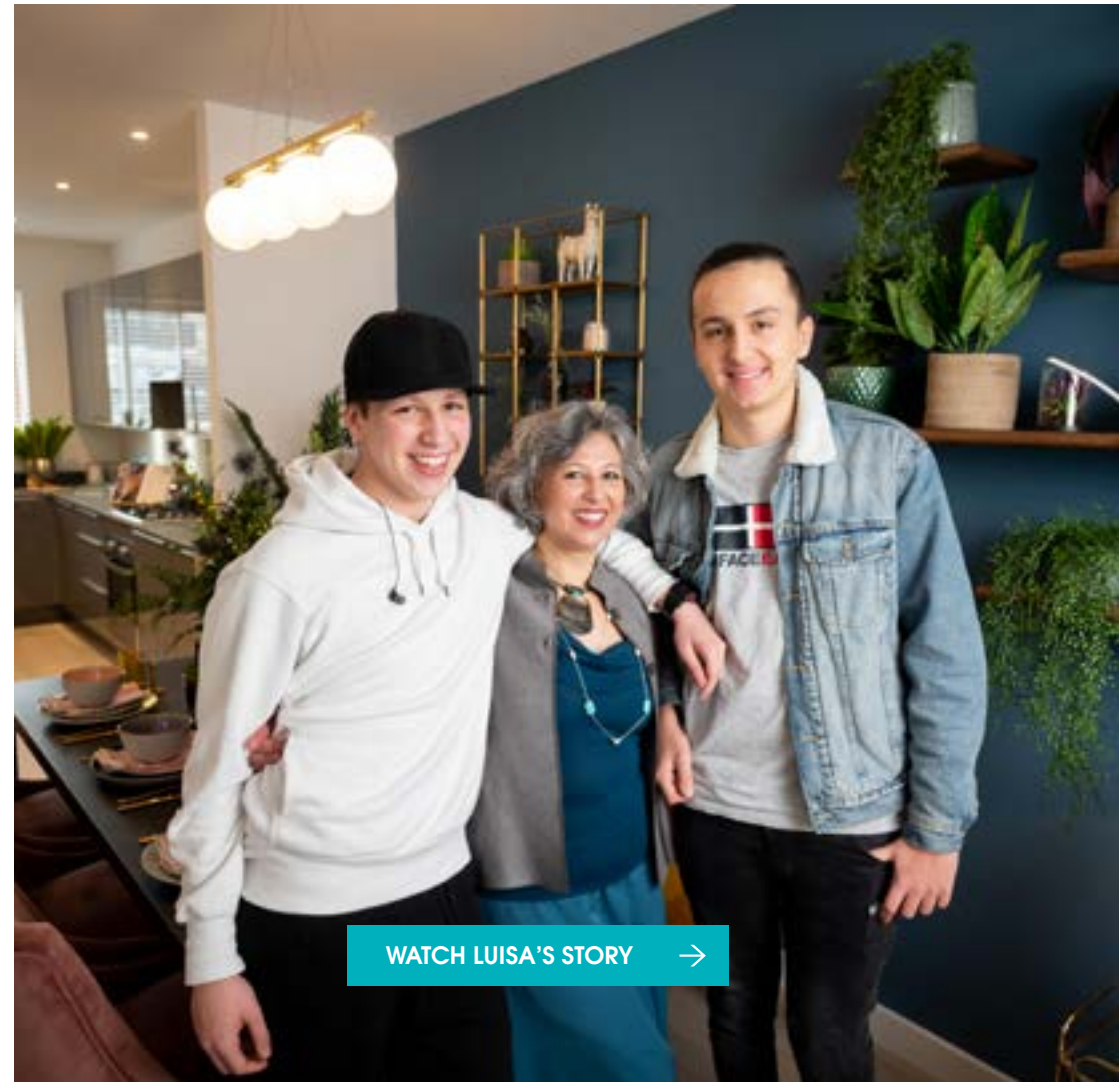
Not just for first time buyers!

While many people who buy a home through Shared Ownership are buying for the first time, it is available to anyone who meets the eligibility criteria. However, if you already own a home, you must be in the process of selling it as you cannot own any other property at the time you buy a Shared Ownership home.

Navigating the journey together

Shared Ownership can be quite complex to understand, but don't let that put you off! We are here to help you every step of the way.

Luisa (with her sons Federico and Matteo)
Shared Owner at Stonelea Gardens, Leyton E11



WATCH LUISA'S STORY →

Here's how it works...

Step One

Buy a share

Initially buy as little as 25% or as much as 75% of your home.

Step Two

Pay rent on the rest

The share you don't buy is owned by Peabody. The rent is discounted, so it is cheaper than on the open market.

Step Three

Buy more later

As your savings grow over time, you can buy a larger share in your home, until eventually you own 100%.



Step One

Buy a share

Initially buy as little as 25% or as much as 75% of your home.

Buying a share in your home

In a nutshell, Shared Ownership allows you to buy a share of your home with a mortgage. This can be as little as 25% or as much as 75% initially. Typically, people start with a 30% share.

Paying a deposit

You only need to pay a deposit on the share you are buying, not on the total cost of the home. This means that the amount you need in savings is far less than if you were buying the same property outright with a mortgage.

Stamp Duty

This is a government tax on buying a home, collected by HMRC. At the moment, you do not have to pay Stamp Duty if your home costs less than £500,000 and only 5% on anything between £500,001 and £925,000.

As Stamp Duty can be a significant cost when buying a new home, you should be aware of the current rules and upcoming changes.

If you do need to pay any Stamp Duty, you have the option of paying in stages to help spread the cost over a longer period. This will reduce the amount of money you need when you are first buying.

Photography of show apartment at New Mansion Square



Example:
1 bed apartment
Full market value £388,000
Minimum income you need £54,530



25% share
with a £9,700
deposit



50% share
with a £19,400
deposit

Step Two

Pay rent on the rest

The share you don't buy is owned by Peabody. The rent is discounted, so it is cheaper than on the open market.

Keeping it within reach

With Shared Ownership, you pay rent to Peabody on the share you don't buy. To help keep the cost down, we discount the rent compared to the open market. This keeps our homes affordable for more people.

You are buying a share on a lease for your home, which typically, is for 250 years. Since you will own a lease, you will be a leaseholder and Peabody will be the landlord.

If I'm only buying a share, do I 'own' the property?

As well as being a leaseholder, buying through Shared Ownership means that you are an owner-occupier, with all the same rights and responsibilities. You are free to decorate your new home as you wish and are responsible for its maintenance and upkeep. However if you wish to make any structural changes such as removing walls, you must get Peabody's approval.

Ongoing monthly costs

As a leaseholder, you will need to pay a monthly service charge to Peabody. This covers the upkeep and maintenance of all shared areas and is a common cost in apartment blocks, on estates or new developments.

Ongoing annual costs

You may need to pay an annual ground rent to Peabody, typically between £200-£300. However in most cases, this will not be applicable until you own 100% of your home, and will be detailed in your lease agreement.

On average there is a 27% saving in monthly housing costs versus full ownership of the same property (based on a share of 50%*). The combined monthly costs of your mortgage, rent and ground rent can sometimes be more than renting, but with Shared Ownership, you have the added security of owning your home.

*Savills UK Residential 2019 - Spotlight on Shared Ownership



Example:

1 bed apartment

Full market value £388,000

Minimum income you need £54,530

Monthly rent	£666
Monthly Mortgage	£465
Monthly Service charge	£253
Total monthly costs	£1,384

Based on a 25% share of £97,000. Please speak to a Mortgage Advisor when it comes to arranging a mortgage for your home.

Step Three

Buy more later

As your savings grow over time, you can buy a larger share in your home, until eventually you own 100%.

Buying more shares in your home

As your savings grow over time, you can buy a larger share in your home, until eventually you own 100%. This is known as Staircasing.

The higher the share you own, the less rent you have to pay Peabody. The price you pay for any extra share is based on the market value of your home at the time you wish to buy more shares, which could go up or down.

You can buy more shares in your home at any time and there is no limit to how many times you can staircase. However, you should be aware that buying shares comes with various costs, including valuation fees, admin fees and legal fees. Most people will staircase two or three times before they own 100% of their home.

What happens if I want to sell?

You can decide to sell your home at any time, even before you have reached 100% ownership. The value of the share you own will be based on the full market value at the time of selling your home. So, if the value of your home increases over time, the value of your share will too.

As we have many buyers looking for a Shared Ownership home, in the first instance, Peabody will market your home for you. We will liaise with all parties to complete the sale. In the unlikely event we are unable to find a buyer within 8 weeks, you can appoint your own selling agent, if you wish.

As with the sale of any home, there are associated costs which you should be aware of before making a decision.

[FIND OUT ABOUT STAIRCASING →](#)



Buying more shares in your home, known as Staircasing, means you pay less rent to Peabody.

If you decide to sell, the value of your share will be based on the full market value at the time of selling your home.

Cost of buying through Shared Ownership

To give you an idea of the costs involved in buying your home through Shared Ownership, we have put together an illustration. These are based on a one bedroom apartment.



COST OF YOUR HOME

£388,000



25% SHARE

£97,000



YOUR DEPOSIT

£9,700



MONTHLY COSTS

£1,384

Monthly mortgage

£465

Monthly rent

£666

Monthly service charge

£253



OTHER ESTIMATED COSTS

£500

Reservation fee

£700

Solicitors fee

£600

Legal disbursements

£400

Mortgage advisor fee

£0-£800

Mortgage valuation fee

£0-£999

Mortgage arrangement fee



You should be aware of all the costs associated with buying a home through Shared Ownership

*Based upon a 10% deposit with an annual household income of £54,530
For further information please contact Peabody sales team.

Your journey to owning your own home



1

Register your interest in one of our schemes first

Once you have found a place you love, get in touch with the Peabody team by completing an application form to let us know you are interested.



2

Take a quick financial assessment

Before you can view any homes, we'll need to make sure that you meet all the criteria. This is so we can help make sure the home is right for you.

We'll arrange for you to have an initial assessment with an Independent Mortgage Advisor (IMA) to understand a bit more about your financial position and whether Shared Ownership is the best option for you.



3

View the home, in person or virtually and reserve for £500

Once the show home is ready, we will invite you to book a property viewing either in person or online from the comfort of your own home, whatever suits you best.

If you like what you see, you can reserve a home for £500. When making a reservation, you can choose a selection of homes including your preferred choices. This will give you a higher chance of being offered a home if we receive more than one reservation for any single property.



4

Offering you a home

Within seven days of you making a reservation we will confirm whether we are able to offer you a Shared Ownership home with an offer letter.

If we receive more than one reservation for the home, we will make a decision based on who best meets the eligibility criteria and the minimum affordability requirements. For more info on how we prioritise, see [page 15](#).

Your journey to owning your own home



5

Full financial assessment

Once you have been offered a property, you will be invited to meet an Independent Mortgage Advisor (IMA) from our selected panel of experts. During this meeting, they'll do a more in-depth check to ensure you are able to afford the home and double-check you meet the eligibility criteria set out on [page 14](#). They will also help you work out how much of the home you could buy initially.

You will need to bring some ID, bank statements and payslips. This is a detailed discussion and may take up to an hour. You must complete the Financial Assessment within five days of being offered a property. You are under no obligation to use the Mortgage Advisor to obtain your mortgage.



6

Appoint a Solicitor & Mortgage Advisor

You will need to formally instruct a solicitor and mortgage advisor on the day of your financial assessment. Once you've instructed a solicitor and mortgage advisor, you will need to complete an Offer Acceptance Form. It's at this stage your reservation fee will be non refundable up to completion. We recommend using an independent solicitor and mortgage broker who specialise in Shared Ownership as they are experienced in the process of purchasing a home through this scheme.

You can choose from our selected panel of Independent Mortgage Advisors and solicitors if you wish, or appoint your own. Some Mortgage Advisors will offer this service free of charge while others charge a small fee, so please check before choosing.



7

Secure a mortgage

You will need to submit a mortgage application within two working days of your financial assessment. If you are going directly to a lender to obtain your mortgage, you may need to book an appointment with them in advance of your financial assessment to make sure you're able to meet this timescale.

An independent valuation of your new home will be carried out on behalf of the mortgage lender. If they are satisfied with the valuation and financial checks, they will present you with a mortgage offer.

When you have received your mortgage offer and you have provided your solicitor with sufficient responses to any enquiries they may have.



8

The paperwork

While you arrange your mortgage, Peabody's solicitor will be in communication with your solicitor to provide legal paperwork and respond to any legal enquiries. Once we receive an offer acceptance form following a successful financial assessment, we will send a Memorandum of Sale to your solicitors.

After all legal enquiries have been satisfied, your solicitor will contact you to arrange exchange of contracts. Upon exchange, you're legally bound to buy the home and Peabody is legally required to sell you the property. This is usually within six weeks of you being offered the home, or within five working days of receiving your mortgage offer (whichever date is earliest).

As soon as the property is ready to move into, a completion date will be arranged.

Your journey to owning your own home



9

Completion

On completion day, the money to buy your home is transferred to our solicitors. This is typically within 10 days of exchanging of contracts if your home is ready or longer if the home is still being built. Prior to your completion date, we will be in contact with you to arrange a time to collect your keys, usually late afternoon.

Once completion has taken place, you will legally own your home through Shared Ownership!



10

Move in and start enjoying your new home!

When you move in, our team will be on hand to welcome you and show you how everything works in your new home. They will also help you take meter readings and answer any questions you may have about your new home.

You will also receive a New Home Guide with useful information about your new home, including what is considered a defect and the process to follow, as well as any applicable certificates for your home.

Photography of show apartment at Pontoon Reach



Check you are eligible for Shared Ownership

Shared Ownership has been designed to help out those that need it most. Eligibility will vary depending on which development you are looking to buy in. However, there are some general criteria that you must meet for every development. You can use the tick list to see how likely you are to be eligible for Shared Ownership.

CHECK YOUR ELIGIBILITY →

	YES	NO	N/A
My household income is not more than £90,000 when buying a home in London (£80,000 when buying outside of London)			
I am a first time buyer or in the process of selling the home I own			
I cannot afford to buy a suitable home any other way			
I do not owe any money on unpaid rent or mortgage			
I am able to show that I can obtain a mortgage based on my current credit report			
I am able to pass money laundering and fraud checks			
I understand and can afford the ongoing costs of buying through Shared Ownership			

How we prioritise Shared Ownership

Photography of show apartment at Colindale Gardens



Shared Ownership is available to anyone that meets the eligibility criteria for an available property. As some of our developments can be very popular and at times, receive more reservations than we have homes available, we use a scoring system to prioritise certain people to ensure that our homes go to those most in need.

On some occasions there may be additional priorities set by the Local Authority which will then override our standard Allocation Policy.

To make sure properties go to those most in need, priority will be given in the following order.

Existing social tenants - because council and housing association tenants buying their own home will release a home to someone else who needs social housing

Military personnel

Applicants registered on the local authority's housing waiting list or who are in a local priority group

First time buyers

Buyers with a home to sell

After the initial priority groups have been considered, applications will then be prioritised based on:

People who live and work within the same borough of the home they wish to buy

People on the lowest income, but still able to afford the property

People with a larger household size i.e. families

For more information please contact:
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Shared
Ownership

Owning your
own home, finally
made possible

Details correct at time of publishing.

