Older Persons Shared Ownership Guide

Saffron
Housing Trust

What is Older Persons Shared Ownership?

Shared Ownership is an affordable solution to help people buy their own home.

If you are 55 or over, and you are unable to buy a home on the open market, Older Persons Shared Ownership, known as OPSO, is a scheme that could help you to buy in affordable stages. OPSO is aimed at a range of older buyers. You may be very independent but are mindful that you may need some additional support as you get older, or you may already benefit from a planned care package. Different developments offer different levels of support and facilities and you can often choose the level of support you'd like.

Depending on how much you have bought, there may or may not be a rent due on the remaining share:

- If you buy 75% of your home, there is no rent payable at all.
- If you buy less than 75%, rent will be payable on the remaining shared owned by Saffron Housing Trust.

75% is the maximum percentage of your home you can own. If the initial share that you buy is less than 75%, you have the option to buy additional shares up to 75% when you want. When you reach 75%, you will stop paying any rent.

Shared Ownership has been operating for more than 40 years. It's an established scheme that has helped hundreds of thousands of people to buy their own home. The scheme is government backed and regulated and is offered all over the country.

Who is eligible for OPSO?

Shared Ownership is for people who can't afford to buy a home outright. Your total household income must be under £80,000.

You must be aged 55 or over to be eligible.

If you already own a property, you will need to sell it and demonstrate that you can't afford to buy a home outright.
You will be asked to have a financial assessment by an independent financial advisor to check you can afford the purchase. You will need to demonstrate how you will cover the ongoing costs of home ownership.

You will need to register with your local Help to Buy agent. The agents are appointed by the Government to carry out an initial assessment, to ensure you meet the basic eligibility for shared ownership. You will be asked to complete an application form, to tell the agents about your circumstances. This is to protect the public funds invested by the Government and ensure Shared Ownership is helping those in need, to find a home.

Sometimes Shared Ownership schemes will be targeted at groups considered to be a priority by the local authority – this may mean applicants who already live or work in the area will get priority or other groups considered to be most in housing need.

Priority is usually given to Armed Forces personnel either actively in service or having served within the last 2 years. Also, to the widows or widowers of Armed Forces personnel, killed in active service.

Are there care services and costs when buying through OPSO?

OPSO schemes cater for buyers that range from 55 years and over and have a diverse level of independence or support needs. Some buyers will require planned care straight away, but others may not need it for many years.

Every scheme will be different. Where planned care packages are offered, there will be an additional charge. The costs will be set out in advance of buying to help you decide if the scheme is the right one for you and if it will be affordable.

Where you have the chance to opt in to care services, you can do this from day one or save the option until later in life, when you need it.

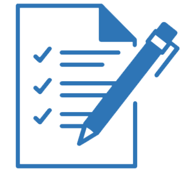
Most OPSO schemes will have a level of additional support and facilities that everyone living in the development will share and benefit from. This could be a resident care manager or trained staff who are on call overnight in case support is needed. There can be communal areas, such as a resident's lounge and gardens to enjoy, typically a hairdressing salon and a restaurant or café serving meals.

A wellbeing charge is usually made, to cover the additional facilities and services that everyone benefits from.

Do I have to spend all my savings?

If you have savings or equity from the sale of a property, you don't have to spend all your funds on the purchase. Generally speaking, you do have to demonstrate that you can't afford to buy a home outright, but you are allowed to retain some funds, for example to cover future care costs.

You will be asked to have a financial assessment, by an independent financial advisor and they will consider your circumstances now and, in the future, to determine if you are eligible and what size share you should buy. You will be asked to buy the largest share that you can reasonably afford.



What is a Shared Ownership lease?

All Shared Ownership homes have a lease – this is a legal document which sets out your rights and responsibilities as a shared owner. It also sets out our rights and responsibilities, so both sides are clear on the terms up front.

The lease grants you the right to live in and enjoy your home for the term of the lease. Most shared ownership leases are for 990 years.

The lease will cover your fundamental rights to buy additional shares in your home and how to sell your share. It will also set out your repairs and maintenance responsibilities and outline the payment of the rent and service charge. Your solicitor should talk you through all aspects of the lease, so you fully understand the legal arrangement you are entering into, before you buy.

What are the initial costs of buying an OPSO home?

You will need the following:-

Funds to buy your share – as an older buyer, you may not be using a mortgage to buy. If you are, you may have to pay a mortgage product fee and pay for your lender to carry out a survey.

Legal costs – you will need to instruct a solicitor to cover the legal work involved in buying a new home. We can help you find a solicitor who understands Shared Ownership. You should get at least a couple of quotes and check their Shared Ownership experience, to help you choose the right solicitor for you.

Stamp Duty Land Tax (SDLT) – depending on the value of the home you are buying, SDLT may be due. You should ask your solicitor to advise if any SDLT is due and how much.

Rent, service charge & wellbeing charge – you will be asked to pay one month's rent, service charge & wellbeing charge in advance, at the point of buying. If you are buying a planned care package, you may also need to pay a month's care costs in advance.

Removal costs & furniture – there can be costs associated with moving into a new home. You may need to pay a removal company to help you move and you may need to buy furniture to furnish your new home.

What are the running costs?

Wellbeing charge	Planned care costs	Council Tax
You will be charged a monthly fee to cover the additional facilities and services that everyone in the development benefits from.	If you opt to take out a planned care package you will need to factor the on-going costs into your monthly payments.	You will be responsible for paying the council tax due on your home. Your solicitor can help advise how much this will be.

Rent	Repairs and maintenance
If you buy less than 75%, you will need to pay us a monthly rent, based on the value of the share you haven't bought. The amount of rent you pay will go down, every time your staircase and will fall away completely when you reach 75% ownership.	You will be responsible for all day-to-day repairs and servicing costs to maintain your home. This includes servicing and maintaining the boiler and potential future replacement costs.

Service charge
You will be charged a monthly service charge to cover such items as the building's insurance, the cleaning and maintenance of communal areas, gardens, lighting, lift (if applicable). Part of the service charge will pay into a "sinking fund" to build up a reserve of money to carry out periodic works such as redecorating. There will also be a management fee to cover the administrative costs of collecting the rent and service charge. The service charge can be different on houses and flats, and you will be provided with a service charge estimate before you buy.

Contents insurance	Utility bills	Mortgage payments
From the day you buy your home, you will be responsible for taking out insurance to cover all your belongings in your home.	You will need to cover the cost of the electricity, gas and water used in your home. There may be other costs such as a phone line and Wi-Fi connection.	If you take out a mortgage, you will need to pay your lender each month to keep your mortgage payments up to date.

How do I buy extra shares?

If you own 75% of your home, you are unable to buy additional shares. If you own less than 75%, you are free to buy additional shares in your home up to a maximum of 75% whenever you want. The process of buying additional shares is called “staircasing”.

The minimum share you can buy is 25%. The maximum is whatever amount is still outstanding up to 75% ownership.

If you decide to staircase, you will need to pay for an independent valuation to find out the current market value of your home. The valuation will determine how much the additional shares will cost to buy. It is important to remember that property prices can change and the cost of buying additional shares may go up or down.

As you buy more shares in your home, the rent you pay on the remainder will go down. Once you own 75%, there will be no rent payable at all.

What if I want to sell my share?

Shared Ownership is very flexible – you can sell your share at any time. You will need to pay for an independent valuation to determine the value of your share.

You will have a clause in your lease called a “nomination period” which gives us the opportunity for the first few weeks to find another buyer who is eligible for Shared Ownership.

If we are unable to find a buyer during that period, you are free to sell your share on the open market. You must sell to a buyer who is 55 and over to be eligible to live in the development.

What are the key steps to buying an OPSO home?

Step 1 – Look out for shared ownership homes being advertised on the Help to Buy agents website https://www.helptobuyese.org.uk/. Contact us when you see a home you are interested in buying, to discuss buying off plan or arrange a viewing

Step 2 – If you want to proceed, you will need to register with the Help to Buy agent

Step 3 – You will be asked to have a financial assessment to check you can afford Shared Ownership, but couldn’t afford to buy a home outright. If you pass the assessment, you can pay a reservation fee to reserve the home. You should decide if you need the care package, to fully understand the monthly costs now or in the future.

Step 4 – Choose an experienced solicitor to cover the legal work involved in buying a new home

Step 5 – Find a mortgage that you can afford. Your lender will carry out a survey to check the valuation or, decide if you have enough savings or equity in a property sale, to buy your share.

Step 6 – Your solicitor and our solicitor will work together to review all the legal aspects of the buying process. Your solicitor will raise enquiries and carry out local searches to ensure all is in order before you buy.

Step 7 – When both solicitors are happy, your solicitor will ask you to sign the contract and pay your deposit and we will also sign the contract. The signed contracts will be sent to both sides and this is known as “exchange of contracts”. At this point the contract becomes legally binding for both sides.

Step 8 – We will let you know when your home is ready to move in and both solicitors will agree a “completion date”. This will be the date where the funds to buy the home are transferred by your solicitor to our solicitor and on receipt of funds, the home becomes yours and the keys can be released to you.

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