

# Changes to shared ownership to help more people get on the property ladder

- Plans for a new national model for shared ownership will help thousands of lower earners step onto the housing ladder
- People will be able to buy their home in 1% chunks – rather than being forced to stump up 10% at a time
- Changes made to Help to Buy to make it easier for people to take out a mortgage

A package of measures to help people on lower incomes get onto the housing ladder has been unveiled by Housing Secretary Robert Jenrick today (28 August 2019).

The government will review a new national model for shared ownership to make it easier for people to buy more of their own home, including allowing them to buy in 1% increments.

This step will help to fulfil the Prime Minister's priority to level up the whole country, closing the opportunity gap and helping millions of young people into home ownership.

At present, they have to buy an increased share in 10% chunks, which can be as much as £45,000 per time. This process of increasing the stake until the property is bought outright is known as "staircasing".

People use shared ownership to buy a proportion of their home – which can be as little as 25% – and then pay a subsidised rent on the rest.

Housing Secretary Rt Hon Robert Jenrick MP said:

Building the houses this country needs is a central priority of this government. We know that most people still want to own their own home, but for many the dream seems a remote one.

My mission is to increase the number of homes that are being delivered and to get more young people and families onto the housing ladder, particularly those on lower incomes.

That's why I am announcing radical changes to shared ownership so we can make it simpler and easier for tens of thousands trying to buy own their own home.

Help to Buy, the cut to Stamp Duty and our home-building programmes are already making a real difference, but I am clear we need to go much further if we are to make the housing market work.

I will be looking at ensuring young people from Cornwall to Cumbria aren't priced out of their home areas and how we can build public support for more house building and better planning.

This government will help a new generation to own their home.

The Housing Secretary also announced he will look to reform the planning system to increase housing delivery and make home ownership more affordable for people looking to buy their first property, particularly in areas which are least affordable.

This could include increasing the number of homes sold at discounted prices to people trying to get onto the property ladder, boosting homeownership and helping build local support for new development.

Homeowners buying a property under Help to Buy will be given new freedoms which will make it easier to take out a 35-year mortgage, in measures announced today.

The government has also today closed a loophole with immediate effect that prevented people from taking out a mortgage with a term of more than 25 years.

The change means homeowners can reduce their monthly mortgage repayments by spreading their borrowing over a longer period.

## **How will it work?**

- A family in a £450,000 shared ownership 4-bedroom property could buy an initial 25% stake with a mortgage for £112,500, while paying subsidised rent on the remainder.
- They would then have to stump up £45,000 at a time to increase their stake, and decrease their rent – which is beyond the reach of many.
- Under our plans, shared owners would be able to stump up 1% at a time – or £4,500.