

St Monica Trust

Shared ownership

A guide to purchasing lease purchase accommodation on a shared ownership basis (part buy, part rent) 2016-17



DELIVERING WELL-BEING FOR OLDER PEOPLE

In certain circumstances the St Monica Trust is able to offer people the opportunity to buy a St Monica Trust retirement property on a part buy, part rent basis (Shared Ownership). The scheme was established to allow purchasers to pay a minimum of half of the capital payment for their home and pay a monthly rent that is calculated against the amount of unpaid capital.

Purchasers can choose to put down any proportion of the capital payment, provided it is at least 50% of the full fee. Where someone buys more than 50%, the amount of money against which the rental element is calculated goes down: the more capital a purchaser puts in, the less the rental element will be. For further information on buying a leasehold property from the Trust please see the leaflet 'Lease purchase accommodation', which is available from the sales team.

The rental element is made up of 7.5% of the amount of capital that is **not** paid into the property to provide an annual fee, which is then divided by 12 to provide a monthly figure, which is usually paid by direct debit and is arranged by the Trust's finance department. The rental element increases each year in line with increases in the community fee charged.

Illustration

A resident wishes to buy a retirement home for which the full capital payment is £200,000

Capital payment

Purchaser pays 60% of full amount = £120,000

Rental element

Remaining £80,000 not paid of
full capital payment x 7.5% = £6,000 per annum or
£500 per month

SOME FREQUENTLY ASKED QUESTIONS

Is stamp duty payable?

If the amount of capital payment that the resident is putting into the property falls above the HMRC thresholds, stamp duty is payable by the purchaser. Further information is available from www.hmrc.gov.uk. The exact amount payable will be calculated by the solicitor acting for the purchaser in the usual way.

Does the purchaser benefit from any equity gain?

No. The purchaser will be refunded the capital payment initially paid when the property is purchased in the same way as it would for a resident who has made their purchase outright. Rent paid over the lifetime of occupation does not increase the purchaser's equity share in the property.

Can I increase my share in the property at any stage?

You can increase your share in the property to the full capital payment. The amount of capital required to do this remains the same throughout the period of ownership and 'topping-up' can be done at any stage with just a few days notice.

What are the circumstances in which the Trust would offer the opportunity to buy on a Shared Ownership basis?

There is no fixed programme for the Shared Ownership scheme, which is administered on an individual basis, based on the circumstances of people who are looking to buy. Sometimes people have taken this option in order to buy their retirement home from smaller capital sums whilst they release funds to buy outright at a later date. For others, it is a permanent arrangement that fits their financial circumstances, perhaps where they have a higher income stream from which to pay rent, but not as much in the way of capital to put down. Some purchasers have also used the scheme so that their capital payment falls below the stamp duty threshold. Where residents are interested in exploring this option further, we are happy to discuss this at the time.

In some situations, the Trust is unable to offer the option of Shared Ownership, which is dependent on the number of other individuals who may have already occupied on this basis, or there is a need for the Charity to realise the full capital payment in order to continue to meet its overall financial obligations.

For further information, please contact the sales team on **0117 949 4004**.