Ministry of Housing,
Communities &
Local Government

The Right to Shared Ownership

A guide for tenants

September 2025

The Right to Shared Ownership

Under the Right to Shared Ownership scheme, you can buy an equity stake in your home worth between 10% and 75% of its full market value. You will then own this equity stake on Shared Ownership terms. You can increase the size of your equity stake in your home over time through a process known as 'staircasing' (see pages 10-11), in many cases all the way up to 100%.

This booklet describes the Right to Shared Ownership as it works today. The information in it applies to England only. We have tried to make it easy to understand, but it is not a substitute for professional or legal advice.

This booklet is intended as a summary. It is not intended to be comprehensive. As part of the Right to Shared Ownership application process, you will receive independent financial advice including about the types of mortgages that are available (see page 13). You will also need to engage a solicitor and/or licenced conveyancer to complete the purchase of your equity stake.

The Right to Shared Ownership is available to tenants living in new homes for Social Rent or Affordable Rent delivered through the Affordable Homes Programme 2021-26, with some limited exceptions (see page 4).

Things to consider before deciding to use the Right to Shared Ownership to buy an equity stake in your home on Shared Ownership terms

Using the Right to Shared Ownership to buy an equity stake in your home is a big decision.

Your home can become an asset for you and your family in the future. But owning an equity stake in a home on Shared Ownership terms also brings some added responsibilities and you need to be sure this is the right choice for you and your family.

For example, you may need to get a mortgage to enable you to take up the Right to Shared Ownership. You must also pay rent to your landlord on the equity stake in your home that you have not acquired. If you increase your equity stake in your home through staircasing, your rent will go down.

Depending on the age of your home, you may also be responsible for all the costs of maintaining your home, including routine repairs, major structural repairs, and improvements to it, as soon as you have completed the purchase of your equity stake.

Once you've used the Right to Shared Ownership to purchase an equity stake in your home, your relationship with your landlord will be governed by the terms of a Shared Ownership lease agreement. Shared Ownership leases are assured tenancies until you acquire a 100% equity stake, at which point you will have a full lease (if your home is a flat) or you will become the freeholder (if your home is a house). The Leasehold Advisory Service (LEASE) provides free, independent information and advice on being a leaseholder. You can find LEASE's contact details on page 16 of this guide.

If your circumstances change and you're unable to keep up with your mortgage, rent, or service charge payments, you could lose your home and possibly your investment in the equity stake you purchased.

If you need advice on aspects of the Right to Shared Ownership scheme, you should contact your landlord (the organisation you pay rent to or have a tenancy agreement with). You can usually find the contact details of your landlord on their website.

Before beginning the Right to Shared Ownership application process, it is important to take time to consider the costs involved, whether it is affordable and the choices available to you. Money Helper is a free and impartial service set up by government to help people make informed choices about managing their money. You can find Money Helper's contact details on page 16 of this guide.

Who has the Right to Shared Ownership?

You probably have the Right to Shared Ownership if you meet all the following criteria:

- you are over 18 years old
- you live in a home where the Right to Shared Ownership applies (see below)
- hold an un-demoted secure tenancy, an assured tenancy (including an assured shorthold tenancy), or a Localism Act fixed-term tenancy (either an assured shorthold tenancy or a flexible secure tenancy with a fixed-term of a minimum of two years). The type of tenancy you have should be clearly stated as part of your tenancy agreement. If you are unsure of what type of tenancy you hold, you should contact your landlord
- you have been living in your current home for at least 12 months
- you have been a tenant of a home for Social Rent or Affordable Rent for at least three years (this need not have been with the same landlord, or for three years in a row)
- you are not in rent arrears
- you are not subject to legal proceedings (e.g. a notice of seeking possession has been served)
- you are not subject to a court order for possession of your home
- you are not subject to legal proceedings on the grounds of anti-social behaviour
- you are not subject to bankruptcy proceedings or unfulfilled credit arrangements
- you meet the Shared Ownership eligibility requirements, including the income requirement (currently an annual gross household income of £80,000 or less outside of London, or £90,000 or less in London), and do not already own a property
- you are unable otherwise to purchase a home suitable to meet your housing needs on the open market
- you satisfy immigration requirements.

What kind of homes does the Right to Shared Ownership apply to?

Your landlord should notify you proactively if the Right to Shared Ownership applies to your home. However, if you are unsure, you should contact your landlord for confirmation.

The Right to Shared Ownership probably applies to your home if it was built with grant funding from the Government's Affordable Homes Programme 2021-2026 and it is being let to you at a Social Rent or Affordable Rent. The Right to Shared Ownership does not apply to rented homes funded by the Social and Affordable Homes Programme 2026 to 2036.

Certain homes are exempt from the Right to Shared Ownership, including:

- homes where the landlord is a local authority
- specialist homes for older, disabled or vulnerable people
- homes built in remote rural areas
- almshouses
- homes where the landlord is a co-operative housing association or Community Land Trust.

The costs of buying

Using the Right to Shared Ownership to buy an equity stake in your home is a major financial commitment. There is nothing in law that specifies how a purchase using the Right to Shared Ownership should be financed. A family member (or someone else) could provide the funding for the purchase. However, the purchase can only be in the names of the eligible tenant(s) and other eligible applicants.

Unless you are going to buy your equity stake in your home with cash, you will need a mortgage (a loan used to buy a property). There are various types of mortgages which your bank or building society can tell you about. You may need to pay a deposit to secure a mortgage. As part of the Right to Shared Ownership application process, you can also discuss the various types of mortgages available with an independent financial adviser and/or mortgage adviser (see page 13). The process you will go through to obtain a mortgage is regulated by the Financial Conduct Authority (FCA). You can use this link to check that the bank, building society, or mortgage broker you want to use is regulated by the FSA. You can find the FSA's contact details on page 16 of this guide.

You will have to repay the mortgage, plus interest, by instalments (usually, monthly ones). Normally, mortgages must be repaid over a period of 25 years, but the period can be longer or shorter. If you sell your equity stake in your home later, you can use the money from the sale to pay off the rest of your mortgage. But remember that the value of homes can go down as well as up and people can, in some cases, find themselves in 'negative equity'. This is when the mortgage on your equity stake in your home is larger than the amount for which you can sell it.

If you can't keep up the repayments on your mortgage, the lender may go to court and ask to take over your home. Your landlord does not have to give you another tenancy if you lose your home in this way. If you lost your income through unemployment, you may be entitled to Support for Mortgage Interest to help with your mortgage costs (interest only). But there are restrictions on the help available and you will need to satisfy the conditions of entitlement.

Money Helper can also provide you with useful information on the mortgage products that may be available to you. You can find Money Helper's contact details on page 16 of this guide.

How much will I need to borrow?

The amount you need to borrow depends on:

- The market value of the equity stake in your home you're looking to buy

Less

- Any cash you can put forward towards the purchase.

Your landlord must have your home valued as part of the Shared Ownership application process (see page 13). This valuation will allow you to work out how much your equity stake in your home will cost. You will be expected to buy the maximum equity stake you can afford.

Stamp Duty Land Tax (SDLT):

You may be required to pay SDLT when purchasing your equity stake in your home using the Right to Shared Ownership. If required, there are two ways you can pay SDLT:

1. Make a one-off payment based on the total market value of your home
2. Pay any SDLT due in stages.

If you decide to make a one-off payment up front, this is known as making a 'market value election' for SDLT. If you choose to pay SDLT in stages, you pay anything that's due on the first sale amount. But then you don't make any further payments until you have acquired an equity stake of more than 80% in your home.

You can choose which option is best for you, depending on your circumstances.

For further information on SDLT for Shared Ownership homes, please visit GOV.UK.

Ongoing costs

In addition to paying the upfront costs to buy an equity stake in your home, there are other housing costs you must meet on an ongoing basis.

Service charges:

As a Shared Ownership leaseholder, you may be required to pay service charges.

Service charges relate to your share of your landlord's costs of providing services including maintenance and repairs. Your Shared Ownership lease will set out the services your landlord is to provide. There are usually two key types of service costs you need to pay towards through your service charge:

- service charges for day-to-day maintenance – e.g. the cleaning of communal areas
- service charges for major repairs – e.g. fixing the roof if it leaks.

Service charges for major repairs will typically be paid for through contributions to a sinking fund (sometimes referred to as a reserve fund). The aim of a sinking fund is to spread the cost of major repairs over several years.

The types of service charges you will be required to pay depend on the type of home you have. For example, if you live in a wider residential block there are likely to be service charges for the day-to-day maintenance of any communal areas. However, if you live in a standalone house, there are unlikely to be communal areas to maintain.

If you live in a wider residential block, you will also usually have to pay a service charge towards the landlord's costs of managing the block – often calculated as a percentage of the charges for services and maintenance. This is sometimes referred to as a management fee.

For some homes, you may also need to pay an estate charge. This is to cover the cost of maintaining any communal areas that are not covered by the service charge, such as the maintenance of access roads to the property.

During the Right to Shared Ownership application process, your landlord must provide you with an estimate of the service charges you will be required to pay under the terms of your lease agreement (see page 14).

The law protects you from service charges that can be shown to be unreasonable. The Leasehold Advisory Service (LEASE) can provide free initial advice and information on leaseholders' rights. LEASE is a specialist body funded by the Ministry of Housing, Communities and Local Government (MHCLG) to provide initial advice and information on a wide range of residential leasehold issues, including service charges. You can find LEASE's contact details on page 16 of this guide.

Utilities (e.g. water, electricity and gas):

As a tenant of a home for Social or Affordable Rent, you may have paid for utilities as part of your rent. Your landlord will also have been responsible for health and safety checks at your home, including gas servicing and electrical testing.

Once you've used the Right to Shared Ownership to buy an equity stake in your home, you will be responsible for the payment of all utility bills. This will involve setting up accounts with the relevant providers (e.g. the water company) and meeting regular payments.

You will also be responsible for all health and safety checks at your home, including gas servicing and electrical testing.

Insurance:

Once you've used the Right to Shared Ownership to purchase an equity stake in your home, you will need to consider taking out insurance cover for your home and mortgage. There are four main types:

1. **Buildings insurance.** This is essential. It is needed to cover the full cost of rebuilding your home if it were to be destroyed by fire or some other incident. In the case of flats, this insurance is often arranged for the whole block by the landlord, in which case the landlord will expect you to contribute towards the cost of the insurance though a service charge.
2. **Contents insurance.** As well as buildings insurance, you may want to insure the contents of your home against theft and other risks.
3. **Life insurance.** This may be needed to pay off your mortgage if you die before the end of the mortgage period. It means that your family is not left with the mortgage debt.
4. **Income protection insurance.** You need to think about how you would meet your mortgage repayments if you lost your income, for example through unemployment or ill-health. Income protection products, such as mortgage payment protection insurance, may give you extra security.

There are various insurance policies which offer cover against these risks. The terms, level of cover, and costs vary. You can shop around for policies that best suit your needs.

Repairs and maintenance:

Depending on how old your home is, your landlord may be required to support you with the cost of repairs and maintenance for a time-limited period, known as the 'Initial Repair Period'.

The Initial Repair Period covers repairs and maintenance to things like:

- the external fabric of the building and structural repairs to walls, floors, ceiling and stairs inside the home
- installations inside the home for the supply of water, gas and electricity and for sanitation, pipes and drainage.

The Initial Repair Period lasts for ten years from the date the home was physically completed by the developers and available to live in. This means that the Initial Repair Period reduces in length as the age of your home increases.

For example, if your home was completed in April 2023 and you used the Right to Shared Ownership to buy an equity stake in your home in April 2026, there would be seven years left on your Initial Repair Period.

If your home was completed in April 2023 and you used the Right to Shared Ownership to purchase an equity stake in your home in April 2034, your home would be 11 years old. As a result, the Initial Repair Period would not apply as it would have expired.

Once the Initial Repair Period expires, you will be responsible for all repairs and maintenance costs at your home not covered by guarantee, warranty, and/or insurance.

Before purchase, you should check with your landlord to see how long is left on your home's Initial Repair Period or if it has expired. As you will need to have lived in your home for at least 12 months before using the Right to Shared Ownership, the maximum length of time the Initial Repair Period will apply to any home purchased using the Right to Shared Ownership is nine years.

Lease extensions:

All Shared Ownership homes (houses and flats) are leasehold properties. Until you have staircased out to 100%, the lease will be an assured tenancy.

Your landlord will be expected to offer you up to the maximum possible lease term. If your landlord is unable to offer you a lease term of at least a certain length (e.g. at least 99 years), it may not be possible to buy an equity stake in your home using the Right to Shared Ownership. If this is the case, your landlord should offer you the option of buying an equity stake in another similar home on Shared Ownership terms.

You can sell your equity stake in your home at any point during the lifetime of your Shared Ownership lease. The person who buys your equity stake pays to take over the remainder of the lease. So, if your lease was originally for 125 years, and you sell your equity stake in your home after 15 years, the buyer will get a 110-year lease.

If the remaining lease on your home is too short, it may become difficult to sell or remortgage your equity stake in your home. This can affect the value of your home.

You'll need your landlord's permission to extend your lease. Check with your landlord before you buy what rules they have for Shared Ownership leaseholders who want to do this and how much you will have to pay. When the remaining lease drops below 80 years, it can be much more expensive to extend.

Specific costs associated with Shared Ownership

Rent on the equity stake in your home not acquired by you:

Using the Right to Shared Ownership, you can buy an equity stake in your home worth between 10% and 75% of its full market value. You will pay rent on the equity stake you have not acquired.

When you first purchase your equity stake in your home, your rent is limited to a maximum of 3% of the value of the equity stake you have not acquired. However, landlords will often set the rent at the lower target rate of 2.75%.

The table shows how much the rent might be for a home valued at £300,000 and a home valued at £400,000 if you were to purchase an equity stake worth 40%. Figures are rounded to the nearest £.

	Home 1	Home 2
Full market value	£300,000	£400,000
Value of a 40% equity stake	£120,000	£160,000
Value of the equity retained by your landlord	£180,000	£240,000
Rent for the first year of the lease (set at 2.75%)	£4,950	£6,600
Monthly rent	£413	£550

Your landlord will then review your rent once a year. Your rent may go up when it is reviewed. It will not go down. The most your rent can go up by is the percentage increase in the Retail Price Index (RPI) for the last 12 months + 0.5%. The table provides examples of how the rent might go up.

	Home 1	Home 2
Relevant Month	September 2021	September 2021
Monthly rent in September 2021	£413	£550
Percentage increase	5.4% (4.9% increase in RPI + 0.5%)	5.4% (4.9% increase in RPI + 0.5%)
Rent from April 2022	£435	£580

Rent arrears:

Your landlord may be entitled to terminate your lease if you do not:

- pay the rent
- observe and perform your obligations in the lease.

Your landlord will need a court order to terminate the lease. If your landlord terminates the Shared Ownership lease, you may lose your investment in your equity stake in your home. This is because your landlord will not be obliged to give back any money left over after selling your home and paying off money that you owe. Paying any surplus money would be at a landlord's discretion but they do not have to return any money to you. It is therefore important to obtain legal and financial advice about this before you purchase an equity stake.

If action is needed for non-payment of rent or breach of another obligation in the lease, your landlord will be obliged to make your mortgage lender aware of this. Your mortgage lender may take their own action as they feel is appropriate, which may include repossession action.

Staircasing:

Over time you can increase the size of your equity stake in your home through staircasing. If you want to and can afford to do so, you can acquire full ownership of your home this way by acquiring a 100% equity stake in your home. Under the new model of Shared Ownership, there are two types of staircasing: 'standard staircasing' and 'gradual staircasing'. **The cost of staircasing is always based on the full market value of your home at the time you are acquiring the additional stake.**

Standard staircasing:

Using standard staircasing, you can increase your equity stake in your home by a minimum of 5% of its full market value at the time. Standard staircasing can be carried out at any time and there are no limitations on the number of transactions you can engage in.

In addition to the cost of the equity stake you wish to purchase, standard staircasing will also involve other fees. For example, you will need to pay to have your home valued and for any legal fees involved in the purchase (e.g. to have your lease amended to reflect the size of your new equity stake). Your landlord may also charge certain administration fees.

Gradual staircasing:

Using gradual staircasing, you can increase your equity stake in your home annually by 1% of its full market value at the time. Gradual staircasing can be engaged in at any time, but it is limited to **one transaction per year**. This means the maximum amount of equity you can purchase using gradual staircasing is limited to 1% per year. As an option, gradual staircasing should be available for at least the first 15 years of your lease. Your landlord can advise you whether they offer gradual staircasing beyond this point.

Gradual staircasing benefits from heavily reduced fees. You will not have to pay to have your home valued each year and your landlord cannot charge an administration fee. You may still have to pay any relevant legal fees (e.g. to have your lease amended to reflect the size of your new equity stake).

The table provides examples of how much it might cost to staircase.

	Home 1	Home 2
Full market value at the time of staircasing	£325,000	£425,000
Cost of staircasing by 1%	£3,250	£4,250
Cost of staircasing by 5%	£16,250	£21,250
Cost of staircasing by 15%	£48,750	£63,750
Cost of staircasing by 25%	£81,250	£106,250

Rent and staircasing:

As the amount of rent you pay is based on the value of the equity stake in your home you have not acquired, the more you staircase the less rent you will pay.

	Home 1	Home 2
Original market value	£300,000	£400,000
Original equity stake	40%	40%
Original monthly rent	£413	£550
New equity stake after purchasing an extra 15% through staircasing	55%	55%
New monthly rent	£309	£413

There is more information about staircasing on GOV.UK.

How do I apply? (A step-by-step guide).

This section aims to take you through each stage of the Right to Shared Ownership application process.

You can apply for the Right to Shared Ownership if you live on your own or you can make a joint application. You can make a joint application with:

- someone who shares your tenancy. You are a tenant if your name is listed as a 'tenant' in the tenancy agreement
- up to three family members who've lived with you in the home you're looking to purchase an equity stake in for the past 12 months.

All applicants must be party to the purchase of the home at completion and over 18 years of age.

Step 1: Pre-application

Before beginning the application process, you should contact your landlord to register your interest in using the Right to Shared Ownership. Your landlord will then check if your home is eligible. Your landlord will write to you within four weeks of your initial enquiry to confirm if your home is eligible or not.

If your home is ineligible, your landlord must explain why and provide you with information on accessing their official disputes process should you wish to challenge the decision.

Step 2: Submitting your application form

If your home is eligible, you can complete the Right to Shared Ownership application form.

Once you have completed the application form, you should submit it to your landlord. You can download a copy of the application form.

You should be able to submit a completed application form to your landlord via email or post. If you are unsure on the best way to submit your application form, please contact your landlord for further information.

Once your landlord has received the application form, they will complete a full set of eligibility checks for you and your home. Your landlord will have eight weeks from receipt of your application form to inform you of the outcome of these eligibility checks.

If your application is unsuccessful, your landlord must explain why and provide you with information on accessing their official disputes process should you wish to challenge the decision.

Step 3: Attending a home ownership meeting with your landlord

If your application is successful, your landlord will invite you to a meeting to discuss how the Right to Shared Ownership works. The meeting can be conducted face-to-face, or via telephone or video call.

As part of your meeting, your landlord will also explain how Shared Ownership works. This will include a discussion of the long-term financial and legal responsibilities you will take on as a Shared Ownership leaseholder.

Finally, your landlord will provide you with an estimate of how much your home is worth. This estimate will be based on the price comparable homes have been sold for in your local area. It will be used to work out the size of the equity stake in your home you can afford to acquire.

Step 4: Undertaking an affordability assessment

Following the meeting, your landlord will refer you to a regulated independent financial and/or mortgage advisor to complete an affordability assessment. However, you can source your own financial advice if you prefer.

Use of a regulated independent financial and/or mortgage advisor to complete your affordability assessment is a mandatory requirement of the Right to Shared Ownership application process. Without it, you will not be able to complete the process.

The affordability assessment is designed to work out the size of the equity stake in your home you can afford to buy. This calculation is based on the estimated value of your home provided by your landlord and your financial circumstances.

The minimum initial equity stake you can buy is 10% of your home's full market value. However, you will be encouraged to purchase the maximum stake you can afford utilising any savings or assets you hold, minus the costs involved in purchasing your equity stake. The maximum initial equity stake you can buy is 75% of your home's full market value.

The affordability assessment is also used to assess your ability to afford and sustain the ongoing financial costs of Shared Ownership, including:

- mortgage repayments
- rent on the equity stake in your home you have not acquired
- service charges, including contributions to any sinking fund for major works.

Step 5: Having your home valued by your landlord

Once you have completed the affordability check, you must notify your landlord. You can do this yourself, or you can authorise your mortgage and/or financial adviser to notify your landlord on your behalf.

Once your landlord has been notified, they must obtain an official valuation for your home. This valuation must be obtained from a valuer who is registered with the Royal Institution of Chartered Surveyors (RICS) and fully independent of your landlord. This means the valuer should not be employed by your landlord.

Your home's valuation will be based on what it would cost to buy if it were sold on the open market. Your landlord should complete the valuation within six weeks of being notified of the outcome of your affordability assessment. The valuation must be provided to you and to your financial and/or mortgage adviser and is usually valid for three months.

This valuation will be used to finalise the size of the equity stake in your home you are required to buy. If the valuation differs from the estimated valuation previously provided by your landlord, it may be necessary to adjust the initial equity stake you are to be offered.

If you want to dispute the valuation obtained by your landlord, you can commission a second valuation. You will be required to cover the costs of this valuation and the purchase must be completed within three months of receipt of the official valuation obtained by your landlord.

The result of any valuation you commission will be binding on both you and your landlord. As this valuation will be based on what it would cost to buy your home on the open market, it could be higher or lower than the official valuation obtained by your landlord.

Step 6: Receiving your offer notice

Once the final value of your home and the size of the equity stake you will be buying has been confirmed, your landlord will issue an offer notice. Your landlord should issue you with an offer notice within four weeks of confirmation of your home's final valuation.

The offer notice will include information on:

- the value of your home
- the size and value of the initial equity stake you will buying, as confirmed by your affordability assessment
- the total rent payable on the equity stake in your home you are not acquiring
- an estimate of the annual service charge, including any sinking fund contributions for major works
- the length of your lease term.

Step 7: Deciding to buy

Once you have received your landlord's offer notice, you must decide if you wish to accept it. If you decide to accept, you must inform your landlord within four weeks of receipt of the offer notice. If you do not let your landlord know you wish to accept within four weeks, the offer could be withdrawn.

If you decide you do not wish to accept the offer, you should notify your landlord that you wish to end the process. If you choose to end the process, you will continue to rent your home on existing terms.

Step 8: Completing your purchase:

If you choose to accept the offer, your landlord will provide you and your solicitor with something known as a Memorandum of Sale. This will include the details you need to compete the sale, including the value of your home and the size of the equity stake you will be buying.

Your landlord will then instruct their solicitor to make a formal offer to exchange contracts with your solicitor. At the same time, your landlord will also conduct a final round of checks. This is to ensure that since the application process began, you have not developed any rent arrears or been issued with a notice of seeking possession for your home.

Your landlord will also check that your mortgage is from an approved lender or, if you are a cash buyer, that you have evidence of the necessary funds to make the purchase.

These checks must be completed within four weeks and prior to the official exchange of contracts.

You will have three months from the date you accepted your landlord's offer to exchange contracts. If you do not exchange contracts within this time, your landlord may withdraw the offer unless you can provide a good reason why you were not able to exchange contracts in time.

Once you have exchanged contracts, the purchase of the equity stake becomes legally binding. Once you have exchanged contracts, you will pay your deposit.

After exchanging contracts, your solicitor will agree a completion date with your landlord's solicitor. Once you reach the completion date, you will officially become a Shared Ownership leaseholder. If needed, you will have a month from the point you exchanged contracts with your landlord to complete the purchase of the equity stake.

Legal advice

Before deciding whether to buy, you should get legal advice, particularly if you have worries about the terms of the purchase of the equity stake. If you don't know a solicitor or a licensed conveyancer, you might ask your landlord, or your bank or building society to suggest one. You can also check the roll of solicitors at the Law Society or the Solicitors Regulation Authority. Your local reference library should also have a list of the solicitors in your area, and details about the type of work they do. You should always ask how much it will cost before you employ a solicitor or licensed conveyancer.

Useful addresses

If you have difficulty getting a copy of the Right to Shared Ownership application form or require further information or advice, contact your landlord. You can usually find the contact details for your landlord on their website.

Other help

For free, impartial advice about money contact:

Money Helper

Website: https://www.moneyhelper.org.uk/en

Telephone: 0800 138 7777

For free, impartial advice on leasehold law and rights (flats and leasehold houses), contact:

The Leasehold Advisory Service (LEASE)

Website: www.lease-advice.org

Email: info@lease-advice.org

Telephone: 020 7832 2500

For information on mortgage lenders contact:

The Financial Conduct Authority (FCA)

Website: www.fca.org.uk

Telephone: 0800 111 6768