

Ministers pledge homebuyers

Buyers are trapped in shared-ownership schemes

TENS of thousands of families seduced by Government-backed property schemes are trapped in homes they have outgrown, but can't sell nor afford to buy outright.

A Money Mail investigation has revealed how first-time buyers who signed up for shared ownership deals have never been able to fulfil the dream they feel they were sold.

Shared ownership is one of many State-backed schemes advocated by numerous housing ministers — promising to help people buy a home in areas with high house prices. Critics argue these programmes' real goal is to kick-start the housing building market.

With shared-ownership schemes, buyers take out a mortgage for a percentage of the home — this can be as little as 10pc. A separate company, usually a housing association,

By **Ruth Lythe** takes ownership of the remaining stake. The buyer then pays rent on this share.

Those who signed up to these deals were told that once they got a pay rise, or repaid some of their mortgage, they could buy an increasingly bigger share of the property until they owned it all. But our findings suggest the vast majority of people in such schemes never buy all their home — or even increase their stake.

Buyers have been hit by the triple whammy of high mortgage costs, rising rents on the property and service charges for maintaining the property, which can cost up to £150 a month. This can prevent them saving enough for a deposit for a larger

share of the home or from affording higher mortgage payments. Many now have families but cannot move to larger homes. In areas where house prices have risen, the cost of other properties is now out of reach. Where prices have fallen, it can make it very tough to sell the property.

Matt Griffith, of campaign group Priced Out, says: 'Many who bought into these schemes are stuck. Shared-ownership homes are often small flats, and we are seeing people who have growing families but little chance to escape.'

The latest home-ownership programme, NewBuy, was launched just last week.

With this scheme, you can buy a new-build worth up to £500,000 with just a 5pc deposit because the mortgage is guaranteed by the Government.

Did you know?

86,500 Britons aged 66 and over fall prey to financial crime each year



BEAUTICIAN Karen Payne (pictured), 48, hoped her 25pc share in a property in Surbiton, Surrey, would be her first step of many on the housing ladder.

But 12 years on, she is still stuck in the same property. She earns £13,000 a year and has never been able to buy a bigger share as her rent has almost doubled to £500 a month. She also pays £200 for her mortgage.

She says: 'No one I know in this block has bought a bigger stake. It's unaffordable.' Richmond Churches Housing Association, which sold the property to Miss Payne, says rent rises are calculated in line with inflation, plus 1pc.

But the last figures, from 2009, showed three-quarters of shared-ownership buyers never purchase their property outright. There are no official Government figures on how many increase their equity stake.

Many firms taking part are reluctant to reveal exact figures of the number of shared-ownership homes sold. Of those that do, figures reveal that most people never buy all of their home — and only tiny numbers increase their stakes from, say, 25pc to 50pc.

Places For People, which sells and rents homes nationwide, including through shared-ownership schemes, says over the past decade just 90 of its customers have upped their stake, with 1,500 buying homes outright.

A spokesman for the Homes and Communities Agency, which funds these schemes, says these issues are due to wider 'economic forces'.

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