

Guide to the Shared Ownership Agreement



You have to sign the Shared Ownership Agreement as part of purchasing a home with Kāinga Ora – Homes and Communities (Kāinga Ora) using First Home Partner, and doing so is a serious legal commitment. You should only sign the agreement if you fully understand what the agreement means and you are comfortable that you can meet your obligations in it.

The information below is intended to provide an overview of the key concepts in the agreement. The information is not legal advice and does not summarise all the terms that will apply. You should only sign the agreement after you have received independent legal advice.

What does Shared Ownership mean?

Shared ownership means you are sharing the ownership of your home with another person, or entity, as tenants in common. In this case, this will be with Kāinga Ora.

What does ‘tenants in common’ mean?

Tenants in common is when two or more parties purchase a home together and each have a specified share in the home.

Does this mean Kāinga Ora is my landlord?

No. You will live in your home and there is no tenancy arrangement between you and us. You are entirely responsible for looking after the upkeep of your home and paying associated costs such as home loan repayments, insurance, utilities, body corporate or residents’ society levies, and rates.

What will my involvement with Kāinga Ora be after we purchase my home together?

A dedicated Kāinga Ora Relationship Manager will act as your key point of contact. They will visit you at least once a year as part of a Goals Management Programme to work with you towards achieving the goals as set out in the Shared Ownership Agreement.

What do you mean by ‘goals’?

Goals are there to guide how we work together throughout the period of shared ownership. These goals involve you:

- Occupying your home
- Purchasing the share in your home owned by Kāinga Ora
- Maintaining your home in a similar condition to when we purchased it (excluding fair wear and tear).

Can I rent out my home?

No. You are expected to live in your home as your primary place of residence, and for at least three years after the settlement date of the purchase of your home.

How do I purchase the Kāinga Ora share?

You can submit a share purchase request online through your First Home Partner account or through your Kāinga Ora Relationship Manager. We will then provide more details for you to complete the payment.

You can purchase the share of the home owned by Kāinga Ora either in small increments (no lower than \$1,000) or one lump sum. You may choose to do this by using your savings or borrowing from your bank (subject to bank approval). When you purchase the share of the home owned by Kāinga Ora, you do so at the then current market value.

Does that mean the value of the Kāinga Ora share could be higher than its original contribution?

That is correct. If the value for your home has increased, the value of the share owned by Kāinga Ora will also increase.

How will I know what the current market value of my home is?

When you make a share purchase request a valuation will be required to indicate the market value of your home. This can be a 'short form valuation' supplied by a property data provider that we will order on your behalf. We will also pay for each short form valuation.

You can instead choose to use a 'detailed valuation' comprising of a detailed report by a registered valuer that we will order on your behalf through an approved data provider. If you choose to use a detailed valuation, you will need to pay for this.

Is there a timeframe for me to achieve full ownership of my home?

You are obliged to do your best to buy the full Kāinga Ora share by the 15th anniversary date of the settlement date of the purchase of your home. If you still share ownership of your home with Kāinga Ora after 15 years, you are obliged to purchase the full share held by Kāinga Ora no later than the 25th anniversary date of the settlement date of the purchase of your home.

How will Kāinga Ora know if I am doing my best to buy the share it owns in my home?

You are required to share financial information with us at annual meetings, and to let us know if your financial circumstances have changed. This information will provide us with an indication of your ability and efforts to buy the Kāinga Ora share, including taking into account your income, your expenses, and the value of the Kāinga Ora share.

What happens if I don't purchase the Kāinga Ora share by year 15?

You may need to pay an annual service fee (currently \$2,250 (plus GST)) to cover reasonable costs after the 15th anniversary date until you purchase the full share owned by Kāinga Ora.

We will work with you to understand your options, which could include selling your home, if it is clear that you are not going to be able to purchase the full share Kāinga Ora owns.

Could the annual service fee increase?

Yes. We can update the annual service fee if we consider it is necessary to cover our reasonable costs. The fee will be updated no more than once a year and you will be given six months' notice before it is updated.

What happens if I don't purchase the Kāinga Ora share by year 25?

If it has not been possible to identify a mutually acceptable option, and you still have not purchased the Kāinga Ora share of your home by year 25, we may sell the home, or your share of the home, on your behalf.

Can I make improvements to my home?

You must obtain the prior approval of Kāinga Ora before adding to, removing from, or altering your home, or otherwise undertaking any building work on your home. In any event, all such work must meet Council requirements.

We will consider all requests on a case by case basis, taking into account a range of factors including your achievement of the goals, cost of the works and expected increase in market value of your home. Any improvements you make to your home will be at your own expense (and will not change the share of your home owned by Kāinga Ora).

Can Kāinga Ora inspect my home?

Yes. We can enter and inspect your home for the purpose of any property maintenance and repair. We will only do this if it has a reasonable concern that you may not be complying with your maintenance and repair obligations.

Can Kāinga Ora limit the amount of money I can borrow?

The participating bank (not Kāinga Ora) will decide the size of the home loan it is willing to lend to you to purchase a home using First Home Partner. This amount will be recorded in the Shared Ownership Agreement as your initial Home Loan Limit.

Limits will also be placed on the amount of other debt you can incur (whether from your bank or any other lender or creditor) and this amount will be recorded in the Shared Ownership Agreement as your Other Loans Limit.

You will need to gain the consent of Kāinga Ora before increasing your Home Loan Limit or your Other Loans Limit.

How will my share in my home be recorded so I have up to date information on how much of my home is owned by Kāinga Ora and how much I own?

When we co-purchase your home, we are both named on the record of title for your home with our respective share proportions specified.

When you purchase some or all of the share of your home owned by Kāinga Ora, we will give you a share change notice and update the Ownership Share Register. The Ownership Share Register is the current and accurate record of the respective shares owned by you and by Kāinga Ora and is updated at no cost to you.

Can I sell my home?

For as long as Kāinga Ora owns a share of your home, you must obtain its prior approval before details can be finalised on how a sale of your home will proceed.

How will sale proceeds of my home be distributed?

Proceeds from any sale of your home will be distributed in proportion to each party's share. This means if the value of your home increases or decreases, so will the value of our respective shares.

What personal information will Kāinga Ora collect about me?

Kāinga Ora may collect personal information about you, including:

- your name and date of birth
- the address of your home
- your personal, family and financial circumstances
- your Home Loan arrangement
- other relevant information relating to you, your share of your home, the home itself and the Shared Ownership Agreement.

Kāinga Ora will collect, use and disclose, your personal information in accordance with the Privacy Act 2020.

What will Kāinga Ora do with that personal information?

Kāinga Ora can disclose your personal information to anyone that we consider may have an interest in receiving, using and/or disclosing it for the purposes of the Shared Ownership Agreement. This may include Te Tūāpapa Kura Kāinga (the Ministry of Housing and Urban Development), your bank as mortgagee of your home and any insurer of your home.

Will anything be placed on the Record of Title for my home?

You, or Kāinga Ora, can register a land covenant on the Record of Title for the home that gives notice to third parties of the existence of the Shared Ownership Agreement, and requires that you and Kāinga Ora comply with the terms of the Shared Ownership Agreement.

What happens if I don't meet my obligations under the Shared Ownership Agreement?

If you don't meet your obligations under the Shared Ownership Agreement, Kāinga Ora will work with you to understand options available to remedy this. If we can't agree on a satisfactory solution, Kāinga Ora may sell the home, or your share of the home, on your behalf. Your share of the proceeds of the sale will, after repaying amounts you owe to your bank, be paid to you.

You will also be liable to Kāinga Ora for the direct results to it of your breach of the Shared Ownership Agreement.

What is the term of the Shared Ownership Agreement?

The term begins when we both sign the Shared Ownership Agreement. The Shared Ownership Agreement ends after you buy the Kāinga Ora share of your home and own the home outright, or your home is sold.

Can Kāinga Ora transfer its share of my home to a third party?

Kāinga Ora can transfer its share of your home to a third party who is a New Zealand government department, agency or entity and who will:

- provide substantially the same level of support to you as Kāinga Ora will under the Shared Ownership Agreement
- become a party to the Shared Ownership Agreement.

I have more questions, how can I contact you?

You can contact the team at Kāinga Ora team on 0508 935 266 from 9am – 4pm, Monday to Friday, or email us at firsthome.enquiries@kaingaora.govt.nz