
A GUIDE FOR SERVICE PERSONNEL

Affordable Home Ownership While Serving - England

Shared Ownership, First Homes and the rules that can matter to the Armed Forces community

Affordable home ownership schemes can make it possible to buy a home that you may not otherwise be able to afford on your current income. For serving personnel looking at affordable ways to buy a home in England, the two schemes most likely to be relevant are Shared Ownership and First Homes. They work in very different ways. Shared Ownership allows you to buy part of a property and pay rent on the rest, while First Homes allows you to buy the whole property at a discounted price. This guide explains how each one works, who can use them and the things you need to know before deciding whether either could be right for you.

Being in the Armed Forces can also give you advantages that other buyers may not have. If more than one person wants to buy the same Shared Ownership home, serving members of the Armed Forces are given priority. Members of the Armed Forces using First Homes are exempt from local connection and key-worker criteria that a local authority may set for other buyers. Forces Help to Buy can also be used with Shared Ownership and First Homes, although your choice of mortgage lender may be more limited.

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Shared Ownership

With Shared Ownership, you buy and own part of the property. A landlord, such as a housing association or local council, owns the rest and you pay rent on the part they own.

How does it work?

You can initially buy between 10% and 75% of the property. An affordability assessment is used to work out how much of the property you can afford to buy. You can use a mortgage, your own savings or a combination of the two to buy your part. The landlord owns the rest and you pay rent on that part.

You may also have to pay a service charge, so it is important to look at all of these costs together. Buying a smaller share does not necessarily mean your overall monthly costs will be lower, because you will pay rent on a larger part of the property. An Armed Forces mortgage adviser can help you with this, as well as finding a lender that accepts Shared Ownership and understands your military income, allowances and deductions.

You can buy more of the property later through a process known as staircasing. The more you own, the less rent you pay to the landlord. Most Shared Ownership homes allow you to keep staircasing until you own the whole property, although some homes in protected areas restrict how much you can own. The amount you can buy at each stage can also depend on the Shared Ownership scheme that applies to your home.

What homes can you buy?

You can buy a new-build home through Shared Ownership or buy an existing Shared Ownership home from its current owner. The homes available will depend on where you want to live. You can search for them through housing associations, local councils and developers, as well as property websites such as Rightmove, where Shared Ownership homes can be found using the Buying Schemes filter.

Who can apply?

Your household income must be £80,000 a year or less, or £90,000 or less in London, and you must not be able to afford to buy a suitable home without using Shared Ownership.

You do not have to be a first-time buyer. Shared Ownership can also be an option if you have owned a home before but cannot afford to buy one now, need a new home following a relationship breakdown, or already own a Shared Ownership home and want to move. If you currently own a home but need to move and cannot afford to buy another suitable home, you can also apply, but you will need to sell your existing home before completing your Shared Ownership purchase.

Some Shared Ownership homes also have local connection requirements. This could mean having to show that you live or work in the area, or have another connection to it.

What does being in the Armed Forces mean?

Members of the Regular Armed Forces are given priority if more than one person wants to buy the same Shared Ownership property. This also applies for two years after leaving the Armed Forces if you served for at least six years, and to the surviving partner of someone who died in Service for two years after their death.

Your military income may also need explaining during the application. An Armed Forces specialist can help explain your salary, allowances and deductions to the lender and landlord, as well as helping you find a lender that accepts the scheme.

How do you apply?

Once you have found a Shared Ownership home you want to buy, you apply through the organisation responsible for selling it. A suitably qualified mortgage or financial adviser must carry out an affordability assessment to work out how much of the property you can afford to buy. Your own mortgage adviser can carry out this assessment as part of arranging your mortgage, although the housing association or landlord may carry out further checks afterwards. Your mortgage lender will also carry out its own affordability assessment before deciding how much it is prepared to lend. A mortgage adviser can help you through both parts of the process and make sure your military income, allowances and deductions are properly understood.

What deposit will you need?

If you need a mortgage, most lenders will require a deposit, typically at least 5% of the part of the property you are buying rather than the full value of the home. For example, if a property is worth £200,000 and you are buying half for £100,000, a 5% deposit would be £5,000. The

deposit you need will depend on the mortgage available to you, and in some circumstances it may be possible to buy your part without providing a deposit from your own savings.

Can you use Forces Help to Buy?

Forces Help to Buy can be used with Shared Ownership, but you will need a mortgage lender that accepts the combination. The FHTB advance can be used towards your deposit, and the monthly repayment will be taken into account when working out what you can afford. An Armed Forces mortgage adviser can help you find a suitable lender and work out how the FHTB repayment will affect what you can afford to borrow. Your mortgage lender will also need evidence of your Forces Help to Buy advance. This can include your Personal Information Note (PIN) from the MOD, which confirms the amount and terms of your FHTB advance.

What happens after you buy?

When you buy through Shared Ownership, you enter into a legal agreement with the landlord called a lease. This sets out the rules and responsibilities for both you and the landlord, including buying more of the property, making alterations or improvements to your home, and selling it. Your solicitor will check the lease as part of the legal work involved in buying your home and explain any important restrictions before you buy.

If you want to buy more of the property later, the price will be based on what the property is worth at that time. You can use savings or borrow more to do this. If you already have a mortgage, this could mean borrowing more from your existing lender or remortgaging to a different lender. A mortgage adviser can help you look at the options available to you.

If you decide to sell while the landlord still owns part of the property, you will need to involve them in the sale. Your lease will set out how long the landlord has to find or nominate a buyer before you can market the property more widely. If you are moving because of an assignment, it is worth starting this process as early as possible.

What happens if you're posted elsewhere?

Shared Ownership is intended for a home you live in, rather than one you buy from the outset to rent out. However, if you are serving in the Armed Forces and are posted away from the area, the Shared Ownership rules specifically recognise this as a reason for your landlord to support a request to rent out the property.

You will still need permission from your landlord, and your mortgage lender may also need to agree. The landlord can apply its own conditions, so you should speak to both before renting out your home.

If you rent out your home, you will become a landlord yourself and will have legal responsibilities towards your tenant. The rules changed on 1 May 2026 under the Renters' Rights Act. In particular, you can no longer use a Section 21 'no-fault' eviction if you need your home back. There are rules that allow you to regain possession if you genuinely intend to move back in, but notice periods and other restrictions apply. This could be particularly important if you expect to return to the property after a posting, so check the latest government guidance before agreeing a tenancy.

First Homes

First Homes helps first-time buyers buy a property at a discount to its market value.

How does it work?

First Homes are sold at a discount of at least 30% to their market value. Where there is evidence of a local need, a local authority can require a higher minimum discount of 40% or 50%. When you sell the property, the same percentage discount is passed on to the next buyer.

What homes can you buy?

First Homes can be new-build homes bought from a developer or existing First Homes being sold by their current owner. The number of First Homes available is limited and will vary depending on where you want to buy. You can also search for First Homes on property websites such as Rightmove using the Buying Schemes filter.

When a property is sold as a First Home for the first time, its price after the discount cannot be more than £250,000, or £420,000 in Greater London. A local authority can set a lower price limit in its area.

Who can apply?

You must be a first-time buyer and your household income must be £80,000 a year or less, or £90,000 or less in London, based on your income in the previous tax year. You must also be able to get a mortgage covering at least half of the discounted purchase price.

If you are buying with someone else, you must both be first-time buyers and the income limit applies to your combined household income.

Local authorities can also set their own requirements for the first three months that a First Home is marketed. These can include having a connection to the local area, being a key worker or a lower household income limit. If the property has not been reserved after three months, these additional requirements no longer apply.

What does being in the Armed Forces mean?

Members of the Armed Forces do not have to meet any local connection or key-worker requirements set by a local authority. This also applies to veterans for five years after leaving the Armed Forces and to divorced or separated spouses or civil partners of serving personnel. The spouse or civil partner of someone who has died also receives the exemption if their death was wholly or partly caused by their Service.

You will still need to meet the other First Homes requirements, including being a first-time buyer and meeting the household income limit.

How do you apply?

Once you have found a First Home you want to buy, the developer or estate agent will help you complete the application and submit it to the local authority. The local authority checks that you meet the First Homes requirements and, if your application is approved, issues an Authority to Proceed.

A mortgage adviser can help you establish how much you may be able to borrow and obtain a Decision in Principle before you apply. Once you have the Authority to Proceed, you can make your full mortgage application.

What deposit will you need?

If you need a mortgage, you will need a deposit of at least 5% of the discounted purchase price rather than the full market value of the property. The deposit you need will depend on the mortgage available to you.

Can you use Forces Help to Buy?

Forces Help to Buy can be used with First Homes, but you will need a mortgage lender that accepts the combination. Not every lender that offers First Homes will accept FHTB towards the deposit, so your choice of lender will be more limited. An Armed Forces mortgage adviser can help you find a lender that accepts both schemes and work out how the FHTB repayment will affect what you can afford to borrow.

Your mortgage lender will also need evidence of your Forces Help to Buy advance. This can include your Personal Information Note (PIN) from the MOD, which confirms the amount and terms of your FHTB advance.

What happens after you buy?

When you decide to sell your First Home, it must be valued by a RICS surveyor and the same percentage discount that you received is applied to its market value at that time. Your buyer must meet the First Homes requirements.

If you cannot find a First Homes buyer after six months, you can ask the local council for permission to sell the property on the open market. If the council agrees, you will have to repay the value of the First Homes discount from the money you receive from the sale.

What happens if you're posted elsewhere?

A First Home must be your only or main home and cannot be bought as an investment property. However, the scheme allows you to respond to changes in circumstances, such as unexpected life events, by renting out the property for up to two years in total while you own it. You must tell the local council before renting it out and your mortgage lender must also allow you to do so.

If you are serving in the Armed Forces and are deployed elsewhere, you can ask the local council for permission to rent out your home for longer than two years. Government guidance says permission should not be unreasonably withheld in these circumstances. Your mortgage lender will also need to agree.

Still have a question?

Affordable home ownership schemes can be complicated, particularly when military life is involved. If there's something we haven't covered, you can ask us at pflmortgages.com/ask.

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