



Shared ownership policy

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1. Introduction

- 1.1. This policy outlines Women's Pioneer Housing's approach to selling and staircasing shared ownership properties.
- 1.2. See the Leasehold Management Policy for day to day management of shared ownership leases and properties.

2. Eligibility criteria for purchase

- 2.1. Must be a woman aged 18 or over, in line with our charitable aims.
- 2.2. Must have 5% deposit of the equity purchased and funds must be verifiable.
- 2.3. Must earn below limits set by the GLA, currently £90,000 per annum. The annual household income includes income from any member of the household that is directly linked to the purchase of the property, and excludes income from any member of the household under 18 years old
- 2.4. The applicant must be otherwise unable to purchase a home unassisted.
- 2.5. Not be in mortgage or rent arrears and must have a good credit history at the point of applying.
- 2.6. It must be evidenced that residents can afford the regular payments and costs involved in buying a home

- 2.7. Under some circumstances, existing homeowners could be considered eligible for shared ownership homes. This includes cases of existing homeowners whose property no longer meets their housing needs and cannot afford to buy on the open market, or where a relationship breakdown has resulted in the household splitting. Existing homeowners must:
- have their name removed from the previous mortgage; or
 - be in the process of selling their existing home and be able to demonstrate it is no longer suitable for their needs (e.g. overcrowded).
- 2.8. If you already own a home, when you buy a shared ownership home, you must have:
- formally accepted an offer for the sale of your current home (called 'sold subject to contract' or 'STC')
 - written confirmation of the sale agreed (called a 'memorandum of sale') including the price and your intention to sell
 - completed the sale of your home on or before the date you complete buying your shared ownership home.
- 2.9. Existing shared owners can buy and move to a new shared ownership home.
- 2.10. Residents must be a British or EU/EEA citizen with a Settled Status or have indefinite leave to remain in the UK.
- 2.11. Staff and their relatives are eligible to apply for Shared Ownership properties and will be assessed in accordance with this policy, the CEO will give final approval of any allocations to staff or their relatives.
- 2.12. To ensure households are not overcrowded, they will be required to have a separate bedroom for the following:
- Married or cohabiting couple
 - Adults aged 21 years or more
 - Two children aged 0-16 years of the same sex
 - Two children aged under 10 years regardless of sex

3. Prioritisation

- 3.1. We will prioritise applicants in the following order:
- Serving members of the armed forces
 - Existing WPH tenants
 - Residents working in the borough
 - Residents living in the borough
- 3.2. If two or more residents have the same level of priority, the property will be offered to the applicant with the earliest registration date.

4. Valuation:

- 4.1. Prior to sale or staircasing, each shared ownership home will receive an independent valuation from a Royal Institute of Chartered Surveyors qualified surveyor. Initial sales will be based on the full market value of the property.
- 4.2. It is the responsibility of the leaseholder to cover the costs of a valuation when staircasing. The valuation will be reviewed every three months until the point of sale to ensure the sale price is reflective of the open market.
- 4.3. Properties cannot be advertised below their open market value.
- 4.4. Once purchased, any revaluations required for staircasing or resale will be at the owner's expense.
- 4.5. If the property is down-valued by the mortgage lender's surveyor, we will investigate the reasons supplied by the lender against the original valuation. This will include reviewing other similar properties for sale in the local area.

5. Marketing

- 5.1. We will work with a partner agency to market our shared ownership homes. This partner will usually also provide the initial checks and financial sign off the prospective buyers.

6. Reservation at first purchase

- 6.1. The minimum initial equity share that can be purchased is usually 25% though on newer shared ownership properties it will be 10% and the maximum initial equity share is 75%.
- 6.2. At point of reservation residents will be required to provide:
 - Proof of income
 - Proof of identification
 - Evidence of eligibility
 - Evidence of affordability (proof of deposit and income)
- 6.3. Once verified the successful applicant (now the buyer) will be required to pay a reservation fee of £500 to reserve a property and start the sales process.
- 6.4. When paying the reservation fee, the buyer will be required to complete and sign the reservation fee form agreeing to the terms and conditions under which the fee is paid.
- 6.5. The fee reserves the home for three months.

- 6.6. This fee will then be refunded once the purchase has been completed.
- 6.7. Should the buyer not proceed with the purchase for any reason, the fee will not be refunded. Exceptions may be made in certain circumstances; e.g., where not receiving the refund would cause financial hardship.

7. Purchase

- 7.1. Prospective buyers will be encouraged to purchase the maximum affordable and sustainable share of the property. Affordability will be assessed through the Homes England Sustainability Calculator.
- 7.2. The affordability assessment will take into account available deposit, mortgage repayments and shared ownership rent payments.
- 7.3. Before a shared ownership sale can be completed, WPH must be shown a copy of the mortgage offer/ terms being taken out by the purchaser and consent to these terms in writing.
- 7.4. Shared Ownership purchasers can elect to pay Stamp Duty at the outset on the market value of the property. In this case there will be no further Stamp Duty charges at any stage.
- 7.5. If no election is made, Stamp Duty will be charged on the initial purchase in the normal way – that is, on the premium (where this is above the Stamp Duty threshold) and the net present value of the rent payable under the lease.

8. Staircasing

- 8.1. Sharing owners may increase their share of the property at any time. The minimum staircase is 10%.
- 8.2. Shared owners should check their lease for when they can and cannot staircase, typical WPH shared owners will be unable to staircase when:
 - The shared owner has arrears with service charge and/or rent.
 - If the interest rate on the mortgage is high and risks putting the shared owner in financial difficulty.
 - If the shared owner cannot provide a valid mortgage offer or proof of savings for the additional shares being purchased.
- 8.3. The amount a shared owner will pay to staircase is based on the value of the property at the time they choose to staircase and not the value at the time they purchased their original share.
- 8.4. Shared owners should seek independent advice on Stamp Duty Land Tax upon purchase and staircasing.

- 8.5. When a sharing owner wishes to increase their share in the property, and their home is not eligible for 1% staircasing, WPH will commission an independent valuation and give the sharing owner the option of purchase based on the valuation. The sharing owner will be responsible for the cost of this valuation and for their own legal costs.
- 8.6. Where 1% staircasing is available a valuation is not required and the house prices index is used instead. A shared owner can increase their 1% per annum.
- 8.7. The final staircase to 100% must be at least 10%
- 8.8. Once a sharing owner buys 100% of the property, ownership passes to the owner and the relevant deeds must be signed in accordance to standing orders.
- 8.9. In some situations a shared owner may be staircasing and removing someone from the lease (known as a 'Transfer of Equity'), all current leaseholders must still sign the form for staircasing.
- 8.10. WPH do not offer downward staircasing.

9. Completion

- 9.1. On the day of completion, WPH will be on hand to provide new owners with keys to the property and to demonstrate how to use the facilities and answer any queries they may have.
- 9.2. Buyers will also be given a Home User Guide that will include meter readings, warranties for any appliances fitted, and an explanation of how to pay service charges.

10. Extending a lease

- 10.1. Shared owners do not have a statutory right to extend a lease.
- 10.2. Where an extension is requested WPH will seek legal advice. We will usually not require consent from the Regulator of Social Housing if the leaseholder requests a new, longer lease provided it is the fair thing to do. We will apply a charge for an extension.

11. Re-sale

- 11.1. WPH will assist in the sale of shared ownership properties where the percentage owned by the shared owner is less than 100% by attempting to find a buyer for the percentage share owned, within the nomination period (where one is provided) as set out in the lease.
- 11.2. Where there is no nomination period, the property will be marketed with the agreement of the shared owner.

- 11.3. Where 100% of the lease is owned there is no nomination period. As per the terms in the lease in some circumstances WPH have 8 weeks to decide whether to buy the property back and re-sell as affordable housing once again.
- 11.4. We need a valid Energy Performance Certificate (EPC) to market the home. The resident is responsible for arranging this, and for paying any costs involved.
- 11.5. We will charge management fee for the re-sale, this will be as set out in the terms of the lease.

12. Death of sharing owner

- 12.1. Upon the death of a shared owner, the beneficiary under a will inherits the property free from the requirements in relation to a resale. i.e. WPH cannot object to the transfer of the property or require any eligibility criteria to be met. The beneficiary is then responsible for all covenants under the lease, including the payment of rent and service charge.
- 12.2. If there is no successor and no one to inherit the equity, then the landlord will obtain vacant possession and the equity will eventually pass to the Crown or the Duchy of Cornwall or Lancaster under the laws of intestacy.
- 12.3. We will check the shared ownership lease clause to clarify individual situations.

13. Default of sharing owner

- 13.1. If the mortgage arrears have reached the level specified in the mortgage deed, the mortgage lender will usually begin possession proceedings.
- 13.2. Once the mortgage lender has obtained vacant possession, the mortgage lender is free to dispose of the lease by selling the existing lease, staircasing to an intermediate level and selling the lease or staircasing to 100 per cent and selling a new lease.
- 13.3. The mortgage lender should keep WPH informed about the possession proceedings, particularly where there is a possibility of repayment of arrears or undue delay.
- 13.4. In the event that rent arrears are not paid WPH may seek possession under the Housing Act 1988. See our Rent Arrears Policy and Eviction Policy.

- 13.5. Alternatively, when a shared owner has not complied with the covenants in the lease, including non-payment of rent, mortgage or service charges, WPH may apply to the courts for forfeiture of the lease. The shared owner cannot be evicted without a court order.
- 13.6. Where forfeiture proceedings are being considered, the mortgage lender must be served with reasonable notice. Advice should be sought on each case.
- 13.7. If the mortgage lender takes no action to ensure the breach is rectified (such as paying the outstanding rent) within the specified period, forfeiture proceedings can be started.
- 13.8. The shared owner and the mortgage lender have the right to apply to the court for relief from forfeiture. We will maintain open communication throughout proceedings.
- 13.9. A defaulting shared owner may wish to voluntarily surrender the lease to WPH. If the leaseholder has mortgaged the lease it is not possible for surrender to take place with the consent of the mortgagee, if there is no mortgage the lease can be surrendered.

14. Service charges and rent

- 14.1. Rent will be charged at no more than 3% of the unsold equity of the property per year. For example:
- 14.2. If the property's value was £400,000 and a 25% share was owned. Rent would be up to 3% of the remaining £300,000 per year which is £9,000 or £750 per month.
- 14.3. Rent will be increase once a year using the approved formula of RPI+0.5%. Rent will not go down in the event of negative RPI.
- 14.4. For 'resale' homes, the starting rent will be set at the same level as the previous shared owner was paying.
- 14.5. Where the lease allows we may charge interest on unpaid rent that has been unpaid 14 days after payment was due.
- 14.6. Shared owners will be responsible for 100% of the service charge regardless of their level of ownership.
- 14.7. We will provide leaseholders with accurate and timely information about service charges, including a breakdown of the relevant costs. Charges will reflect the actual cost of delivering a particular service. The annual management charge will cover the costs of managing and providing the leaseholder management service.
- 14.8. Deficits and credits from previous years will be carried forward into subsequent years and included in the calculation of service charges

each year. Leaseholders will be notified of their actual charges once a year.

- 14.9. Shared owners will be encouraged to pay via Direct Debit and spread the total charges over a 12-month period in equal instalments

15. Repairs and maintenance

- 15.1. For the first year, the contractor who built the property remains responsible for rectifying defects at no cost to the owner from the date of handover.
- 15.2. Common defects repairs are outlined in the Home User Guide. At the end of the 12-month period, it will be the responsibility of the owner(s) to carry out any internal repairs to their home.
- 15.3. Where the property is a flat, WPH will maintain the external fabric of the building and shared communal areas, in accordance with lease obligations. This includes day-to-day repairs, cyclical and planned major works. For houses, the shared owner is responsible.
- 15.4. Shared owners will be fully consulted about major works and improvements as required by Section 20 of the Landlord and Tenant Act 1985 (as amended).

16. Request to sublet

- 16.1. Subletting is permitted subject to the terms of the individual lease. Permission must be sought from both WPH and the mortgage lender.
- 16.2. The rent charge for subletting must be agreed with Women's Pioneer and cannot exceed the cost of mortgage, rent, service charge and maintenance of the property
- 16.3. Serving members of the British Armed Forces serving overseas or at a base further than 50 miles or 90 minutes travelling time automatically have the right to sub-let their shared ownership properties