

SHARED OWNERSHIP POLICY

1.0 Introduction and Aim

1.1 This policy is designed to provide a set of principles and a framework to deliver the sale and management of shared ownership homes by Weaver Vale Housing Trust Limited (WVHT).

1.2 The primary aims of this policy are to:

- Ensure the effective sale and management of shared ownership homes in accordance with relevant regulatory and statutory guidance.
- Ensure there is a fair and consistent approach to the sale and management of shared ownership homes.

1.3 The management of shared ownership is to be achieved by the implementation of supporting procedures and the monitoring of key performance indicators.

2.0 Scope

2.1 This policy applies to the marketing, sale and management of shared ownership homes developed or acquired by WVHT.

2.2 This policy complies with all relevant statutory provisions and will be updated to take into account any future relevant legislation.

2.3 This policy takes into consideration the following related policies and key documents. Copies can be found on the Trust's website.

- Corporate Debt Policy
- Rent and Service Charge Policy
- Repairs & Maintenance Policy
- Shared Ownership Lease Extension Policy
- Customer Complaint Policy
- Equity, Diversity and Inclusion Policy
- Defects Procedure
- Shared Ownership - First Come First Served Policy
- Shared Ownership- Surplus Income Policy

2.4 This Policy will consider any Modern Slavery impact and in line with the Trust's Modern Slavery Statement will promote positive behaviour amongst colleagues and within its supply chain to support the Trust's approach in identifying and tackling Modern Slavery activity.

3.0 Principles

3.1 Marketing and promotion

3.1.1 WVHT will market homes for sale in accordance with the Consumer Protection and Unfair Trading Regulations (2008). The sale and marketing of shared ownership

homes for sale will be approached in a transparent manner, providing as accurate information as possible.

3.1.2 Incentives, such as additional appliances or contribution to legal fees, may sometimes be offered to boost sales performance in accordance with budget approval processes and financial regulations. Incentives to the value of £1500 require approval from the Lettings and Homeownership Manager, incentives over £1500 will require approval from the Director of Regeneration and New Homes. In no instances will the incentives exceed **5%** of the value of the property.

3.2 Eligibility

3.2.1 Shared Ownership is aimed at people in housing need who are otherwise unable to purchase a suitable property on the open market.

3.2.2 Eligible groups for shared ownership can include: First time buyers, existing shared owners, homeowners exiting a relationship who cannot afford to buy on the open market and homeowners aged over 55 who are in unsuitable accommodation and cannot afford to buy on the open market. The total household income for anyone moving into a shared ownership property must not exceed £80,000 (figure correct at the implementation date of this policy but subject to change).

3.2.3 To be eligible, an applicant must satisfy WVHT that they are likely to be able to sustain a shared ownership lease in the long-term. If an applicant is a non-UK citizen without indefinite leave to remain, then it may not be possible for them to demonstrate this. If WVHT declines an applicant in this situation then it must be on the basis that the applicant cannot demonstrate they can sustain a shared ownership lease, as opposed to declining the application because of their immigration status.

3.2.4 Any applicants who are homeowners are typically ineligible, unless they are an older person needing a more suitable home or someone exiting a relationship. Such an applicant is only eligible on the basis that they have no legal interest in their former property or mortgage obligations at the point they purchase. Reservations will only be taken if the applicant's former property is being sold and evidence can be provided by way of an Estate Agent/Solicitor i.e. Memorandum of Sale. Cash buyers must be able to demonstrate that shared ownership is their only means of being able to buy a home.

3.2.5 To be eligible and able to reserve a property, applicants must have provided all supporting documents requested, such as proof of identify and income. In line with Homes England requirements, an affordability assessment will be completed by a qualified agency prior to reservation, with customers providing supporting information as required.

3.3 Exclusions

3.3.1 Applicants will not be considered eligible for a shared ownership property if they are named on an existing mortgage or on the registered title to another property at the point of completion of the shared ownership sale. This includes holiday homes and properties outside of the UK.

- 3.3.2 Applicants will also not be considered eligible for a shared ownership property if they have access to wealth, such as stocks and shares that if converted to cash would mean that shared ownership is not their only available means to buy a suitable home.
- 3.3.3 Tenants of WVHT and other social housing tenants who are in arrears or in breach of their tenancy agreement will not be eligible to purchase a shared ownership home from WVHT.
- 3.3.4 Those purchasing a home which would lead to statutory overcrowding by its occupants.
- 3.4 Affordability
- 3.4.1 WVHT may sell an initial share between 10% and 75% of the open market value, depending on what the applicant can afford. Affordability will be assessed by an advisor based on a detailed assessment of an applicant's income and expenditure in line with Homes England requirements.
- 3.4.2 Applicants must have a minimum monthly surplus income of 10% for those purchasing with a mortgage and 20% for those making a sub 25% cash purchase. Further detail is contained within the Trust's Shared Ownership – Surplus Income Policy.
- 3.4.3 Applicants are permitted to retain a reasonable level of savings for emergencies and to cover foreseeable events to avoid them becoming overcommitted financially.
- 3.4.4 A financial assessment must be carried out free of charge by a suitably qualified and experienced advisor that is regulated to give mortgage advice. Applicants are encouraged to optimise the percentage share they buy based on their individual circumstances. WVHT will evidence that the share level being purchased is suitable for the applicant's affordability, needs and circumstances as presented by the mortgage advisor.
- 3.4.5 The mortgage that an applicant is able to secure should represent no more than 30% of their net income after accounting for what are considered firm expenditure commitments and the rent and service charge costs of the purchase.
- 3.4.6 If applicants are unable to obtain a mortgage, or there is no appropriate mortgage product available but they have sufficient savings, then they can purchase their share in cash. As with all other applicants, written confirmation from a mortgage advisor will be needed to evidence this.
- 3.4.7 Where an applicant is making a cash purchase WVHT will ensure that they are assessed based on their individual circumstances. Cash purchasers will be required to provide full income/expenditure details in line with WVHT standard requirements and an affordability calculator will be completed to enable a share purchase to be agreed. Cash purchasers will also be advised to seek independent financial advice and where such advice has been sought and a suitable share suggested this will not be overridden by WVHT.

- 3.4.8 For all cash deposits and applicants, evidence of the source of cash is required in line with anti-money laundering and anti-fraud protocols and WVHT's policies in relation to the same.
- 3.4.9 Gifted deposits are only acceptable when they are accompanied by a written declaration that the money is being gifted, not loaned, from the person making the gift.
- 3.4.10 In cases where an applicant wishes to purchase a lower share than that approved by the advisor, their reasons for wanting to retain a higher level of disposable income or savings will be recorded. If WVHT believe that there is no justifiable rationale for purchasing a lower share then they retain the right to decline the applicants preferred share purchase amount. This decision will be approved by the Director of Regeneration and New Homes.
- 3.5 Reservations and prioritisation of applicants
- 3.5.1 Applicants for first sale and resale shared ownership homes will be prioritised on a first come first served basis. Further detail is contained within the Trust's Shared Ownership- first come first served policy.
- 3.6 Applications from staff and board members and their relatives.
- 3.6.1 The Trust may offer accommodation to a Board Member or member of staff or a closely connected person. Any application must meet the eligibility and affordability criteria in this Policy as well as any specific selection criteria for the property (including any s106 and/or Local Lettings Plan criteria).
- 3.6.2 The Trust will follow the requirements of its Group Code of Governance when considering such applications.
- 3.7 Appeals
- 3.7.1 Applicants wishing to appeal against a decision regarding their shared ownership application or purchase would need to do so via the WVHT's Customer Complaints Policy.
- 3.8 Property valuations
- 3.8.1 Sales values will be based on a 'red book' valuation from a qualified Royal Institute of Chartered Surveyors (RICS) independent valuation surveyor for all new homes. Valuations will be valid for three months.
- 3.8.2 If a mortgage lender's valuation surveyor believes the valuation of the property is lower than WVHT's valuation then WVHT will consider all evidence and may present a challenge using comparable sales evidence.
- 3.8.3 If WVHT decides there is enough evidence to accept the down-valuation, then a new RICS valuation will be required to support this position before the sale can proceed. If WVHT does not accept the down-valuation then the shared owner may be required to pay to WVHT the difference between WVHT's valuation and the lender's valuation

if they wish to continue with the purchase (if this is affordable). Alternatively, they may wish to seek a mortgage through a different lender.

3.8.4 Valuations obtained by a shared owner with a view to purchasing further equity shares in their property (“staircasing”) must be adjusted to disregard any major improvements that have been made by the shared owner or to take account of any failure by the shared owner to comply with the repairing obligations in their shared ownership lease or a breach of any other covenant in their shared ownership lease.

3.9 Rent setting

3.9.1 The initial specified rent will be set at 2.75% of WVHT’s unsold equity per annum. This will be paid monthly.

3.9.2 Rents will rise in accordance with the provisions set out in the Lease, unless a decision is made by the Trust’s Board to implement a lower increase.

3.9.3 Shared ownership rents will reduce proportionally upon “staircasing” (when a shared owner purchases more shares) in accordance with the lease. Any service charge payable will remain the same.

3.10 Shared Ownership lease

3.10.1 The Homes England model for shared ownership house/flat lease will be used as the basis of WVHT’s shared ownership leases. From April 2022, all new homes sold by WVHT will be sold for a minimum term of 990 years.

3.10.2 WVHT have various shared ownership leases within their stock and these have varying terms and legal conditions. Shared owners may apply to extend their lease in line with WVHT’s Lease Extension Policy.

3.10.3 WVHT will not alter fundamental clauses in the Homes England model lease, as this may affect mortgage availability and access to grant funding.

3.10.4 WVHT will seek to achieve consistency in its shared ownership leases across developments. However, some additional management covenants, may need to vary to reflect site specific requirements.

3.11 Staircasing

3.11.1 Staircasing will be operated in accordance with the shared ownership lease. As WVHT will use the Homes England model lease, typically shared owners will be able to purchase further shares in their property (“staircasing”) at any point after they purchase unless they are in rent arrears and/or any other sums are due under the shared ownership lease.

3.11.2 The percentage shares available to purchase are set out in the shared ownership lease.

3.11.3 On acquiring 100% of the shares in their property, where the property is a house and the freehold is owned by WVHT, the freehold will be transferred to the shared owner. Where the property is a flat, the owner will retain a leasehold interest.

3.11.4 In some exceptional circumstances, such as Older Person Shared Ownership or shared ownership in a Designated Protected Area (DPA), then staircasing to 100% may not be permitted by the lease.

3.11.5 The value of the staircasing tranche must be based on an up-to-date valuation at the time from an independent RICS valuation surveyor. The shared owner must meet the cost of the valuation report. For shared owners wanting to staircase by 1% in line with the 2021 model lease a HPI valuation will be used.

3.11.6 WVHT (acting reasonably) reserves the right to dispute the valuation, under which circumstances the provisions of section 3.8 of this policy apply. Dispute clauses are contained within the shared ownership lease.

3.11.7 The shared ownership leases set out the definition of market value, which should be sent to the valuer as part of the initial instruction.

3.12 Shared ownership re-sales

3.12.1 Re-sales will be administered in accordance with the lease terms. It is WVHT's intention to make the resale process as easy and straightforward as possible, whilst supporting the intention of shared ownership to help an eligible household.

3.12.2 WVHT may have the right to nominate a purchaser for a period of time (a pre-emption period.) Details are set out in the lease. If WVHT is unable to nominate a suitable buyer for a re-sale, the shared owner will be able to proceed to market the property, even if this is in advance of the nomination period expiring, to avoid delaying the process unnecessarily.

3.12.3 There may be circumstances, such as where a property is located within a Designated Protected Area (DPA), where WVHT has compulsory buy back obligations should an owner who has staircased to 100% wish to sell. Where this applies, buy backs will be undertaken in line with a current RICS 'red book' valuation to agree the value at which the property will be repurchased.

3.12.4 WVHT may seek to retrieve a fee in relation to any successful nomination of an interested buyer from its marketing database/waiting list in accordance with the shared ownership lease terms.

3.12.5 If the shared owner is in arrears of rent or any other sums due under the shared ownership lease, they will not be able to proceed with a re-sale, unless the re-sale is required to repay the arrears. If the re-sale will allow the shared owner to repay the arrears, an undertaking will be required from the shared owner's solicitor and the sale will only be permitted if arrears are paid prior to or on the date of completion.

3.12.6 If selling through an estate agent, the shared owner will be entirely responsible for this arrangement and any fees payable. WVHT will provide the estate agent with relevant information and guidance on shared ownership and request to review marketing material to ensure the scheme is accurately represented.

3.12.7 WVHT will charge a fair and reflective fee for administering the re-sale process and providing information to the buyer's solicitors. The shared owner will be informed of the fee upon notifying WVHT of their intention to re-sell.

3.12.8 Applicants who apply for a re-sale shared ownership home will be required to follow the same assessment process as outlined in section 3.2, 3.3 and 3.4. Applicants may also be prioritised using any S106 criteria attached to the lease.

3.12.9 WVHT is required to approve the mortgage offer for any re-sale purchaser.

3.12.10 Re-sale properties should be sold based on a current open market valuation. The requirements of section 3.2, 3.3 and 3.4. The shared owner is required to obtain and pay for their own valuation and provide this to WVHT.

3.13 Back-to-Back Sale/ Simultaneous Staircasing and Re-sale

3.13.1 Back-to-back staircasing is a process in which the shared owner simultaneously staircases to 100% and sells the property (outright) on the same day, as part of the same linked transaction. Back-to-back staircasing may be an option if there are no potential buyers who would meet the eligibility and affordability criteria to qualify for a shared ownership property within the nomination period, but there may be an outright sale market.

3.13.2 Back-to-back staircasing would only be approved by WVHT if the nomination period stipulated in the shared ownership lease had expired and there had been a demonstrable legitimate attempt to market the property effectively, which had been unsuccessful.

3.13.3 Once completion has occurred, the former shared owner will receive their share of the proceeds of the sale and WVHT will receive funds relating to the staircasing element.

3.13.4 As there is a staircasing element to the back-to-back transaction, the valuation should also detail improvements that the shared owner has made (as described in 3.10 and Homes England Capital Funding Guide). The uplift in value attributed to these items should be considered as part of the shared owner's sale proceeds.

3.14 Hardship and arrears

3.14.1 WVHT will always work closely with shared owners and mortgage lenders to try and avoid a customer losing their home due to arrears. However, WVHT will seek to undertake proactive and robust action to recover any arrears and resolve the situation, under the principles of WVHT's Corporate Debt Policy.

3.14.2 Possession of a shared ownership home will only be sought where there is no reasonable alternative. Early discussions will take place with the shared owner, their lender (if applicable) and key internal stakeholders to assess alternatives. If no reasonable alternative exists, final approval to seek possession will be sought in line with the requirements and authority levels set out in the Corporate Debt Policy.

3.14.3 In some exceptional circumstances, if viable and subject to accessing required funding (such as Recycled Capital Grant Fund), WVHT may explore the viability and appropriateness of purchasing some or all the equity from a struggling shared owner, a process known as "downward staircasing". There is no obligation for WVHT to offer this and it will depend on the shared owner's conduct and situation, in addition to WVHT's own financial capacity.

3.14.4 Where repossession or eviction is the only option, WVHT will work closely with the shared owner and their mortgage lender, in accordance with the principles set out in the Council of Mortgage Lender's Shared Ownership: Joint Guidance for England (or subsequent guidance that supersedes this). Arrangements will be managed in accordance with the shared ownership lease and in particular the Mortgagee Protection Claim clauses.

3.14.5 In the event that a shared owner's property is to be repossessed, WVHT will signpost the shared owner to housing options advice, in line with the Local Authority's pre-court protocol.

3.15 Repairs and maintenance

3.15.1 Shared owners will be responsible for all their own repairs, maintenance, property investment, gas servicing and any other statutory compliance works insofar as it relates to their demise.

3.15.2 For homes sold on the April 2021 form of lease, a 10-year period from the date of the first lease on the property will be offered, during which shared owners are able to claim up to £500 per annum for repairs not otherwise covered by warranty or guarantee, or as a result of general wear and tear. The £500 allowance can be rolled over once, to a maximum of £1000 allowance in any given year. The definition of repairs that may be included are set out in the lease.

3.15.3 In order to make a claim, the shared owner will be expected to provide a receipt/invoice for works completed from a Trustmark approved contractor. WVHT will approve/ reject repair claims within 7 days of being notified of the completed repair. Following submission of an invoice of works, payment will be made within 21 days.

3.15.4 Where a claim is declined, WVHT will set out the reason for the refusal in writing within 7 days of receiving details of the claim.

3.15.5 In the event of a dispute over a claim, the final decision shall rest with the Lettings and Home Ownership Manager/ Director of Regeneration. Any complaints relating to the claims process can be made via the corporate complaints procedure.

3.15.6 With regard to any communal areas, for instance in an apartment block, the Trust will manage the repairs and investment works, seeking to recover the costs from residents in line with the shared ownership lease and the relevant legislation applying to service charge and sinking funds.

3.16 Gas supply and servicing

3.16.1 The lease will put the responsibility on shared owners for arranging their own annual gas servicing.

3.17 Defects

3.17.1 All WVHT's new shared ownership homes will have a new home warranty. The cover provided under warranty will typically remain in place for a minimum of 10 years from when the property was practically complete (not when the shared owner moves in).

Properties that are not new builds, such as refurbished homes, may not benefit from such warranties.

3.17.2 In addition to the new home warranty, there will be a defect liability period of one year. During this time defects must be reported to WVHT as the builder is generally liable. Defects are issues identified which are a result of poor design, materials or workmanship. They are not accidental damage, a general repair due to wear and tear or with how the property has been maintained. Arrangements for reporting defects will be communicated to customers at sale completion.

4.0 Responsibility

4.1 The Executive Director of Customers, Places and Services is responsible to the Chief Executive and the Board for ensuring the effective implementation of this policy through Leadership Team.

5.0 Customer Voice and Influence

5.1 The Housing Regulator states that the Trust must ensure that residents are given a wide range of opportunities to influence and be involved in the formulation and review of their landlord’s housing-related policies and must evidence this has been taken into consideration, even when the data and feedback indicates that no changes are required to be made to a policy.

Confirmation of the data and customer feedback from the following sources, including any customer profiling and the way in which they access the Trust’s services, was utilised in implementation / review of this policy (as indicated by ✓)			
Star Tracker Survey		Customer Satisfaction Surveys	✓
Complaints/Compliments		Tenant Satisfaction Measures	
Customer Feedback Framework Data		KPI’s (service performance)	
SAMs		Customer Focus Group	
Customer Insight Data		Customer Journey Mapping	
Customer Facebook Group		E-Voice	
Targeted Customer Consultation		Customer profiling data or other data from housing management systems	
<p>No groups have been consulted as part of this review. Feedback from shared ownership purchasers via customer satisfaction survey information has informed this policy.</p> <p>The policy is heavily influenced by Homes England requirements and guidelines and how WVHT complies with regulatory and statutory guidance.</p>			

5.2 No customer consultation, feedback or data has been used to influence this policy design or policy review – see below:

N/A

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5.3 Brief summary of how the customer voice has influenced this policy

N/A

6.0 Involved Customer Assurance

6.1 Confirmation that the customer influence/consultation activities have been provided to the Customer Assurance Team for assurance that the customer voice has influenced this policy (which can be undertaken post SMT/Board approval).

Customer Engagement Officer	Confirmation of customer consultation completed/ feedback reviewed (if applicable).	Customer Assurance Team subgroup:	Date to be reviewed by CAT subgroup
Customer Engagement Officer Comments (if relevant):			

This policy will be implemented via the shared ownership procedures and guidance notes. The procedure and guidance notes should always be used in conjunction with the policy, to provide a consistent approach in the practical implementation of this area of operation.

Author of Policy	Date of Approval	Approved By: EMT/Board/Committee	Implementation Date	Next Review Date
Josie Bell- New Sales Officer Kathryn Harwood- Lettings and Homeownership Manager	June 2024	EMT	June 2024	2026

Equality Impact Assessment (EIA)

Step 1

Please use this form to document your assessment.

Area of work (Document/Policy/Procedure/Strategy/Project/Service)	Shared Ownership policy
Date of Assessment	22/05/2024
Please state audience or recipient of the area of work or document. Is it for colleagues, customers, or other stakeholders	To provide colleagues with a set of principles and guidelines to follow when managing the sales and resales of shared ownership homes. It will also be available for customers and external stakeholders to view.
Name and role of person assessing	Josie Bell – New Sales Officer

Step 2

Provide a summary of the key aims and objectives of the area of work	The primary aim of this policy is to ensure the sale and management of shared ownership homes is administered in accordance with relevant regulatory and statutory guidance. The policy will also ensure a fair and consistent approach is taken.
What consultation has been carried out with relevant groups and stakeholders in the completion of this assessment?	
What sources of information were used to identify the impact on different groups of people? Are there any gaps in the data that could be needed in order to help you make an informed decision? <i>(E.g., statistics, survey results, complaints, consultation documents, customer feedback, existing business reports, comparative policies etc.)</i>	
Describe how you intend to monitor and review the actual impact and to follow up on any actions needed.	

Step 3 - Protected Characteristics

Please state for each group in the table below if there is a 'positive', 'negative' or 'neutral' impact and suggest actions to mitigate impact and advance equity, diversity, and inclusion.

Groups to Consider	Identify if Positive, Negative or Neutral Impact	Suggest actions to mitigate impact and advance equity, diversity, and inclusion
Age	Positive	We offer a first come first served approach irrespective of means of purchase i.e. inability to secure a mortgage due to age.
Disability	Positive	The Trust will seek to ensure options for provision of information in other formats for people with visual or hearing impairments.
Gender Reassignment	Neutral	
Marriage and Civil Partnership	Neutral	
Pregnancy and Maternity	Neutral	
Race	Positive	Note, regarding national origin, if a non-UK citizen does not have the right to remain in the uk indefinitely then the Trust will consider whether this will impact on their ability to sustain home ownership in the UK in the medium to long-term. Any decision will be made on this basis as to whether they can sustain ownership, as per any applicant, as opposed to their national origin.
Religion or Belief	Positive	It is understood that shared ownership mortgages are typically not Shariah compliant, however, shared ownership itself can be considered a Shariah compliant option, for instance if the purchaser is gifted money to be a cash purchaser from immediate family or has access to sufficient cash to purchase a percentage share, such as through savings. The same affordability principles will be provided irrespective of belief.
Sex	Neutral	

Sexual Orientation	Neutral	
Other identified group or particular intersectionality impact		

Step 4

Is it possible the area of work could discriminate or unfairly disadvantage people?	No
How will you demonstrate that this area of work is impacting fairly on everyone it affects?	N/A
If there is no evidence that the area of work promotes equity, diversity and inclusion, what changes could be made to achieve this?	N/A
Is there any modern slavery impact or consideration, based on the area of work?	No

Step 5 – Action Planning

Detail actions from Step 3 and Step 4, propose timescales and state who is responsible.

Issue Identified	Planned Action	Agreed Timeframe	Who is responsible

Step 6 – Sign-off

Assessor Name: Josie Bell	Date: 23/05/24	Assessor Signature: Josie Bell
SMT Name: Gemma Wood	Date:	SMT Signature:
Has there been a follow-up with the EDIT to discuss impacts?	Comments	