



SHARED OWNERSHIP POLICY

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1.0 Scope

This Policy applies to services provided by Broxtowe Borough Council ('The Council') to Shared Ownership leaseholders. It does not apply to other type of Leasehold.

2.0 Purpose

Shared Ownership is an affordable housing product that allows people to purchase a share of a property whilst paying rent on the remaining share. Purchasing a share in a property requires a smaller deposit and mortgage, thereby making it a more affordable route into home ownership.

Homes for Shared Ownership will usually, but not exclusively, be built by developers via section 106 agreements.

This Policy sets out how the Council will manage its Shared Ownership properties and the leasehold model which will be used. It has been written to ensure it complies with the Homes England (HE) Model and Capital Grant Funding.

Nothing in this Policy overrides, amends or replaces the terms of lease and it should be read as an 'interpretation' of lease provisions.

3.0 Aims and Objectives

The aim of the Policy is to set out how the Council will:

- Meet its responsibilities to Shared Ownership leaseholders under the terms of their lease
- Ensure that Shared Ownership properties are offered for sale and sold in conformity with Homes England requirements
- Set eligibility criteria for applicants
- Detail how applications can be made
- Offer Shared Ownership products that are compatible with mortgage lender requirements
- Meet the conditions set through any grant, funding or Section 106 agreements.
- Operate a fair and transparent selling process.

4.0 Regulatory Code and Legal Framework

- Administration of Estates Act 1925
- Business Protection from Misleading Marketing Regulations Act (BPR's) 2008
- Commonhold and Leasehold Reform Act 2002
- Consumer Protection from Unfair Trading Regulations (CPR's) 2008
- Estate Agents Act 1979
- Homes England's Capital Funding Guide
- Housing Act 1985
- Housing Act 1988

- Housing (Right to Enfranchise)(Designated Protected Areas)(England) Order 2009
- Housing (Shared Ownership Leases)(Exclusion from Leasehold Reform Act 1967)(England) Regulations 2009
- Landlord and Tenant Act 1985
- Landlord and Tenant Act 1987
- Law of Property Act 1925 and the Housing Act 1996
- Leasehold Reform Act 1967
- Leasehold Reform Housing and Urban Development Act 1993
- Leasehold Reform (Ground Rent) Act 2022

5.0 Pre-Purchase

5.1 Leases

All Shared Ownership properties will be leasehold.

HE have provided a model Shared Ownership lease which the Council will adopt. Any departure from the model lease will be in accordance with guidance.

The Council will grant lease lengths in line with HE guidance. Shared Owners can request an extension to their lease, which will be granted on a case-by-case basis.

Shared Owners will be provided with a copy of their lease by the Solicitor acting on their behalf when they purchase their home, and should be made fully aware of the covenants and service charge implications. Copies of the lease can be obtained in various ways, for example from the Land Registry or from the Council subject to paying the relevant noted fee for this service.

The Council will provide new Shared Owners with a copy of the 'Shared Ownership Handbook' which contains key information and advice regarding the services they can expect to receive.

5.2 Initial Share

The initial share sold to buyers will be between 10% - 75%.

5.3 Marketing

The Council will use a variety of approaches to advertise Shared Ownership properties, including advertising the homes in advance of their completion and directly through the developer. Properties will also be advertised on the Council's Choice Based Lettings (CBL) system. The extent of marketing will be determined on a site-by-site basis.

There will be a fee to cover the Council's marketing and administrative costs.

5.4 Valuations

Valuations of Shared Ownership properties will be carried out by an independent member of the Royal Institute of Chartered Surveyors (RICS). This includes both the market value at initial sale and on all staircasing (where additional equity is purchased, as outlined in section 7) of 5% and above. Valuations for gradual staircasing of 1% will be based on an estimated value linked to the original purchase price, adjusted in line with Housing Price Inflation.

The valuer should be instructed to assume that:

- The sale is for the freehold interest, or where the provider's interest is leasehold, for the lease term years as the provider holds.
- The sale is an open market sale.
- A Shared Ownership lease has not been granted.
- The sale is to be with vacant possession.

Valuations remain valid for three months and need to be reviewed if the sale of a property has not completed within that period.

If the property is down valued by the mortgage lender's surveyor, the Council will investigate the reasons supplied, including reviewing other similar properties for sale in the local area.

6.0 During Purchase

5.5 Eligibility Checks

All applicants will be referred to an independent Financial Advisor for them to carry out a financial assessment on eligibility and affordability.

In order to be eligible, applicants must:

- Be 18 years or older;
- Have a household income of £80,000 or less;
- Be unable to purchase a property to meet their needs on the open market;
- Not have any outstanding credit issues (i.e. unsatisfied defaults or County Court Judgements (CCJs));
- Be able to afford to meet the housing payments and sustain home ownership in the longer term;
- Must have a local connection to Broxtowe Borough Council
- Must be a British or EU/EEA citizen with a Settled Status or have indefinite leave to remain in the UK
- Move into the home and use it as their primary residence; and
- Not already be a homeowner (unless they sell as part of the Shared Ownership purchase)

Current Broxtowe Borough Council tenants should have a clear rent account and have no substantial breaches of tenancy conditions.

Applicants will be required to provide:

- Proof of identification;

- Proof of income (usually by way of latest three pay slips or last three years' accounts for self-employed applicants);
- Proof of savings; and
- A Mortgage in Principle or credit reference (where required)

Additional evidence may be required on request.

If more than six months pass between application and exchange of contracts, the applicant will be required to provide additional evidence that their circumstances have not changed. Applicants must notify the Council of any changes to circumstances after their application has been approved.

The Council will operate the allocation of Shared Ownership properties by the following priority:

1. Eligible local residents
2. All eligible applicants

Members of the Armed Forces are exempt from local connection test(s) as defined in the Capital Funding Guide, therefore, they will be given priority provided they meet the eligibility criteria. See Appendix 1 for further information on Armed Forces eligibility.

Approval will not be given for applicants to purchase a property which is not suitable for their needs. For example, where the household size would result in a statutory overcrowding situation or where more than one spare bedroom is required.

If two or more residents have the same level of priority, the property will be offered to the applicant with the earliest registration date.

The Homeownership team will be responsible for assessing that applicants meet the eligibility criteria.

5.9 Affordability

Minimum initial shares will be set at 10% however applicants will be expected to buy the maximum share they can afford and sustain.

The assessment as to the maximum share purchase an applicant can afford must be undertaken by a suitably qualified and regulated mortgage or financial advisor, and buyers should make sure that the advisor is suitably experienced in this area.

The Council will not provide financial advice to applicants, and will not be responsible for assessing affordability information. However, they will conduct due diligence to ensure that the application form clearly demonstrates that the applicant's affordability has been checked by an Independent Financial Advisor.

5.6 Elected Members, Employees and Relatives

Elected members, employees and their relatives are eligible to apply for Shared Ownership properties. All applications will be assessed in line with the process set out in this Policy.

The Council will conduct further checks and will seek the authorisation of the Head of Housing where the applicant is an employee or is related to an employee or Councillor.

5.7 Owner Occupiers

Those who already own their own home will only be permitted to purchase a Shared Ownership home in exceptional circumstances. Examples include but are not limited to:

- Homeowners who need to move because their own home has been condemned or is to be demolished;
- Those needing to move due to age or disability and who cannot afford or find accommodation on the local open market that reasonably meets their needs;
- Those going through relationship breakdown who are transferring their interest in their home to their former partner and will have insufficient capital remaining to purchase a home on the open market. They will need to provide land registry or solicitor confirmation.

Owner occupiers accepted onto the scheme must meet the affordability criteria and demonstrate that they can sustain their mortgage and Shared Ownership rental payments.

They will need to evidence that at the time of buying, they have sold or are in the process of selling their existing property. The Council will accept a solicitor's property completion statement; confirmation from the mortgage lender and Land Registry that the applicant is no longer on the mortgage or land registry respectively, or conveyancing letter in case of property transfers.

Evidence will need to be provided before exchange of contracts for the new purchase.

5.8 Joint Applicants

If more than one person applies for a Shared Ownership home, they will be considered as joint applicants. They must become joint owners of the property. Anyone joining in the application who already owns, or part owns a home must sell it at the time of jointly buying through Shared Ownership.

An existing Council tenant qualifying for Shared Ownership may have a partner who does not wish to join in the application. The application can proceed in the sole name of the qualifying applicant. In this situation, other such members of the household will be treated in line with Council Policy independently from the Shared Ownership application.

5.12 Viewings

Viewings will be arranged by the Homeownership team and will be offered to interested persons who have submitted a 'Registration of Interest' form.

5.10 Reservation

A property will be reserved once affordability and eligibility checks have been approved. The Council will charge the applicant an administration fee for this. Upon receipt of the reservation fee, the property is held to sell to them provided they exchange contracts within six weeks.

An applicant who is an existing Council or Social Housing tenant will not be eligible for Shared Ownership if they are in breach of their tenancy agreement at the time of application. This includes but is not limited to rent arrears.

Applicants who owe money to the Council before or during the purchase process will not be allowed to progress until the debts have been cleared to the satisfaction of the department responsible for collecting the debt.

5.11 Deposit

The amount required for a deposit will be a minimum of 5% of the share value that is being purchased. The deposit is paid when the contracts are exchanged.

5.13 Mortgages

The Council will not be able to take an application or provide a formal offer unless applicants have received confirmation from an Independent Financial Advisor that they can obtain an affordable mortgage. The Council will require a copy of the buyer's mortgage offer, including the amount of borrowing and the terms and conditions being applied. Mortgages must be obtained from a lending institution that is regulated by the Financial Conduct Authority (FCA).

Applicants that do not require a mortgage are still required to undertake affordability checks with an Independent Financial Advisor.

5.14 Memorandum of Sale

The Council will issue a 'Memorandum of Sale' once there is agreement to sell the property. Applicants should keep this document as proof of sale.

The Council will give the applicant(s) six weeks' notice from the confirmation of sale to exchange on the property. The Council reserves the right to discontinue an application due to lack of progression from the buyer, or until the applicant(s) withdraws their interest in writing if sooner.

It will be at the Council's discretion whether the reservation is held beyond the target exchange date, and this will be determined by the cause of the delay and whether it is related to an issue beyond the buyer's control.

All decisions to extend will be agreed on a case-by-case basis.

5.15 Exchange and Completion

All legal matters will be dealt with by the Council's Legal Services team.

At exchange, the buyer must pay the deposit in full and they must sign the lease agreement. The buyer then becomes a Shared Owner Leaseholder and will be expected to abide by the lease covenants.

At completion, it is expected that the Shared Owner has paid one months' rent in full, and the Council has handed the keys to them along with any applicable documents.

7.0 Post-Purchase

6.1 Property Management

All property management queries are handled by the Council's Homeownership team. This includes queries regarding repairs and maintenance.

6.2 Repairs and Maintenance

The property must be kept in good and substantial repair and condition in line with the lease.

For new build properties, the 10-year New Build Guarantee will apply. This covers some essential repairs to walls, floors, ceilings and stairs inside of the home. In the first instance, the Shared Owner will be expected to claim against this for any required repairs.

Where external fabric repairs are not covered by such guarantees, the Council will be responsible.

Shared Owners should contact the Homeownership team where any defects are identified.

Within the first 10-year period, Shared Owners can apply to the Council to claim back up to £500 each year, for some essential internal repairs which include:

- Installations for the supply of water, gas and electricity
- Installations for sanitation including basins, sinks, baths, pipes, drainage and sanitary conveniences, but not other fixtures, fittings and appliances for making use of the supply of water, gas or electricity
- Installations for space heating and heating water.

This list is not exhaustive. Shared Owners should contact the Homeownership team for clarification on qualifying repairs.

The claim period will run from 1 April to 31 March, and the amount can be rolled over to the following year if required.

After 10 years, full responsibility for all repairs will transfer to the Shared Owner. If the Shared Owner staircases up to 100% before the 10-year period has ended, the responsibility will also transfer to them.

Shared Owners are responsible for maintaining and regularly servicing all appliances in their property. This is a condition of the lease. Failure to carry out these checks may result in a breach of the lease agreement and could potentially affect the building insurance Policy.

All gas appliances, including gas boilers, gas flues, gas cookers and gas fires should be safety checked and serviced regularly according to the manufacturer's instructions. Such services should be carried out by a qualified engineer not less than once in every 12-month period.

The Council will expect the Shared Owner to provide evidence of a gas safety check within 28 days of the service being due. The Shared Owner will be responsible for carrying out any remedial action identified by the engineer.

The Council will take legal action to gain entry to the property to carry out the required test where the Shared Owner fails to provide the certificate or have the safety check carried out. The cost of the service, and any legal costs incurred, will be recharged to the Shared Owner.

Should the property fall into disrepair, this will be considered a breach of the lease and the Council may seek legal action and recharge any costs to the Shared Owner.

6.14 Improvements / Alterations

The Council are supportive of Shared Owners wishing to improve their homes.

Shared Owners are required under the terms of their leases to obtain written consent to make any alterations or improvements from the Council by completing the relevant form. Where permission is refused, this will be confirmed in writing with the reasons for the decision. Requests for improvements will be considered in conjunction with the Alterations and Improvements Policy and the procedure contained within this Policy will be followed. Work should not commence until consent has been granted. Any written consent given will be on condition that the Shared Owner has provided the Council with details of the proposed works and subject to meeting conditions, such as obtaining Planning Permission and/or Building Regulations.

The future maintenance of any improvements or alterations to the property will be the responsibility of the Shared Owner. Should there be any damage caused to adjacent properties due to any works carried out, the Shared Owner will be responsible for making good and for any costs incurred for putting it right.

The Council reserves the right to inspect any alterations and improvements once completed by arranging a mutually convenient appointment with the Shared Owner.

Where unauthorised alterations or improvements have been carried out, the Council may request the Shared Owner to reinstate the work. Legal action may be taken to

carry out the necessary work and recharge the Shared Owner for the cost, including any legal costs incurred.

An administration charge will be payable for consideration of any improvements or alterations.

6.15 Consultation

The Council will consult Shared Owners on the services it provides both individually and using wider forums as necessary, and in accordance with legislation.

Consultation needs to be carried out on works which fall within the relevant sections of the Landlord and Tenant Act 1985 as amended by the Commonhold and Leasehold Reform Act 2002, such as:

- Carry out work which will cost any one Shared Owner more than £250. This includes repairs, maintenance and improvements to the building and estate.
- Enter into a long-term agreement (for more than 12 months) with outside contractors for work, supplies or services which will cost any one Shared Owner more than £100 a year. For example, cleaning, grounds maintenance and surveying.
- Carry out work under a long-term agreement where the work will cost any one Shared Owner more than £250.

Consultation on proposed changes to arrangements for maintenance, management or service provision which could have a substantial effect on Shared Owners will also be carried out.

6.6 Rent Setting

Rents will be set at 2.75% per annum of the value of the unsold equity at point of sale. This means rents may differ per property depending on what percentage is sold.

Examples can be found in Appendix 2.

All rents are payable in advance and are charged on a weekly basis.

The Council will increase rents by the Consumer Price Index (CPI) plus 1%. This will be calculated using the CPI figure for a specified month which is published annually by Homes England. Rents are increased annually in April.

The Capital Funding Guide sets out further information on rent increases.

6.3 Service Charges

The Council will prepare accurate and timely information about the cost of services for which service charges are due from Shared Owners. Service charges will be set in accordance with the terms of the lease and could include:

- Buildings insurance
- Management and administration fees
- Grounds maintenance
- Electric to supply communal services (communal lighting)

Service charges are calculated annually and will be charged as per the terms of the lease.

Payment arrangement is required within 21 days of the date of all service charge invoices.

Shared Owners will be offered a variety of different ways to pay their service charges.

6.10 Management and Administration Fees

The Council are legally entitled to charge for management fees. A management fee is for managing the services funded and provided. This charge is intended to cover the cost of employee time in providing and managing services, for example, managing reactive and major works to the communal areas, preparing service charge accounts, consultant fees and administration.

Administration charges will be made when a Shared Owner requests a particular service or when we have to carry out special work because a lease has been breached, for example, non-payment of service charges which may have incurred additional court costs.

6.11 Ground Rent

Ground rent will not be payable.

6.12 Buildings and Contents Insurance

The Council will insure the property to their full reinstatement value and will provide Shared Owners with details of the insurer, sums insured, perils covered and premiums.

Shared Owners will be recharged the cost of obtaining the building insurance on a yearly basis in the form of a service charge.

Shared Owners must advise the Council of any changes in circumstances that may impact insurance.

It will be the responsibility of the Shared Owner to complete and submit claim forms to the insurer where damage is the Shared Owner's responsibility to repair.

In the case of damage to a block or structure, where liability is that of the Council's under the lease, the Council will complete and submit an insurance claim. Shared Owners will be expected to provide any supporting facts and information to support the claim.

Shared Owners will be responsible to obtain and secure contents insurance.

6.13 Cost of Major Works and Long Term Agreements

The Council will ensure that costs relating to major works and long term agreements represent value for money and comply with relevant legislation.

All monies due as a result of major works will be collected by the Council in accordance with the lease terms and legislation. If Shared Owners require support to pay, the Council will discuss their individual circumstances and explore alternative payment arrangements.

The Council will endeavour to assist Shared Owners in planning ahead for future major works projects.

6.5 Production of Accounts

The Council will maintain a property record for each Shared Ownership property.

The account statement will be produced for each account and sent to the Shared Owner on an annual basis, or upon request at any other time.

6.4 Service Charge Disputes

In the first instance, the Council would aim to resolve any issues with service charges directly with the Shared Owner. The Shared Owner has the statutory right to apply to the First Tier Tribunal to determine whether a service charge has been reasonably incurred and how much is payable.

The Council will ensure that Shared Owners are made aware of their rights and the contact details for the tribunal.

6.7 Mortgage/Rent/Service Charge Arrears

Shared Owners will be provided with information about their service charges/rent accounts at regular intervals.

The Council will help and support Shared Owners who are experiencing financial difficulty which affects their ability to pay rent or service charges.

The Council will contact Shared Owners who fail to pay rent or service charge payments to discuss the circumstances and make a repayment agreement to clear the debt to the satisfaction of the Council.

The Council will use a variety of methods of communication to ensure the Shared Owner is fully aware of their circumstances during any period they have rent or service charge arrears.

If arrears continue, the use of legal proceedings will be assessed. Before these take place, the Council will assess other options such as the Buy Back scheme or approaching the mortgage lender. The Council will provide the Shared Owner's

mortgage lender with 28 days' notice of its intention to commence possession proceedings.

If a Shared Owner refuses to pay for service charges or where other options of recovery action have failed, legal proceedings may be considered to include:

- Obtaining a County Court Judgement (CCJ), which will affect a Shared Owner's credit rating
- An Attachment of Earnings
- A Charging Order on the property, which will affect the Shared Owners' credit rating
- Contact with their mortgage company to request payment of the outstanding charges, which could then be added onto the active mortgage account.
- Escalate for forfeiture of the lease.

Should the mortgage lender choose to repossess the property, the Council will share all necessary information regarding the property and arrears payments.

Where a Shared Owner is experiencing financial hardship, the Council will signpost them to appropriate agencies who provide financial advice and guidance.

6.8 Equity Stake

If the Council must repossess a shared ownership property, a proportion of the equity stake will be returned to the outgoing Shared Owner minus costs.

6.9 Flexible Tenure/Downward Staircasing

Shared Owners who face repossession by their mortgage lender will be offered the opportunity to be considered for Flexible Tenure when all other debt management solutions have been investigated.

There is no right to downward staircasing, and any offer is at the Council's discretion. It is a last resort option to allow a Shared Owner to remain in their home despite experiencing severe financial difficulties, and is aimed to prevent repossessions. It is not a means to restructure the Shared Owner's debt.

The decision will be provided to the Shared Owner in writing, detailing the reasons for the decision.

6.16 Sub-letting

Sub-letting is generally prohibited. In exceptional circumstances and subject to legal advice, the Council may agree to a sub-letting arrangement if there is an avoidable need, and will apply the following considerations if it receives a request:

- That the reasons for sub-letting stem from an avoidable need as stated in the Homes England Capital Funding Guide (e.g. the Shared Owner must move for employment, overcrowding or accessibility issues or to care for a family member.)
- That the reasons are not driven by financial speculation or gain.

- The person(s) to whom the property will be sublet also satisfy criteria for Shared Ownership.
- That the terms of the sub-let will be for a fixed period (maximum of 12 months) and that the Shared Owner will retain the lease during this time.
- The request is from a serving member of the Armed Forces whose duties require them to serve more than 50 miles or 90 minutes from the property.
- That the Shared Owner has the permission of the mortgage lender (if required)
- That the Shared Owner understands that they will be responsible for the management of the person(s) to whom the property is sub-let, and they will still be responsible for the terms of the lease – for instance paying rent and service charges to the Council.

Permission will always be provided in writing.

6.17 Guests and Lodgers

Shared Ownership properties should not be used for commercial purposes including short-term lets and bed and breakfast type accommodation.

Shared Owners should first consult their lease agreement before considering whether to take in a lodger or guest.

If a Shared Owner wishes to take in a lodger, they should obtain written permission from the Council beforehand.

6.18 Pets

While the Council recognises the benefits of having pets, they have a duty to ensure that if pets/animals are to be kept within the property, the Shared Owner should obtain written permission from the Council.

The Council may refuse consent in the following circumstances:

- (a) any circumstances which we consider are reasonable to refuse our consent. These reasons will be outlined to the Shared Owner following their request unless it is an assistance dog to support a disability such as a “guide dog” for the blind or a “hearing dog” for the deaf;
- (b) where a dog is prohibited under the Dangerous Dogs Act 1991 or classified as dangerous under the Dangerous Wild Animals Act 1976;

If the Council grants consent, the Shared Owner must agree:

- that the Pet will be kept under control at all times
- that the Pet will not cause nuisance or annoyance, harm or damage to any other person or property
- not to mistreat or keep the Pet in poor or unsanitary conditions or conditions inconsistent with the Pet’s welfare

- not to leave the Pet unattended for long periods of time
- that the Pet will not foul in the Building, the Communal Areas and/or the Estate. If the Pet does foul in the Building, the Communal Areas and/or the Estate, you agree to remove the waste and clean the area
- not to keep the Pet for commercial breeding purposes without first getting our written consent and any licences or other permissions that may be needed.

7.0 Staircasing

The Council will support Shared Owners with the staircasing process relevant to their property, determined by the terms of their lease. Shared Owners will be provided with a staircasing guide detailing the process upon request.

Shared Owners will be able to staircase up to 100% after two years of ownership. They will need to consider their financial position and take into account any remortgaging or additional borrowing costs.

An independent open market valuation must be obtained and referred to the Council to establish the current market value of the property and the sale price for additional shares/remaining equity which the Shared Owner wishes to acquire. The Shared Owner is responsible for the cost of the valuation.

The following are key principles and requirements of the report:

- The valuer must be registered and RICS qualified
- The valuer must be independent
- The valuer must provide comparable properties and sale prices where possible
- The valuer must be informed of any improvements undertaken to the property by the Shared Owner (these improvements must have received prior written approval from the Council)
- Valuations carried out for bank and mortgage purposes are not acceptable
- The Council will require a copy of the report, and the validity of the valuation must be shown on it.

The valuation report is valid for three months from the date of the report. If the staircasing transaction does not complete within three months, the Shared Owner may be required to obtain a revised valuation report at their own cost.

The Council can arrange for an independent valuation and report on behalf of the Shared Owner, but they will be required to pay for this in advance. This will be undertaken by a RICS qualified surveyor.

Any improvements, alterations or additions that have enhanced the property will only be taken into account if prior permission has been granted.

Once the report has been received, the Council will inform the Shared Owner in writing of the sale price for the remaining equity/share to be purchased. This will

include any considerations for improvements or alterations which the Shared Owner has undertaken.

The Shared Owner is required to provide written approval that they wish to proceed with the staircasing process and acquire remaining equity/shares, which must include their Solicitors details. The Shared Owner will pay their own legal costs.

On completion, an administration fee will be payable and the Council will amend their records to reflect the current ownership position. Rent payable will be adjusted accordingly.

11.0 Remortgaging and Additional Borrowing

Shared Owners may request to increase the borrowing secured against their share of the property subject to the Council's approval.

The Council will consider such requests only where the funds are to be used to:

- Enable the purchase of further shares (staircasing)
- Enable the Shared Owner to comply with the terms of the lease, for example, to carry out essential repairs
- Allow one Shared Owner to buy out another Shared Owner's interest in the property.

Consent will only be given for essential repairs and maintenance. The Council will not permit additional lending for home improvements, for example, boiler replacements or roof repairs, or for extensions or conservatories.

8.0 Enforcement

The Council will take appropriate action, which may include escalation to legal action, whenever we become aware that a Shared Owner is in breach of the terms of their lease. This will also apply if the property is sub-let.

Appendix 3 provides a list of potential breaches.

If the Shared Owner does not remedy the breach of their lease, we may consider applying for forfeiture of the lease.

Where legal action is sought the Shared Owner may be responsible for charges incurred.

8.1 Nuisance and Anti-Social Behaviour

This section refers to nuisance and anti-social behaviour caused by the Shared Owner, not by the neighbours or other members of the public.

The Council takes reports of anti-social behaviour seriously and will intervene when a report of nuisance or anti-social behaviour has been received in line with the Council's Anti-Social Behaviour Policy.

Where there are serious breaches in terms of the lease, including anti-social behaviour from Shared Owners or visitors to their properties, the Council may carry out investigations, provide advice or take enforcement action which could result in forfeiture of the lease. Such actions will be taken on a case-by-case basis.

Where additional housing management services are provided that are beyond early intervention for anti-social behaviour complaints, the Council reserves the right to levy charges on the Shared Owners involved, including employee time.

9.0 Selling the Property (Resales)

Shared Owners are required to contact the Council if they intend to sell the property. Within the four-week nomination period as set out in the Lease, the Council will consider whether they wish to purchase the property, or alternatively, 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.

Resale applicants must still meet the eligibility criteria of this Policy, and they will be required to purchase a share equal to or higher than that purchased by the current Shared Owner.

Shared Owners will be required to pay a fee to cover the Council's marketing and administration costs.

10.0 Repurchase

Shared Owners can request that the Council purchases their entire share of the property. Such requests will be considered in exceptional circumstances where the Shared Owner is able to demonstrate a genuine need, including but not limited to financial hardship, to move and all other alternatives have been exhausted. The Council will consider repurchase requests on a case by case basis and will provide a determination within 28 days of receipt of written notice of a Shared Owner's intention to sell.

12.0 Involvement

The Council will provide appropriate opportunities for Shared Owners to influence quality, cost and efficiency of the services they receive. This will include consultation on policies and procedures that affect the Shared Ownership service offered.

Shared Owners will also be invited to become involved in our resident engagement activities.

13.0 Definitions

Annual Service charges - Are defined under section 18 of the Landlord and Tenant Act 1985 as “an amount payable as part of or in addition to the rent (a) which is payable directly or indirectly for services, repairs, maintenance, improvements or insurance or the landlord’s costs of management (b) and the whole or part of which varies or may vary according to the relevant costs”.

Capital Funding Guide (CFG) – This is released by Homes England and contains the rules and procedures for all providers delivering affordable housing through one of Homes England’s affordable housing programmes.

Consumer Price Index (CPI) – Measures change over time in the prices paid by consumers for a representative basket of goods and services.

Equity Stake – The percentage of the property owned by the Shared Owner.

Flexible Tenure/Downward Staircasing – An initiative designed to enable a Shared Owner to remain in their home either by selling some of their shares back to their landlord in order to reduce their mortgage to a more affordable and sustainable level, or by selling all their shares back to the landlord and becoming a tenant.

Freeholder – This is the Council as we retain the full ownership of the piece of land or building.

Grant Funded Sales – This refers to Shared Ownership properties which have been built with an element of Homes England funding through the SOAHP 2021-26.

Homes England (HE) – The non-departmental public body that provides grant funding for new affordable housing in England. Grant-funded Shared Ownership schemes must be managed in line with HE guidelines which are set out in the CFG.

Lease agreement – This is the binding contract between Broxtowe Borough Council and the leaseholder, which outlines rights, responsibilities, liabilities and duties for both parties.

Leasehold Management - Covers the range of services provided by the Council to those who own their property on a leasehold basis.

Lender – The Bank or Building Society who provide the loan to the Shared Owner to purchase their share of the property.

Market Value – The price of a property on the open market, usually established by an independent valuer.

Major qualifying works - These are works that are usually planned and necessary to maintain the structure/fabric of the building. In some circumstances these could be carried out as emergency works in the event of storm damage which may not be covered by the buildings insurance Policy.

Rent – A weekly amount charged by the Council that is based on the unsold share of the property. The Shared Owner is required to pay the rent to the Council under the terms of the lease.

Service Charge – An amount charged by the Council to recover the cost of providing services such as providing buildings insurance and administration costs. The Shared Owner is required to pay the service charge under the terms of the lease.

Shared Owner - Is the Leaseholder who has purchased part of a property on a Shared Ownership Lease basis from the Council, and pays rent on the remainder.

Shared Ownership – A low-cost home ownership scheme which allows purchasers to buy a share of a property and rent the remainder subject to a lease.

Shared Ownership and Affordable Housing Programme (SOAHP) – A programme from Homes England to increase supply of Shared Ownership and other affordable homes in England.

Staircasing – A process which allows Shared Ownership Leaseholders to buy all or some additional shares in their home as and when they can afford to do so. The minimum share which can be acquired is 10%. The staircasing provisions are detailed within the relevant Shared Ownership Lease.

14.0 Related Policies, Procedures and Guidelines

This Policy should be read in conjunction with the:

- Anti-Social Behaviour Policy
- Acquisitions Policy
- Freehold Inspections Procedure
- Housing Repairs Policy
- Leasehold Arrears Procedure
- Leasehold Extensions Procedure
- Leasehold Pet Procedure
- Right of First Refusal and Discount Repayable Policy
- Section 20 Consultation Procedure
- Shared Ownership Handbook
- Shared Ownership Procedure
- Staircasing Guide

15.0 Review

The Policy will be reviewed every 3 years, unless there is a change to legislation.

16.0 Appendices

Appendix 1 – Armed Forces Priority Definition

Appendix 2 – Rent Setting Example

Appendix 3 – Potential Breaches of Lease

17.0 Document History and Approval

Date	Version	Committee Name
May 2024	1	

Appendix 1 - Armed Forces Priority Definition

Priority will be given to:

- Serving military personnel and former members of the British Armed Forces discharged in the last two years.
- They have completed their basic (phase 1) training and they are one of the following:
 - Regular service personnel (including Navy, Army and Air Force)
 - Clinical staff (except for doctors and dentists)
 - Ministry of Defence Police Officers
 - Uniformed staff in the Defence Fire Service
- They are ex-regular service personnel who have served in the Armed Forces for a minimum of six years, and can produce a Discharge Certificate (or similar documentation) as proof, where they apply within two years (24 months) of the date of discharge from service or
- They are the surviving partners of regular service personnel who have died in service, where they apply within two years (24 months) of the date of being bereaved.

Appendix 2 – Rent Setting Examples

If the value of a property is £200,000 and the initial deposit amount is 10% (£20,000), the rent will be calculated as follows:

		Calculation
Unsold equity %	£180,000	N/A
Rent charge %	2.75%	N/A
Rent per annum	£4,950	$£180,000 / 100 \times 2.75$
Rent per month	£412.50	$£4,950 / 12$

If the value of a property is £220,000 and the initial deposit amount is 10% (£22,000), the rent will be calculated as follows:

		Calculation
Unsold equity %	£198,000	N/A
Rent charge %	2.75%	
Rent per annum	£5,445	$£198,000 / 100 \times 2.75$
Rent per month	£453.75	$£5,445 / 12$

Appendix 3 – Potential Lease Breaches

Breaches include but are not limited to:

- Unapproved alteration or improvement works which have a detrimental effect on the structures integrity;
- Improper use of property including illegal activities including substance dealing/use or any other illicit activities;
- Failure to pay service charges;
- Incidents of anti-social behaviour associated from either the occupiers residing in the property and their family or visitors or the Shared Owner themselves. Where the Council has suitable evidence to support the anti-social behaviour incidents then a breach will be escalated.
- Failure to maintain the property or cause damage, neglect or health and safety concerns which has an impact to their individual Shared Ownership property as well as neighbouring properties or the block as a whole.
- Failure to allow Council employees, contractors or agents to access the property following suitable notice to undertake essential inspections, maintenance or repair works.