



SHARED OWNERSHIP POLICY

1. Purpose

- 1.1 This policy sets out our approach to selling shared ownership homes. It explains how we will decide who is able to buy a shared ownership home from us, which applicants will be prioritised and the fees we will charge to reserve a home.

2. Definitions

- 2.1 Shared ownership – part buy part rent schemes that help people who are otherwise unable to purchase a property on the open market
- 2.2 Homes England - a non-departmental public body, sponsored by the Ministry of Housing, Communities and Local Government which provides funding for housing associations to build homes
- 2.3 Capital Funding Guide – contains the rules and procedures for all providers delivering affordable housing through one of Homes England's affordable homes programmes.
- 2.4 Help to Buy Agent – a Homes England appointed one stop shop and point of contact for people looking for affordable homes to buy or rent in their area.
- 2.5 Leasehold Scheme for the Elderly - part buy part rent schemes for people aged over 60

3. Responsibilities

- 3.1 The Head of Commercial is responsible for ensuring that this policy is kept up to date and consistent with any new Red Kite strategies. It will be reviewed every three years or following a change in legislation or regulatory requirements, to ensure that it remains fit for purpose.
- 3.2 The Home Ownership Manager is responsible for allocating and approving first tranche sales of shared ownership homes.
- 3.3 The Home Ownership Manager is responsible for approving first staircasing sales of shared ownership homes.

4. Legal and Regulatory Framework

- 4.1 The Capital Funding Guide
<https://www.gov.uk/guidance/capital-funding-guide>

5. Policy Statement

- 5.1 Access to shared ownership schemes has been relaxed over the years meaning more people are eligible than ever. On occasion we may choose or may be required to prioritise certain groups of customer and this policy explains when this will be the case.
- 5.2 We will endeavour to follow the Capital Funding Guide requirements for shared ownership schemes even when we are not receiving funding from Homes England.

5.3 **Eligibility criteria**

5.4 Our shared ownership scheme aims to help people that are in housing need and who are otherwise unable to purchase a property on the open market.

5.5 To be eligible, applicants

- must have a household income of less than £80,000
- must be otherwise unable to purchase a property suitable to meet their housing needs on the open market
- are primarily expected to be first time buyers, though some applicants who own or have previously owned a home may be eligible.
- must be able to satisfy 'local connection' criteria as defined by the local authority, if this is required by Planning conditions
- must not be in rent arrears or in breach of their current tenancy agreement at the time of the application if they are an existing resident.
- must be able to afford their purchase and sustain their housing costs.
- must have access to funds to cover the costs and fees associated with buying and moving into their new home.
- if an existing home owner unable to purchase a property suitable to meet their housing needs on the open market, they must have sold any other home owned at the time of buying their shared ownership home
- if required by the terms of the development scheme, applicants must be registered with the Help to Buy Agent

5.6 **Allocation of shared ownership homes**

5.7 We often receive interest from several applicants who would like to purchase the same home. We agree that we will prioritise applications received in the two weeks following advertisement in the following order

- a) Serving military personnel and former members of the British Armed Forces discharged in the last two years
- b) Applicants who are first time buyers
- c) Applicants who meet specific criteria as required by the local authority planning conditions for the development
- d) Applicants with children at the school most local to the development
- e) Applicants who meet the local authority's bedroom size criteria
- f) Key workers as most recently defined by the Government
- g) Applicants buying the largest share
- h) If all criteria is equal then we'll allocate to the applicant who paid the reservation fee first

- 5.8 If a home has not been reserved after two weeks of being advertised then we will allow reservations on a first come first served basis to eligible applicants. If the sale does not proceed then we will use the priority criteria set out at 5.7 if more than one interested applicant is on our waiting list.
- 5.9 We will use the priority criteria set out at 5.7 for shared ownership resales to applicants on our waiting list.
- 5.10 **Reservation fee**
- 5.11 We will charge applicants a fee of £500 to reserve a home. This helps us to ensure that applicants are committed to their purchase and are not preventing other applicants from finding their next home.
- 5.12 The reservation fee will be returned to the applicants if;
- They decide that they don't want to go ahead with their purchase before we have verified their eligibility
 - We are unable to offer them the property of their choice
 - They buy the property from us (the fee will be deducted from the fees due at completion).
- 5.13 We will not return a reservation fee if (after we make an offer):
- The applicants decide not to go ahead, for whatever reason, including if they change their mind
 - We withdraw our offer of a home because the applicants have given false or misleading information on their application form
 - The applicants have failed to progress the purchase within the set deadlines.
- 5.14 In exceptional circumstances we do not require a fee to be paid to reserve a particular home. The decision not to charge a fee is at the discretion of the Head of Commercial.
- 5.15 **Leasehold Schemes for the Elderly (LSE)**
- 5.16 We have a small number of existing schemes for older customers on a part buy part rent basis to applicants who are aged 60 and above only.
- 5.17 If the LSE home is being sold then we may find a new customer to purchase the home from a list of applicants that we may hold. Where there is more than one interested applicant then we will allocate according to the earliest date they were registered.
- 5.18 We will charge a fee for our service finding the new customer and the cost will be confirmed in advance.
- 5.19 If we do not have a list of suitable customers then the home can be sold on the open market to eligible applicants through a suitable estate agent.

5.20 **Rent on the Unsold Equity Share**

- 5.21 We will usually set the initial rent at 2.75% of the value of the unsold equity share at the point of initial sale. On occasion the rent value will be confirmed in the section 106 agreement which forms part of the planning consent for the site.
- 5.22 If our development financial appraisal requires us to charge a rent that is higher than 2.75%, this will be approved by our Development Panel in advance of homes being marketed for sale.
- 5.23 The rent will increase annually by the Retail Prices Index (RPI) for the preceding September plus 0.5 %

6. **References**

- 6.1 This policy has been drafted in line with our vision and values, corporate journey and best practice. It has been developed in line with Red Kite's governance regulations and delegation procedures, legislation and regulatory requirements.

7. **Related Policies & Procedures**

- 7.1 This policy directly supports, and is supported by, other policies, procedures and strategies that we have in place. These include:
- Development Strategy
 - Asset Management Strategy
 - Home Ownership Arrears Procedure
 - Disposals Policy
 - Rent Arrears Policy
 - Governance Regulations

Staff roles listed in the **Competency Standards section** must be acquainted with contents of this document and have had documented instructions and training on its use. Authority to amend can only be undertaken by the **Process owner** with the relevant **Delegated approvals**.

For information on interpretations and instructions staff should contact the **Subject Matter expert** or **Process owner** and under no circumstances should any deviation be permitted without prior approval as above.

Document Controls			
Version:	2	Effective date:	17 May 2019
Subject Matter expert drafter:	Home Ownership Manager	Process owner:	Head of Commercial
Related Pod	Commercial	Related Policy	<ul style="list-style-type: none"> •Development Strategy •Asset Management Strategy •Disposals Policy •Rent Arrears Policy •Governance Regulations
Review period	3 years	Next review due by:	17 May 2022
Delegated approvals			
<i>The 3 lines of defence have been checked within the framework and are valid</i>			<input checked="" type="checkbox"/>
Approved by AD	N/A	Approved Date:	N/A
Approved by EMT	Alan Keers	Approved Date:	17 May 2019
Approved by Board/ Committee/ RRT	N/A	Approved Date:	N/A