Shared Ownership Management Policy

Version Number	v2
Date Applies From	26/02/25
Policy Owner	Director of ForLiving
Next Review Date	26/02/28
Strategy Link	Customer Focused and Equitable Services Safe, Well Maintained, Sustainable & Affordable Homes

Key connected legislation/regulation:

- The Housing and Regeneration Act 2008
- Homes England Capital Funding Guide
- The Leasehold Reform, Housing and Urban Development Act 1993
- Consumer Rights Act 2015
- Equality Act 2010
- First Tier Tribunal (Property Chamber) Jurisdiction

Annual Checks

Policy owners should ensure that an annual check of hyperlinks, roles, and names is undertaken. These checks are in addition to formal review process. Please see Policy and Procedure framework guidance for further details.

If you need this information in an alternative language please call

0161 605 7260

For other formats please call

0300 123 5522

Introduction

This policy sets out ForHousing's approach to the overall management of shared ownership properties.

Scope of Policy

What is Shared Ownership?

Shared ownership allows a ForHousing tenant to buy a share in a property, usually between 10% and 75%, at an affordable price, with shares typically purchased using a mortgage. A reduced rent is then paid on the unsold share as well as any service charges and/or ground rent.

Rights & Responsibilities

There is usually a 12-month defect period for all our new build shared ownership properties, where we will address any defects that arise.

Under the terms of the new shared ownership lease, as a leaseholder, shared ownership tenants are also now be entitled to a ten-year initial repairs period. Within this period we will undertake essential repairs (as outlined below), but for some other specified maintenance works that need to be carried out internally to the home (also as outlined below), shared ownership tenants can also claim up to £500 per year (for the first 10 years of the lease).

Essential repairs (ForHousing's responsibility) include:

- The load bearing framework of the building.
- The external fabric of the building.
- All other structural parts of the building, the roof, foundations, joists, and external walls of the building.

Shared ownership tenants can also claim up to £500 a year to cover repairing, replacing (if faulty) and maintaining fixtures and fittings that:

- Supply water, gas or electricity - for example sinks, baths or pipes.
- Heat the home, for example a boiler or radiator.

The £500 a year allowance does not include:

- Installing other fixtures (such as kitchen cabinets) and fittings.
- Installing appliances that use gas, electricity or water supplies, such as ovens or washing machines.
- Works cannot be claimed in respect of any work that is covered under a warranty, insurance policy or guarantee.

Rent and Service Charges

Rent is paid on the unsold share and is charged monthly. This is calculated based on a formula which can be found in the lease agreement, usually 2.75% of the unsold equity. Increase to

shared ownership rent is usually based on a combination of the retail price index (RPI) and a percentage detailed in the lease.

The service charge is a monthly charge the shared owner will pay in addition to their rent and mortgage payments. The service charge may vary from property to property. It will include items such as building insurance and a management fee but may also include communal grounds maintenance and lighting. The shared owner will get a breakdown of the service charge prior to purchasing the property so they understand what the cost is and what it's for.

ForHousing will provide all shared owners with a breakdown of how the annual service charge is calculated. Any under-spend on the previous year is refunded and any overspend is added to the following year's account.

ForHousing will provide shared owners with an estimate of charges before the start of each financial year, so that shared owners are aware of any proposed changes in service or service charge levels. Shared owners should plan their finances accordingly. Shared owners have the right to appeal to the First Tier Tribunal (Property Chamber) if they believe that the services or the cost of these services are not relevant or reasonable. Shared Owners are required to pay the annual charge upon demand.

Any shared owners who fall behind with payments will be contacted by ForHousing and appropriate action for arrears recovery will be taken in accordance with ForHousing's Shared Ownership Income Collection Procedure.

ForHousing will use discretion to shared owners in genuine financial difficulties. If shared owners are unable to pay the cost of the rent and/or services charges, ForHousing will explore alternative payment options available to the shared owners. ForHousing will assess each case individually and, depending on the circumstances, may consider a repayment agreement, extending the repayment period.

Where ForHousing is satisfied that appropriate courses of recovery action have been taken by staff and rent and/or service charges remain unpaid, legal proceedings will be considered. Legal measures would be considered for persistent failure to pay rent and/ or service charges.

Rent Review

Rent reviews for shared ownership properties will be in accordance with the terms of the lease agreement.

Management Fees

ForHousing reserve the right to recover the costs for managing its shared ownership properties. Management fees will cover costs for providing general administration and the day to day running of the shared ownership services.

Building Insurance

Where ForHousing are a Landlord, under the terms of the lease ForHousing have a responsibility to provide buildings insurance. It provides insurance for the structure of the building, which will be explained in the policy documents provided with the annual estimated charges.

Resales

Resales will be administered in accordance with the shared ownership lease agreement. A shared owner who wishes to sell their interest in the property must advise the association in writing in the first instance. Our aim is to retain the property in our shared ownership portfolio (if possible) so that others on low incomes can benefit. We will advise the shared owner that the responsibility for marketing and selling their share rests with them but that we must approve potential purchasers to ensure they meet the eligibility criteria.

Our application forms will be made available to the selling agent for completion by interested parties.

Typically re-sales will be required to be sold to purchasers who would be eligible for shared ownership and are able to afford shared ownership. We will also contact individuals on any waiting list we may hold at the time to alert them to the availability of the property and identify potential purchasers, according to the assessment and allocation process.

Staircasing

Staircasing provisions are contained in the lease agreement; however, generally a shared owner can apply to the association to purchase further shares, subject to them being able to demonstrate that they have sufficient resources to afford this. The purchase price will be based on an independent RICS qualified valuation, with the cost of the valuation being met by the shared owner.

Downward Staircasing

Downward staircasing is when a housing association repurchases equity from a shared owner. The aim of this is to make the combined rent and mortgage payments affordable again. ForHousing makes no commitment to repurchase either all or part of a shared owner's equity and has no obligation to do so. However, ForHousing retains the discretion to review individual cases should there be a risk of the shared owner getting into real difficulty with making mortgage and rent payments, and this may help to prevent a repossession, or if the shared owner is deemed especially vulnerable and downward staircasing may help the situation.

The purchase of equity will be based on current market valuation, based on an independent RICS qualified valuation, and the shared owner will be required to pay for the valuation and their own legal fees, which may, if necessary, be deducted from the payment by ForHousing to the shared owner or their mortgage lender.

The shared ownership rent will be adjusted pro-rata, as it would be with upwards staircasing. A full downward staircasing would be essentially a 'buy-back' and would be approved by the Director of Development. If this happens, the shared owner will become a tenant of ForHousing as opposed to continuing to be a shared owner.

Subletting

Subletting is generally prohibited in the shared ownership lease agreement (but older lease agreements need to be checked) and this is a fundamental clause. Subletting a shared ownership property will also result in breach of the shared ownership mortgage conditions. In exceptional circumstances and subject to legal consideration, ForHousing may consider

permitting subletting; in such cases the shared owner will be required to request subletting in writing, detailing why this is required and this will be considered on a case-by-case basis.

ForHousing will apply the following considerations if it receives a subletting request:

- That the reasons for sub-letting, genuinely, stem from unavoidable need as stated in the Homes England Capital Funding Guide.
- If the request is from a serving member of the Armed Forces whose duties require them to serve 50 miles or 90 minutes from the property.

Breach of Lease

ForHousing will take appropriate action whenever it becomes aware that a shared owner is acting in breach of the terms of their lease, which may include:

- Non-payment of rent and/or service charges
- Unapproved works to the home or building
- Improper use of the home or building
- Failure to maintain, or damage to the premises
- Refusal of access to Group staff and/or their agents
- Anti-social behaviour including harassment, or neighbour nuisance

In all such cases ForHousing will work with the shared owner to resolve the issue. However, if the breach continues legal action could be taken which may include seeking an injunction, or action for the forfeiture of their lease.

Home Improvements

Requests to carry out home improvements should be made in writing to the ForLiving team. We would normally grant permission; however, any larger works will need to be signed off by our Asset Management Team.

Running a Business from Home

Requests to run a business from home should be made in writing. We will normally grant permission provided that:

- The running of the business will not cause nuisance, annoyance or danger to neighbours or damage to property.
- There will be no breach of the lease agreement.

Consultation

ForHousing will consult shared owners on any proposed changes to arrangements such as management or service provision which could have an effect on them. ForHousing will provide an e-forum (or similar) for the shared owners to interact with the ForLiving team. The e-forum will also provide the team with an opportunity to provide advice, support and assistance to the shared owners as necessary.

Equity, Diversity, and Inclusion

ForHousing give shared owners the opportunity to complete a shared ownership form which includes equality and diversity questions along with general contact information. This will enable ForHousing to take into account any identified equality and diversity needs when delivering a service to individual shared owners.

We value diversity and work to create an inclusive environment for our customers and colleagues, where everyone has access to the same opportunities. We welcome our responsibility to comply with equalities legislation and regulatory requirements that relate to equity, diversity and inclusion and aim to do more. Through our activities we aim to remove systemic barriers to equal opportunities and eliminate all forms of discrimination, harassment, and victimisation within our organisation.

We are committed to providing excellent customer services, which are fair, equitable and inclusive. As such, we will endeavour to understand and make any reasonable adjustments required for customers in line with ForHousing's Reasonable Adjustment Statement and the Equality Act 2010. Any reasonable adjustment provided will be recorded and kept under active review.

Implementation and Communication

The delivery of this policy and associated procedures are the responsibility of the Director of ForLiving. If staff become aware that there are problems with effective operation of the policy or the associated procedures, they should report this to the policy owner. This feedback will be incorporated into the policy / procedural review process.

Monitoring, Recording, Reporting

ForHousing will monitor and report performance in compliance with this policy in the following ways:

- Performance indicators
- Customer Feedback

Related Documents

The following procedures need to be followed to implement the policy:

- ForHousing Shared Ownership Income Collection Procedure
- ForHousing Section 20 Procedure

Co-production

This Policy is developed in line with legislative requirements and best practice. ForHousing has arrangements in place to consult with shared owners, for example, regarding customer information and on how services are delivered.

Approval & Review History

With effect from 23/10/2024 the approval route for the Shared Ownership Management Policy is:

- SLT - EMT

Date	Version	Approved by	Detail
01.04.20	1	*No record*	Updated document to reflect transition to ForHousing.
26.02.25	2	EMT	• Full policy review. • New policy template and team management.