

Shared Ownership Policy

H.11

Reviewed

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Equality and diversity policy statement

This policy document can be produced in various formats, for instance, in larger print or audio-format; and it can also be translated into other languages, as appropriate.

Our equality and diversity policy statement describes our key equality commitments that we use to develop all organisational services; this includes employment services and services to tenants and other customers.

Our core values include providing a fair and equal service for all people and this is detailed in our Equality and Diversity Policy. Our approach to implementing this policy will reflect that commitment.

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1. Introduction

1.1 Pineview Housing Association's housing stock consists of 853 rented, 30 owner occupied and 21 shared ownership properties.

1.2 Pineview Housing Association (PHA) built 25 shared ownership properties. This number has reduced to 21 as people have increased their share and outright property purchases. Shared ownership therefore represents a small percentage of our overall housing stock.

1.3 Shared ownership is the term given to a form of affordable home ownership and was introduced by the government to help people who were in housing need and could not afford to buy a home outright.

1.4 Grant subsidy for shared ownership development is only available in very limited circumstances and in accordance with the Association's objectives it is therefore unlikely that we will develop any new shared ownership homes at present.

1.5 PHA will however seek to maintain this stock as an affordable housing option. This policy therefore does not generally cover the allocation of new shared ownership properties but the criteria and principles to be applied when shares are increased, sold etc.

1.6 PHA will not actively seek to dispose of shared ownership properties but in particular exceptional circumstances retaining a shared ownership property may not be in the best interests of the Association. This policy sets out the options that PHA may consider in exceptional circumstances.

2.. The Scottish Social Housing Charter, Legislation and Good Practice.

PHA will have full regard to the requirements of the Scottish Social Housing Charter, good practice guidance and legislation in our approach to our shared ownership properties / factoring service.

2.1 The Scottish Social Housing Charter

The key chapters of the Charter most relevant to this policy are:

- **2: Communication** – Social landlords manage their businesses so that tenants and other customers find it easy to communicate with their landlord and get the information they need about their landlord, how and why it makes decisions and the services it provides.
- **3. Participation** – Social landlords manage their businesses so that tenants and other customers are offered a range of opportunities that make it easy for them to participate in and influence their landlord's decisions at a level they feel comfortable with.
- **13. Value for Money** – Social landlords manage all aspects of their businesses so that tenants, owners and other customers receive services that provide continually improving value for rent and other charges they pay.
- **14 & 15. Rents and Service Charges** – Social landlords set rents and service charges in consultation with their tenants and other customers so that a balance is struck between the level of services provided, the cost of the services and how far current and prospective tenants and service users can afford them. Tenants get clear information on how rent and other money is spent, including details of any individual items of expenditure above thresholds between landlords and tenants

2.2 Legal Requirements:

This policy and its implementation will reflect our statutory and contractual obligations as applicable to the individual circumstances. This includes (but is not an exhaustive list):

- The Abolition of Feudal Tenure (etc.) (Scotland) Act 2000
- The Title Conditions (Scotland) Act 2003
- The Tenements (Scotland) Act 2004
- The Equality (Scotland) Act 2010
- The 2006,2010 & 2014 Housing (Scotland) Acts
- The Property Factors (Scotland) Act 2011
- The General Data Protection Regulation (GDPR) & Data Protection Act 2018

2.3 Good Practice /Guidance Notes:

PHA will continue to develop its shared ownership policy, procedures and services in line with good practice & guidance documents. This includes from the following sources (but is not an exhaustive list):

- The Scottish Government
- The Scottish Housing Regulator
- The Scottish Federation of Housing Associations
- The Association's solicitors

3. General Principles of Shared Ownership

3.1 As mentioned in Section 1, shared ownership was introduced by the government to help people who were in housing need and wished to own their own home but could not afford to buy a home outright.

3.2 There are some important differences between sharing owners and tenants of PHA. Sharing owners buy a share of the property, minimum 25%, usually via a bank or mortgage loan. After the first year further shares can be bought as and when the sharing owner is willing and able to afford to do so – this process is known as 'Staircasing'. There is, however, no obligation to purchase further shares.

3.3 An occupancy payment is paid to PHA for the remaining property share. The occupancy payment due to be paid to PHA will be reduced according to the total % of the shares, reducing to nil if 100% ownership is achieved by the sharing owner (although service charges may continue to be payable).

3.4 Although the property is not owned outright initially, sharing owners are not tenants of the Association no matter what % of the property they own and therefore take on the usual responsibilities of full owner occupation for the property.

4. Exclusive Occupancy Agreement

4.1 It is a condition of shared ownership that an Exclusive Occupancy Agreement is entered into. The Exclusive Occupancy Agreement is a legal document between the sharing owner and PHA

which sets out the obligation of each party. It includes the obligations of the sharing owner to pay the occupancy charge as well as to maintain and repair the property.

4.2 The Exclusive Occupancy Agreement lasts for a period of 20 years (unless the sharing owner sells their share or buys the remaining shares).

At least 12 months prior to the end of the 20-year period PHA will write to the sharing owner to advise them that the terms of the Exclusive Occupancy Agreement are due to expire.

At the end of the 20-year period the options available under the Agreement are:

1. The sharing owner has the option to purchase the Association's share.
2. If option 1 is not exercised, the Association has the option of purchasing the sharing owner's share; (PHA does not buy back sharing ownership properties unless under exceptional circumstances).
3. If options 1 & 2 are not exercised, the sharing owner and the Association can jointly sell the whole property.
4. A fourth option may be offered by PHA which is to enter into a new Exclusive Occupancy Agreement. PHA does not have any obligation to offer this under the terms of the Occupancy Agreement. Should the Association and the Sharing Owner agree to enter into a new Occupancy Agreement the model Exclusive Occupancy Agreement should be used and each party would be responsible for their own fees in this connection.

4.3 If a sharing owner refuses to exercise options 1-3 above or enter into a new Exclusive Occupancy Agreement, then PHA will instruct our solicitors to take appropriate legal action for the eviction of the sharing owner.

5. Co-operation Agreements with Banks and Building Societies

5.1 Where the sharing owner is using a mortgage to finance the purchase of their share / tranche, PHA will enter into a Co-operation Agreement with the particular bank / building society involved. It is the responsibility of sharing owners to advise PHA in writing of any such lender or change of /new lender.

5.2 The Co-operation Agreement between PHA and lender binds both parties to act together to deal with default issues e.g. where a sharing owner is in default on mortgage payments, occupancy payments or both.

5.3 If a new Exclusive Occupancy agreement is entered into due to the 20 year rule a new Co-operation Agreement will be entered into.

6. Occupancy Charges, Building Insurance and Service Provision

6.1 Occupancy Payment:

PHA will set an occupancy charge /payment (in accordance with our Rent Setting &Service Charges Policy) for the proportion of the shared ownership property purchased by the sharing owner.

6.2 Building Insurance:

An annual charge for Buildings Insurance will be charged to sharing owners in accordance with their Exclusive Occupancy Agreement. PHA negotiates competitive rates through our block policy. Any increases in insurance will be in line with the premium PHA will pay for the block insurance policy. It is important to note that any claims are made direct to the insurance company and not through the Association - PHA takes no part in the claims procedure.

Home contents insurance is the full responsibility of the sharing owner and PHA strongly recommends that sharing owners take out adequate contents insurance.

6.3 Service Provision:

6.3.1 PHA will offer the following services in which we will act as factor. Sharing owners / owners will only be obliged to accept those services which are referred to in their Title Deeds, Deeds of Condition or Exclusive Occupancy Agreement.

6.3.2 Where there is no requirement in terms of these documents, owners and sharing owners may participate in the service if they choose.

6.3.3 For shared ownership properties a service charge / invoice, as applicable, may be levied in respect of the following (& in accordance with the Exclusive Occupancy Agreement). This is not an exhaustive list:

- Gas Boiler Servicing
- Cyclical Painterwork
- Gutter Cleaning
- Common Ground Maintenance
- Periodic Electrical Testing

7. Repairs and Maintenance

As with other homeowners, sharing owners are responsible for organising and paying for all repairs and maintenance for their property, both internally and externally.

For emergency repairs outwith normal office hours or holidays, the sharing owner will have the facility of using the Association's emergency service. Any calls on this service will, however, be recharged.

8. Regular Cyclical Maintenance – Common Elements

8.1 In order to maintain the fabric of all properties, PHA will undertake Cyclical Maintenance to common areas e.g. gutter cleaning and common painting.

8.2 The Association has a programme in place for the Cyclical Maintenance of the stock to ensure that the work is carried out on a regular programmed basis as and when required dependent on the type of work.

8.3 At the beginning of the financial year the Association will aim to inform owners/sharing owners of any cyclical maintenance work planned to be carried out on the property during the next financial year and provide an estimate of costs.

8.4 In order to ensure all the properties within PHA's area are kept in good repair sharing owners / owners may be offered the opportunity to participate in the Association's cyclical programme for painting non common elements such as house windows and front doors etc. PHA staff will contact sharing owners/ owners when such works are carried out on surrounding tenanted properties to ascertain whether or not the owner/sharing owner would like to participate. Details of works; cost and contractor will be supplied.

9. Common Major Repairs

9.1 As properties become older certain items of major repair work are required to be carried out to prevent the houses deteriorating. Some of these items refer to the common parts of the building and as such all sharing owners/ owners within the building will be responsible for paying a share of these costs.

9.2 The costs of this type of repair will be larger and more expensive than the routine repair or cyclical repairs described above. Examples of this work would include re-roofing, controlled entry renewal etc. All sharing owners/ owners would be required to pay their full share of the cost of major repairs.

10. Repairs Thresholds and Authority to carry out work

10.1 PHA will instruct any common repairs as and when required if the estimated cost per sharing owner/ owner is less than £1,000 or the threshold figure contained in their Title Deeds, Deed of Conditions or Exclusive Occupancy Agreement is different.

10.2 Where it is estimated that the costs will exceed this sum, the Association will obtain quotations for the work concerned. Thereafter the sharing owners/ owners will be notified in writing of the work specification and the total costs of their share. When work is due to begin, PHA staff will advise sharing owners / owners in advance of the date in order to make them aware of any likely disruption.

10.3 In the event of an emergency, the Association will instruct the necessary repairs without requiring to notify sharing owners/ owners in advance, even if the cost is in excess of £1,000 or the threshold set out in the Title Deeds, Deed of Conditions or Exclusive Occupancy Agreement.

The term 'emergency work' is understood to mean work to common parts of the building, which is necessary to ensure the safety of the occupants, the public or the property itself. Emergency work can also include non-common work to individual houses if it is causing a problem within another property e.g. flooding from one house to another.

If such an emergency situation arises and the Association does not gain access from the sharing owner/ owner, the Association will contact the Police to gain access to make safe only. All charges for this will require to be paid by the sharing owner/ owner.

10.4 Where repairs are above £1,000 or the threshold stated within the Title Deeds, Deed of Conditions or Exclusive Occupancy Agreement the Association will consult the sharing owners / owners affected. Consultation will normally be by written communication or through meetings convened by PHA as the factor in accordance with the terms of these documents. Through these means the factor will provide sharing owners / owners with:

- Details of the work to be carried out and why it is needed.
- The method of appointing a contractor to carry out the works.

- Information on the likely start date and duration of the works.
- An estimate of the cost.
- If appropriate, the process for applying for grant assistance.

10.5 Decisions taken by the owners of the majority of the properties are legally binding on all owners in a block. Owners generally have one vote for each property they own, although some titles may vary.

10.6 PHA when acting as factor has the authority to instruct necessary interim works for the protection of the property or the safety of occupiers or the general public, pending the outcome of consultations with co-owners on necessary remedial works.

11. Review of Charges

Occupancy and service charges will be reviewed on an annual basis in accordance with PHA's Rent Setting & Service Charges Policy.

12. Debt Recovery

12.1 PHA will pursue Occupancy Payment, Service Charges and any other arrears relating to sharing owners in accordance with the principles set out in our Rent Account Management Policy. Our solicitors will be instructed to take all appropriate legal action in order to recover debt owed up to and including the forced sale of the share /property.

12.2 PHA recognises its obligations under the Co-operation and Ranking Agreements and will work closely with solicitors to ensure appropriate action is taken and the lending body notified accordingly.

13. Neighbour Disputes / Anti-Social Behaviour

13.1 In accordance with the Exclusive Occupancy Agreement, PHA's ability to manage issues such as neighbour disputes or anti-social behaviour is very limited. The Association will not generally become directly involved in neighbour dispute problems involving sharing owners except where one of our tenants is involved. We will however offer sign posting advice.

14. Subletting

14.1 Written permission is required from PHA for sharing owners to sub-let their property. Permission would not be unreasonably refused subject to the required legal and financial formalities being successfully completed and certain conditions being observed. This includes that:

- PHA has elected not to exercise its option to buy back the property
- PHA has been unsuccessful in trying to facilitate a direct sale from one sharing owner to another
- PHA and the owner have been unsuccessful in selling the property on the open market after a 6-month period.

- Written consent is obtained by the sharing owner from their lender.
- The let to be no longer than 12 months.
- The lease is a properly constituted short assured tenancy.
- The owner registers as a private landlord with Glasgow City Council if the property is let privately.

15. Staircasing (Purchase of Further Shares)

15.1 General Information:

- Only one staircasing transaction can take place each year.
- Sharing owners may staircase up by buying additional shares in tranches of 10% or by the original 25%.
- Sharing owners can purchase the property outright after they have been in the property for at least one year.
- The selling price will be at the current market value pro rata to the % share being purchased, and the sharing owner will be liable for the cost of the valuation.
- PHA reserves the right to refuse consent to staircasing where the sharing owner is in breach of any duty as set out in their Exclusive Occupancy Agreement.
- If the sharing owner withdraws from purchasing additional shares or a joint sale once the legal process has commenced, they will be responsible for any reasonable legal costs incurred by the Association. The sharing owner will be asked to confirm in advance their agreement to this in writing.

15.2 Reminder Notification

On the fifth, tenth and fifteenth anniversary of the original shared ownership settlement date, PHA will write to the sharing owner to remind them that they can purchase additional equity.

16. Sales and Buy Backs

16.1 Buy Backs

The Association will not re-purchase shares from sharing owners unless under exceptional circumstances. These cases will be considered on an individual basis taking into account the circumstances involved and the associated financial implications.

16.2 Sales

Sharing owners may sell their share to a named person subject to the Association's written approval.

16.3 General Requirements:

- Any potential purchaser of a share / tranche must complete a Shared Ownership Application Form with PHA prior to a sale proceeding.
- The new sharing owner will be required to sign an Exclusive Occupancy Agreement with PHA prior to completion of the sale.
- All outstanding debts to PHA will require to be settled prior to completion of any sale / re-sale.

- PHA must be allowed to inspect the property prior to a sale of any share / tranche.
- PHA is not responsible for any legal or marketing costs incurred by the sharing owner.
- If a sharing owner withdraws from a transaction to sell or purchase an additional share/ tranche PHA reserves the right to recover any costs incurred by PHA in processing the transaction. PHA will make this clear in writing at the outset.
- Written permission must be sought from PHA prior to the property going on to the open market
- If the property / tranche is sold on the open market the price obtained for the property will be at least the District Valuer Valuation, unless otherwise jointly agreed.
- The prospective purchaser must attend an interview with PHA in advance of any sale.
- Existing owners will not normally be acceptable as a prospective sharing owner.
- A Home Report and Energy Performance Certificate (EPC) must be obtained for every sale and the cost covered by the sharing owner.

16.4 Joint Outright Sale

Where re-sale of an existing share cannot be achieved in a reasonable period, the Association can enter into a Joint Outright Sale of the property with the sharing owner on the open market and the property would be marketed by an estate agent. The marketing costs would be split and the profits or loss during sale would be split between the Association and sharing owner. The split would be pro rata, dependent on the share owned.

16.5 Joint Outright Sale to Nominated Person

This may take place where the sharing owner approaches the Association advising of a named person who is interested in the property. If this person wishes to purchase the whole property and not just the share(s) currently owned by the sharing owner, then the Association will enter into a Joint Outright Sale (non -open market) with the sharing owner. The Association will only proceed with this transaction if market value for their share(s) is received. The sharing owner would be liable for the valuation costs. The sharing owner would also be liable for any marketing costs, if they had previously decided to market the property.

The Association's solicitors would enter into the sale and issue only a basic Offer for the sale of the Association's share(s) and it would be the responsibility of the other parties involved to instruct their solicitor(s) to carry out more detailed checks.

16.6 Qualifying Applicants

PHA seeks to maintain our shared ownership stock as an affordable housing option by facilitating the sale of shares between people wishing to move on and people in housing need for whom shared ownership is an affordable option.

A potential purchaser should therefore, where possible, generally be in one of the following groups:

- First time buyers
- Owner-occupiers in particular / financial difficulties and unable to sustain or move back into full owner occupation
- Public sector tenants, housing association tenants or Housing List applicants
- Older people unable to purchase a property outright on the open market
- Families on low incomes
- Those with special needs unable to purchase outright a property suitable for their needs

- Serving members of the armed forces; or veterans who have left the forces within the last 2 years; or widows, widowers or other partners of service personnel killed in action during the last 2 years

Applicants must be able to demonstrate that they have sufficient resources to be able to meet all monthly housing costs (mortgage, occupancy charges and household bills); no legal restrictions to purchasing a property; and to be able to afford to keep the property maintained and in good repair.

17. Complaints

Anyone who is not happy /satisfied with the service they have received as a result of this policy has a right to complain. Please see the Association's Complaints Policy for details on how to do this.

18. Review / Consultation

This policy will be reviewed every 3 years unless amendment is prompted by a change in legislation or monitoring/reporting reveals that a change in policy is required sooner.

Procedures and working methods may be altered more frequently where this is needed.

Policy review will involve consultation with our Customer Forum and any other relevant stakeholders. We will take account of any views or representations in revising our policy and service provision to assist in the development of effective service delivery.