

## **CLYDESDALE HOUSING ASSOCIATION LIMITED**

**Policy:** Shared Ownership Policy

**Date:** 7 December 2022

**Lead Officer:** Depute Chief Executive

**Review Date:** November 2025

**Regulatory Standards:** Standard 1

The governing body leads and directs the RSL to achieve good outcomes for its tenants and other service users.

### ***Guidance***

- 1.1 The governing body sets the RSL's strategic direction. It agrees and oversees the organisation's business plan to achieve its purpose and intended outcomes for its tenants and other service users.
- 1.2 The RSL's governance policies and arrangements set out the respective roles, responsibilities and accountabilities of governing body members and senior officers, and the governing body exercises overall responsibility and control of the strategic leadership of the RSL.
- 1.3 The governing body ensures the RSL complies with its constitution and its legal obligations. Its constitution adheres to these Standards and the constitutional requirements set out below.
- 1.4 All governing body members accept collective responsibility for their decisions.
- 1.5 All governing body members and senior officers understand their respective roles, and working relationships are constructive, professional and effective.
- 1.6 Each governing body member always acts in the best interests of the RSL and its tenants and service users and does not place any personal or other interest ahead of their primary duty to the RSL.
- 1.7 The RSL maintains its independence by conducting its affairs without control, undue reference to or influence by any other body (unless it is constituted as the subsidiary of another body).

## **The Scottish Social Housing Charter**

### **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 the rent and other charges they pay.

**Clydesdale Housing Association will provide this policy on request at no cost, in large print, in Braille, in audio or other non-written format, and in a variety of languages.**



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## 1. Introduction

- 1.1 This Policy has been developed to set out Clydesdale Housing Association's position regarding shared ownership property transactions.
- 1.2 The Policy takes into account the relevant legislation and the Scottish Housing Regulator's guidance on disposal of property.
- 1.3 Shared Ownership is a form of tenure that is intended to help people who wish to purchase their home but are not in a position to purchase outright. Sharing owners buy a share (tranche) in the property and the remaining tranche is rented by the Association to the Sharing Owner.

## 2. Shared Ownership Policy Requirements

- 2.1 The Shared Ownership scheme is targeted at the following categories of applicants:
  - Generally families in housing need.
  - First time buyers in housing need
  - Those in low paid employment wishing to buy their own property
  - People who cannot afford a conventional mortgage, or compete in the home ownership market because of low pay
  - People in housing need due to marital breakdown, loss of marital home and inability to afford the marital home mortgage.

2.1 The above list is not exhaustive.

## 3. Policy Objectives

- 3.1 The Association has not included Shared Ownership in any of its housing development in recent years. This Policy therefore relates to the remaining small number of shared ownership properties.
- 3.2 The objectives of the policy are to clearly state the Association's approach to ongoing shared ownership administration.

## 4. Rehousing

- 4.1 Existing sharing owners have a legal entitlement to record their name on the housing list, have their housing needs assessed and be considered for rented housing in accordance with the Association's approved Allocations Policy.
- 4.2 The acceptance of an application for housing in these circumstances will not imply or impose any obligation to buy-back the sharing owners interest which they will require to dispose of in a manner consistent with this Policy.
- 4.3 It will be a condition of any offer of tenancy made to a sharing owner that they must either:

- subject to such conditions as it is considered reasonable to impose (e.g. buyer must have housing need etc), sell their sharing interest on the open market in order that the dwelling can continue to be occupied on a shared ownership basis; or
- to conjoin with the Association in an outright open market sale of the dwelling for the best price that can be reasonably be obtained.

## 5, Purchase of Additional Tranche Shares (Staircasing)

- 5.1 Sharing owners have a contractual right to increase their level of ownership at any time after the first anniversary of the date on which they purchased the dwelling by purchasing additional tranche shares in 25% multiples. This right is only exercisable once a year.
- 5.2 The value of the tranche share(s) being purchased at any time will reflect, and be in proportion to the current market value of the property as assessed by a professionally qualified surveyor. Requests to purchase additional share tranches will be processed in accordance with the relevant timescales at the time.
- 5.3 Whether or not the sharing owner proceeds to purchase additional tranche shares at the assessed valuation, they will nevertheless be required to reimburse to the Association the surveyor's fee incurred when instructing the market valuation.
- 5.4 On completion of the purchase of additional tranche share(s) the occupancy charge payable by the sharing owner will be amended to reflect the new level of ownership.

## 6. Voluntary Vacating

- 6.1 Shared ownership affords a greater degree of housing mobility, and having no restrictions on how long they must retain ownership, sharing owners are free to relinquish their interest at any time. They must however inform the Association in writing of their intention to do so. The Association will respond to such intimations within the timescales specified in the Exclusive Occupancy Agreement.
- 6.2 The available options in the case of a sharing owner wishing to voluntarily vacate are:

### Buy-Back

Although the option to '*buy-back*' a sharing owner's interest is available to the Association under the Exclusive Occupancy Agreement, in order to minimise exposure to risk the Association will not exercise the buy-back option other than in the most exceptional of circumstances.

In circumstances where buy-back is considered appropriate and necessary, the Depute Chief Executive will present a detailed report to the Management Committee justifying that course of action and having consulted with the Finance Manager confirm that draw down funds are available to facilitate the purchase .

#### Conjoined Open Market Sale

Although the Association is not prepared to exercise the buy-back option other than in the most exceptional of circumstances, it will conjoin with the sharing owner in an open market outright sale of the dwelling for the best price that can reasonably be obtained by private bargain. Valuation fees and marketing costs will be apportioned on the basis of the respective sharing interests.

#### Back to Back Re-sales

As an alternative to a conjoined open market sale, the Association will not unreasonably object to the dwelling being marketed for sale on a continuing shared ownership basis, or if a sharing owner should wish to sell their sharing interest to a nominated third party identified by their own means. The prospective purchaser may purchase the same tranche level as the current owner, or a higher tranche level. In such circumstances the Association reserves the right to impose reasonable conditions not least of which will be that the:

- a) sale will be for not less than the current market value as assessed by an independent and suitably qualified surveyor;
- b) in the case of a back to back sale (current owner's sharing interest only), the transaction will be directly between the seller and buyer, and the seller will be responsible for meeting all legal costs incurred by the Association (unless the buyer is purchasing a higher tranche level in which case costs will be apportioned accordingly);
- c) sale will be subject to the condition that the new owner's right to exclusive occupancy of the Association's sharing interests will only subsist for the duration of the remaining, unexpired balance of the original period of exclusive occupancy and this will be reflected in the new Exclusive Occupancy Agreement.

Where it is proposed to sell a dwelling on a continuing shared ownership basis in terms of option c above, the prospective purchaser(s) must be able to demonstrate a housing need as defined in the core Allocation Policy. However the Allocation Policy Needs Criteria may be relaxed where it is appropriate to do so due to an absence of demand .

Dwellings to be sold outright will be marketed for sale on the principle of '**best price obtainable by private bargain**'. In all such cases however it is essential to demonstrate the price offered is in fact the 'best price' obtainable, and to that end exposure to the open market is a mandatory requirement .

In a conjoined open market sale each party will be responsible for meeting their respective legal expenses, but where there is no conflict of interest and with the sharing owner's agreement the Association's solicitors may be instructed to represent both parties, with the costs being apportioned on the basis of the respective sharing interests .

## 7. Valuations

- 7.1 All shared ownership sales, whether they are new, staircasing or open market sales will be for not less than the current market value as assessed by a professional surveyor.
- 7.2 The Association will seek any necessary approval before agreeing to sell any property (with the exception of outright sales for the 'best price'), or tranche shares at below current market value.
- 7.3 Sharing owners exercising the right to purchase additional tranche shares will be responsible for paying the surveyors fee and the Association will seek reimbursement where it has paid this on their behalf.
- 7.4 Valuations will be carried out by a professionally qualified surveyor. A copy of the valuation report will be provided to the sharing owner and the marketing agent.

## 8. Marketing

- 8.1 The services of reputable estate agents will be utilised for the marketing of shared ownership conjoined open market sales or when assisting an existing sharing owner to effect a sale.
- 8.2 The Association will regularly review its marketing Agents services to ensure they are effective and relevant and related costs to ensure they represent value for money.

## 9. Default on Occupancy Charge Payment

- 9.1 All sharing owners are required to pay in advance an Occupancy Charge that reflects the level of the Association's sharing interest.
- 9.2 The Association reserves the right to pursue all appropriate and available options to recover unpaid occupancy charges in accordance with the Exclusive Occupancy Agreement and approved Rent Arrears Policy and Procedures.
- 9.3 Without prejudice to the forgoing, if a sharing owner is more than three months in arrears, and an agreed payment arrangement has not been made or maintained, the Housing Manager may issue a *28 days* notice terminating the Exclusive Occupancy Agreement .

9.4 In circumstances where it is appropriate to do so, details of the sum outstanding and the issue of the Notice of Termination of the Exclusive Occupancy Agreement will be communicated to the sharing owner's lender as an initial step in the calling up of the Standard Security in accordance with the Mutual Co-operation Agreement.

9.5 To sustain sharing owners in their home for as long as possible, they will be signposted to support agencies from which they can obtain advice and assistance on debt scheduling and benefit entitlement.

## 10. Repossessions

10.1 Action to repossess a shared ownership dwelling can be instigated by the mortgage lender as a result of the borrower having defaulted in mortgage repayments.

10.2 If and when required to do so the Association will co-operate with lenders in repossessing the dwelling by taking steps to terminate the Exclusive Occupancy Agreement and providing any support required to sustain the legal action; and thereafter in conjunction with the lenders in an open market sale of the dwelling for the best price that can be reasonably obtained by private bargain.

10.3 The proceeds from the sale of a repossessed dwelling will be distributed between the Association and the lender in accordance with the Mutual Co-operation Agreement. In determining any free proceeds which may be disbursed to the dispossessed sharing owner, account will first be had of all outstanding charges, legal and marketing expenses incurred by both parties in the repossession and subsequent resale.

10.4 Where the proceeds from the sale of a repossessed dwelling are insufficient to discharge all outstanding debts and costs, the Association will seek an abatement of the HAG refundable on resale.

## 11. Factoring Arrangements

11.1 The Association accepts responsibility for providing factoring services in respect of existing or former shared ownership dwellings which have associated common areas to be managed and maintained in terms of the relevant Declaration of Deed of Conditions pertaining to the property.

11.2 For as long as the Association retains ownership or part ownership of one dwelling in a development / building with common areas it will retain the right to act as Factor, or to appoint another person to act as Factor.

11.3 Factoring services will be provided to existing and former sharing owners in accordance with the Association's approved Factoring Services Policy.

11.4 The Association is committed to developing and enhancing its factoring services, and will regularly review these to ensure they are consistent with established good practice, meaningful, cost effective and relevant to the needs of owner.

## 12. Policy Outcomes

12.1 The outcomes of this policy will be assessed on:

- the number of staircasing tranche sales;
- the number of back to back sales and tranche level;
- the number of conjoined open market outright sales

## 13. Monitoring and Reporting

13.1 The Housing Manager will maintain a register of shared ownership dwellings detailing:

- the property address, date and level of first tranche sale
- the date of sale of subsequent tranche levels or outright sales and market values
- the number and size of share tranche remaining in Association ownership

## 14. Equality and Diversity

14.1 Clydesdale Housing Association operates under the overarching duty of a Registered Social Landlord to provide housing accommodation and related services in a manner which encourages equality of opportunity. In particular the observance of equal opportunity requirements as specified in the Housing (Scotland) Act 2001 and the Equality Act 2010.

14.2 We do not discriminate against applicants in any way either directly, indirectly or by association because of their age, disability, gender identify (reassignment), marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.

## 15. General Data Protection Regulations

15.1 Any information that we hold regarding an individual must be treated lawfully and correctly in line with the safeguards outlined in the General Data Protection Regulation 2016 (GDPR) which requires data to be:

- lawfully, fairly and transparently processed
- processed for limited purposes
- adequate, relevant and limited to what is necessary in relation to the purposes for which it is processed
- accurate and kept up to date
- kept no longer than the period necessary and
- kept securely against unauthorised or unlawful processing and protected against accidental loss, destruction or damage.

Further information is available by viewing the Association's Privacy Policy.

**16. Revision Period**

16.1 This Policy will be revised every 3 years, or earlier if required either by changes in legislation, or customer feedback.

<b>Approved by the Committee of Management on:</b>	
<b>Signed:</b>  <b>Secretary/Chairperson</b>	<b>Signed:</b>  <b>Staff Member</b>