

Home Ownership Policy

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1 Policy information

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2 Policy Statement

South Liverpool Homes (SLH) develop homes to improve housing options for our customers and potential customers. We offer a range of tenures through which people in different circumstances can live in our homes, including affordable home ownership.

This policy sets out our approach to home ownership products; shared ownership and rent to buy.

Shared ownership allows eligible applicants to purchase a percentage share of a home, which they own via a shared ownership lease, paying a rent on the equity they don't own.

Rent to Buy allows eligible households to rent a home at 80% of market rent, through a tenancy agreement, while saving for a deposit to purchase outright or through shared ownership.

This policy does not cover the purchase of existing homes, this is covered through the Right to Buy and Right Acquire Policy. The policy will be implemented through a full set of procedures.

The policy has been updated to include the changes made to the Affordable Homes Programme (AHP) 2021-26. Whilst some of the policy refers to both programmes, the new Shared Ownership model introduced for the AHP 2021-26 does contain some changes and differences from the previous model. Where there are differences these are highlighted as appropriate.

3 Policy aims

The aims of this policy are to:

- Ensure our approach to shared ownership and Rent to Buy meets Homes England's requirements as set out in the Capital Funding Guide
- Provide clarity on our position on issues that are not clear in legislation or the Homes England Capital Funding Guide
- Establish an effective, transparent and fair service for home ownership
- Ensure homes are sold to suitable households who can sustain home ownership
- Provide excellent customer service.

4 Home ownership policy marketing and promotion

We will approach all sales and marketing of homes for sale in a truthful manner, acting in accordance with the Consumer Protection and Unfair Trading Regulations (2008).

We will provide Homes England's Key Information Documents to ensure prospective purchasers are provided with clear and accurate information on the properties being sold (including resales). We will present shared ownership prices at different percentage tranche points, but make it clear to the customer that the percentage to be sold may be flexible based on what they are able to afford and in line with the sales assumptions SLH has made for the scheme. In

line with the AHP 2021-26 for new sales the minimum purchase has reduced from 25% to 10%.

As part of our approach to marketing, we reserve the right to offer discretionary incentives as part of the development on-costs and deemed as appropriate and necessary to achieve required sales performance. Incentives may be decided upon prior to marketing, or in response to sluggish sales on one or more properties. In no instances will the incentives exceed 5% of the value of the property.

4.1 Prioritisation

We will prioritise eligible applicants on a first come first served basis, providing we have confirmation of eligibility, we are satisfied they can afford the property, and they have provided all supported documents requested. Now that the Help to Buy Agents will cease to exist from 1 April 2023, all applicants will need to use a suitably qualified Mortgage Advisor or Independent Financial Advisor to complete an affordability and sustainment assessment using the Homes England Affordability Calculator.

In alignment with Homes England guidance, Armed Forces personnel, including serving military personnel and former members of the British Armed Forces discharged in the last two years will be given priority if a full application has been received at the same time (on the same day) as another full application – as long as they meet the full eligibility criteria.

If full applications for the same property are received from eligible applicants (who are not in the armed forces) at the same time, then we will prioritise on the basis of what option best supports our target timescales for sale / letting, our financial viability appraisal, along with considering housing need issues, such as the match between household size and the property type.

Other categories of prioritisation include: if the applicant has a nomination for the local authority for being in unsuitable accommodation (such as age, disability, decanted, overcrowding or suffering with harassment), if the applicant is on a social housing list or a social housing tenant as this will free up a social rented / affordable rented property.

The number of bedrooms allocated will be appropriate to the household size. If the household size will lead to statutory overcrowding we will not deem this appropriate and the allocation of the home will not be allowed to continue. We will consider under-occupation as we recognise shared ownership is attractive to first time buyers.

Applicants wishing to appeal against a decision regarding their application will be referred to SLH's Customer Feedback Policy.

4.2 SLH Colleagues and their relatives

We will operate our Home Ownership Policy in a fair and transparent way. In no instance will anyone with a connection to SLH be given an unfair advantage in buying or renting one of our homes. The Declarations of Interest Policy details our approach to managing declarations. Any potential offer for a colleague, their relative or close connection or a Board or Committee Member will need approval from the Chair of the Board and no colleague will be able to reserve a property before the sales process has started.

5 Shared ownership

5.1 Shared ownership eligibility

Shared Ownership is aimed at people in housing need who are otherwise unable to purchase a suitable property on the open market. Applicants must be able to demonstrate they can sustain ownership in the long-term, eligible groups for shared ownership include:

- First time buyers
- Rent to buy tenants in the first five years of their tenancy
- Existing shared owners
- Home owners exiting a relationship (on the basis that they have no legal interest in their former property or mortgage obligations at the point they purchase or they are ordered by a court order to leave the marital home because of children living at the property)
- Over 55's in unsuitable accommodation

An applicant will not be deemed eligible for shared ownership if:

- Household income exceeds £80,000 a year
- They do not have sufficient deposit to secure a mortgage
- An applicant is a non-UK citizen without indefinite leave to remain, then it may be difficult to demonstrate that they're able to sustain ownership in the UK in the long-term. We may decline an applicant in this situation on the basis of being unable to demonstrate they can sustain ownership.

Generally existing home owners are not eligible for shared ownership if they have not sold their former home before purchasing. In some exceptional circumstances a current home owner may continue to own and be able to purchase a shared ownership home if they have a nomination from the local authority supporting their purchase on the basis of exceptional housing need. The onus will be on the applicant to obtain a local authority nomination. The only other exception being if they require to move to a more suitable property (i.e. size, location, affordability or accessibility) and are unable to afford on the open market due to limited equity or mortgage availability. To reserve a property they must be in the process of selling their home and the sale must be completed before purchase of their new home.

To be considered eligible, applicants will also be required to demonstrate they can afford and sustain ownership against the Homes England Sustainability Calculator (see below).

We are required to approve the mortgage offer for shared owners, and will do so on the basis it matches our expectations in terms of affordability as well as in accordance with the mortgage protection clause. This principal will apply to us approving remortgage's for existing shared owners.

In the case of cash buyers, we would still require them to demonstrate the need for shared ownership to own a suitable home. If the applicant is aged under 65 we will require confirmation in writing/email from a suitably qualified independent mortgage advisor that the applicant cannot obtain a mortgage, even for a short period such as 10 years. Or that they do not need a mortgage because they have equity but can't afford to buy a home outright.

For most shared ownership applicants, we would expect them to put cash they have available towards maximising the percentage share they purchase. Whilst applicants are expected to maximise the amount of savings they use to purchase their share, this does not mean that they are not permitted to retain any savings. The mortgage adviser or Independent Financial Advisor should determine the appropriate amount to be used as a deposit factoring in the individual's circumstances. They should consider the costs of purchasing the share (including Stamp Duty Land Tax if applicable), any upcoming changes in the applicant's circumstances, and appropriate emergency savings. They will also need to factor in the lender's deposit requirements to provide the best advice to the applicant. As a guide we would consider someone under the age of 55 to retain savings of no more than £5,000 but will be guided by the Independent Financial Advisor.

If an older person is using the proceeds of a property sale to buy a shared ownership home more suited for their needs, then we would expect them to put the majority of their equity (and other capital) into the purchase. In addition to the guidance of the Independent Financial Advisor we would be more flexible on the amount they'd be permitted to keep, on the basis that they are not working or soon to retire and require money for general living and care costs etc.

For all cash deposits we will require evidence of the source of cash in line with anti-money laundering and anti-fraud protocols.

Gifted deposits are only allowed from close / immediate family members (i.e. parents, grandparents, children or siblings) and a written declaration that the money is being gifted is required, along with evidence of the bank transfer.

5.2 Shared ownership valuations

SLH will obtain a valuation from a Royal Institute of Chartered Surveyors (RICS) qualified, independent valuation surveyor for all new homes at initial sales stage.

Sale values for the same property types on the same site may vary, informed by positioning, parking arrangements, outlook, garden sizes etc, on the basis that this is aligned with the RICS valuation advice provided. This will all be provided in the Key Information Document.

For resales or staircasing requests if the property has had any improvements which will affect the value of the home a valuation must show two amounts:

- the current market value - this is the home's value including any increase because of home improvements
- the unimproved value - this is the home's value ignoring any home improvements carried out

If we give written consent for shared owners to carry out the home improvements, the price of additional shares is based on the unimproved value.

If we did not get written permission, the price of the additional shares is based on the current market value. This price is likely to be higher.

The valuation will be valid for three months and a new valuation or covering letter from the valuation surveyor extending the valuation period will be obtained when required. If an applicant has made an offer or reserved a property, then the valuation at that point -will be deemed valid for a further three months, allowing the purchase to continue with certainty of the valuation not changing. However, we must have a valid valuation at all times.

If the mortgage lender's valuation surveyor believes the valuation of the property is lower than our valuation then we will consider all evidence and may present a challenge using comparable sales evidence in a format to meet the lender's requirements. If we decide there is enough evidence to accept the down valuation then we will seek a new RICS valuation to support this or seek Homes England consent to sell at below market value. If we do not accept the valuation then the shared owner may be required to make up the difference, subject to this being affordable and agreeable to them or they could go to another lender.

Where homes have been grant funded through the AHP 2021-26, the requirement for an independent RICS valuation only applies where the staircasing request is for the purchase of a minimum of a further 5% tranche, or a minimum of a further 10% tranche for homes provided through previous programmes.

The valuation for the annual 1% staircasing option (for homes provided through the AHP 2021-26) is based on the Land Registry's House Price Index. However, the option for a RICS valuation is available to both the shared owner and SLH if the valuation arising from the Land Registry's House Price Index methodology is disputed. The annual 1% staircasing option is available for the first fifteen years from the date of the commencement of the lease. If the lease is assigned, the new shared owner has the benefit of the annual 1% staircasing option for the next fifteen years of the lease term.

5.3 Shared ownership rent setting

Initial rent for any new shared ownership schemes will be set at 2.75% of unsold equity per annum. This will be paid monthly. Rents will rise by RPI + 0.5% per annum.

Shared ownership rents will reduce proportionally upon staircasing in accordance with the lease.

For any resales the rent formula will remain the same as stated on the lease. Rents will rise by RPI + 0.5% per annum.

5.4 Shared ownership lease

SLH will use the Homes England model lease as the basis for our shared ownership leases. All new leases will be a minimum of 990 years where we are the freeholder.

SLH will not ever alter the fundamental clauses in the Homes England model lease, as this may affect mortgage availability and grant funding. We may sometimes add covenants relating to the individual site management, such as relating to specific parking restrictions, location of satellite dishes. These will be decided on a scheme by scheme basis.

5.5 Shared ownership staircasing

We aim to make the process by which the shared owner buys more shares in the property (staircasing) as easy and straightforward as possible for the shared owner. Shared owners can purchase further shares in their property at any point after they purchase (unless they are in arrears).

Staircasing will be operated in accordance with the lease. Shared owners can staircase in minimum 10% tranches unless the lease is the new shared ownership model where shared owners are able to staircase conventionally in minimum 5% tranches or in 1% increments each year for the first 15 years from commencement of the lease.

The value of the staircasing tranche must be based on an up to date valuation at the time (3-month expiry limit), undertaken by an independent RICS valuation surveyor who has signed a declaration that they will have no interest in the transaction, has provided three comparable valuations against similar type homes in the area and had no future involvement in the onward sale of the property.

The shared owner will be expected to pay for the valuation themselves.

We reserve the right to dispute the valuation if we feel it does not reflect the market value evidence we have witnessed. In this case the shared owner can choose to use the District Valuer whose decision will be deemed final.

The valuation the staircasing is based on should disregard major improvements (such as extensions), although upgrades such as new kitchens, bathroom suites are not considered as improvements, as per the Capital Funding Guide. The Valuation will show two valuations; one with improvements and one without.

5.6 Shared ownership re-sales

5.6.1 Re-sale of current share

A re-sale occurs when a shared owner sells and assigns their lease to another person. It is our intention to make the shared ownership resale process as easy and straightforward as possible, whilst supporting the intention of shared ownership to help an eligible household. Re-sales will be administered in accordance with the shared ownership lease terms.

When a shared owner notifies us of their intention to sell, we will advise of the re-sale process and if there are any interested buyers on our marketing database / waiting list (working in accordance with data protection requirements). To ensure accurate information is given to perspective buyers we will provide them with the Key Information Document.

Any nominations of prospective purchasers will be administered in accordance with the lease and we may seek to charge a fee in relation to any successful nomination in accordance with the lease terms.

If the shared owner is in rent or service charge arrears they will not be able to proceed, unless the re-sale is required to repay the arrears. If the re-sale proceeds are needed to repay arrears, then an undertaking will be required from the shared owner's solicitor that any arrears will be paid by or on completion.

If we are unable to nominate a suitable buyer for a re-sale, then we will typically allow the shared owner to proceed to market the property on the open market, even if this is in advance of the nomination period expiring, since we do not want to delay the process unnecessarily.

When the shared owner is using an estate agent, we will provide guidance to the estate agent on how shared ownership scheme operates, the eligibility criteria and process. We will also request to review the estate agent's marketing material to ensure the scheme is accurately represented. To help make the sale more attractive to buyers it is possible for a back to back sale to allow the buyer to purchase 100% of the property.

We will charge a fair and reflective administrative fee for administering the re-sale process and providing information to the buyer's solicitor. The shared owner will be informed of the fee upon notifying of their intention to sell which will be contained in the Key Information Documents. Upon an offer being made we will provide the buyer and their Solicitor with Key Information Documents 2 & 3.

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 broadly adopt the same eligibility and affordability considerations in respect of re-sales as for new sales, but our intention is to avoid being overly obstructive. We have to approve the mortgage offer for any new re-sale purchaser.

Re-sale properties should be sold on the basis of a current open market valuation that the shared owner is required to obtain and pay for.

If selling through an estate agent, the shared owner will be entirely responsible for this arrangement and any fees payable, although we will provide the estate agent with relevant Key Information Document and guidance on shared ownership and request to review marketing material to ensure the scheme is accurately represented.

5.6.2 Back to Back Sale/ Simultaneous Staircasing and Re-sale

Back-to-back staircasing is a process in which the shared owner simultaneously staircases to 100% and sells the property (outright) on the same day, as part of the same linked transaction.

Back-to-back staircasing can be an option if there are no suitable shared ownership applicants are forthcoming, but there may be an outright sale market.

Back-to-back staircasing will only be approved if the 4 or 8-week nomination period has expired and a legitimate attempt to market the property on a shared ownership basis has failed.

Once the completion has occurred the former shared owner will receive their share of the proceeds and we will receive funds relating to the staircasing element.

As there is a staircasing element to the back-to-back transaction, the valuation should also detail improvements that the shared owner has made (as described in Homes England Capital Funding Guide). The attributable uplift in value attributed to these items should be considered as part of the shared owner's proceeds.

It is also possible, were affordable, for the buyer to purchase more shares during the resale transaction without owning the property outright as with back to back staircasing. When this happens the buyer will be given details of the cost of buying the additional shares based on the original valuation to ensure they are maximising the share to buy.

5.7 Deceased Shared Owners

Where a owner dies payments will become the responsibility of the estate until probate is settled. The Executor of the will should be treated as if they are the shared owner. We will require a copy of the death certificate and copy of grant of probate/letters of administration to confirm who is authorised to act as executor. The Executor will be responsible for making regular rent and service charges payments; the only exception being if the property is to be sold and their Solicitor confirm they will be making full arrear payments from sale proceeds.

5.8 Right to shared ownership for social rented tenants

The Right to Shared Ownership is available to tenants living in new homes for Social Rent or Affordable Rent delivered through the Affordable Homes Programme 2021-26, with some limited exceptions. Criteria includes:

- Customers over 18 years old
- Living in a home where the Right to Shared Ownership applies (see below)
- holding an un-demoted secure tenancy, an assured tenancy (including an assured shorthold tenancy), or a Localism Act fixed-term tenancy (either an assured shorthold tenancy or a flexible secure tenancy with a fixed-term of a minimum of 2 years).
- Been living in the current home for at least 12 months
- Been a tenant of a home for Social Rent or Affordable Rent for at least 3 years (this need not have been with the same landlord, or for 3 years in a row)
- Not in rent arrears
- Not subject to legal proceedings (e.g. a notice of seeking possession has been served)
- Not subject to a court order for possession of your home
- Not subject to legal proceedings on the grounds of anti-social behaviour
- Not subject to bankruptcy proceedings or unfulfilled credit arrangements
- you meet the Shared Ownership eligibility requirements, including the income requirement (currently an annual gross household income of £80,000 and do not already own a property)
- Not able otherwise to purchase a home suitable to meet your housing needs on the open market
- Have the necessary immigration status

Applications are submitted using the Right to Shared Ownership application (RtSO1 form) - Own Your Home - Own Your Home on-line form and will be processed in line with government guidance.

6 Rent to Buy

6.1 Rent to Buy eligibility

To be eligible for Rent to Buy applicants must:

- Be a first time buyer
- Not already be in a clear position to buy a suitable home available through open market sale
- Not own a home or have formerly owned a home, but will no longer do so by the time of letting because of a relationship breakdown (applicant must demonstrate no ongoing interest in another property)
- Be in employment (the definition of being in work can include part time work and zero-hours contracts, but we must be satisfied that income evidence provided shows that the applicant would be able to afford to sustain rent payments and save towards a deposit to be eligible)

Rent to Buy applicants must state, at the time of letting, that they intend to purchase the home in the future. This intention will be stated on the application form. This does **not** represent a legally binding commitment for either the tenant to buy or SLH to sell, but provides clarity on what the Rent to Buy product is intended to be.

We are not required to let our Rent to Buy homes via local authority nominations or Choice Based Lettings systems.

Applicants whose household size at the time of letting would lead to a situation of statutory overcrowding will not be permitted to proceed.

Applicants who are excluded from housing association or local authority waiting lists due to historic anti-social behaviour or former arrears will not be eligible.

We will typically expect rent payments for Rent to Buy tenants to represent 20%-35% of household income. In some instances we will allow up to 45%, if for instance we feel it is likely the applicant's salary will increase in the foreseeable future.

We will conduct relevant background and affordability checks to ensure eligibility and affordability.

6.2 Rent to Buy valuations

In the case of Rent to Buy, the valuation obtained will be for both the market rent of the property and open market sale value. This allows us to set the rent, but also give the applicant an idea of what the current value of the property is. The sale of the Rent to Buy property, whether outright or via shared ownership, will be based on the open market valuation at the time, as opposed to the initial valuation.

An updated market rent valuation will also be required for the market rent of a Rent to Buy home at any potential re-let.

6.3 Rent to Buy Rent setting

Rents will be based on 80% of market rent, inclusive of service charge. This will be paid monthly. Rent to Buy rent will rise by CPI + 1% each year in April.

6.4 Rent to Buy tenancy agreement

Rent to Buy applicants will sign an Assured Shorthold Tenancy (AST) agreement for Rent to Buy tenancies. This will be a minimum 6-month term and never longer than two years. At the end of the initial period the tenancy will revert to being on a statutory periodic basis. Rent to Buy tenants will not have the Right to Buy or Right to Acquire.

We will seek to end the tenancy if the tenant is in breach of the agreement, including due to anti-social behaviour or rent arrears.

6.5 Sales, timescales, expectations and monitoring savings

6.5.1 Years 1-5 since the property was built

In the first five years since a Rent to Buy property was built we expect the tenant to be saving towards purchasing in year five.

In advance of tenancy sign up we will make it clear to the tenant in a written document, separate to the tenancy agreement, the following:

- Saving expectations for a deposit to purchase at the end of year five
- Target purchase date
- Current approximate value of the property, but with it made clear that any future sale will be based on an independent valuation at that point in time
- Property cannot be bought outright in the first five years, but can be purchased through shared ownership
- Situations when we may not sell – for instance if the values have fallen so far as to cause us serious financial loss or if the tenant is in breach of their tenancy agreement
- The minimum value we would be able to sell at, which would be based on the total scheme cost of the property

If the tenant is able to purchase in the first five years through shared ownership, then we may allow them to if they meet the eligibility criteria for shared ownership and the move to shared ownership will have a positive impact on SLH's business plan.

SLH will maintain regular contact with the customer throughout their tenancy with a yearly meeting regarding their tenancy and preparation for savings. This may also include an Independent Financial Advisor reviewing their finances to see if a purchase is possible.

If a Rent to Buy home is re-let during the first five years then depending on the market context and business case, we may choose to market and sell through shared ownership to a new customer, rather than re-let to a new tenant on a Rent to Buy basis.

If we decide to re-let, then the new tenant will be given the same opportunities and timescales to save as the first tenant i.e. we will allow them five years to save for a deposit.

If a tenant buys through shared ownership in the first five years, then they will have the right to staircase at any time, just like any other shared owner.

6.5.2 Rent to Buy options five years after the property was built

If the tenant wants to buy

Five years after the property was built or after the rent to buy tenancy, the tenant will always have the first option to buy, unless they are in breach of their tenancy agreement.

If the tenant does want to purchase, then we will obtain and pay for a valuation and share this with the tenant. The property would need to be sold at market value at that time. Any arrears would need to be cleared before the tenant can purchase.

If the property value has fallen significantly below the cost of the property, thereby potentially causing SLH a financial loss, then we may request Homes England agree we do not need to sell. Refusing to sell is only likely to be acceptable or pursued in scenarios when the financial loss would cause significant damage to our budget and business plan.

If the tenant does not want to buy

If the tenant is unable to or unwilling to purchase, despite having had five years to save for a deposit, then we will consider the tenant's situation and reasons.

Possible outcomes may include continuing to let the property to the tenant on a Rent to Buy basis or offering the option of shared ownership. We may also explore other suitable housing options for the tenant if it appears they're unlikely to be able to purchase in the foreseeable future, this could include reverting the property to an affordable, social rent or market rent.

Although technically we can end the tenancy agreement through serving notice, it is unlikely we would end the tenancy if the tenant was not in arrears or otherwise in breach of the tenancy agreement. Instead we would seek to clarify their reasons, saving preparations, long-term intentions and whether Rent to Buy was the most suitable tenure for them.

If a Rent to Buy property becomes empty after five years since it was built, we will undertake an option appraisal considering the market context, current sale values, asset management (including investment requirements), the neighbourhood plan and a risk assessment of the options. The Executive Leadership Team is responsible for making a final decision on the outcome of the option appraisal.

7 Hardship and arrears

We will always work closely with our customers and mortgage lenders to try to avoid a customer losing their home due to arrears. However, we will seek to undertake robust action to recover arrears and resolve the situation through our Homeownership Rent to Buy & Shared ownership Arrears procedures.

In the short term we have a process of quick, personal contact to avoid people getting into arrears. We will Set up Direct debits at sales process, offer benefit advice to anyone claiming benefits to pay their rent and we will follow the pre-court protocol throughout the arrears escalation process.

The main option for a shared owner struggling to maintain rent and mortgage payments, will be to sell their share. Where the shared owner has a mortgage we will approach the lender to clear the debt.

In some instances, when the arrears situation is unable to be resolved, the shared owner is unable to sell and the tenure appears unsustainable, this will likely lead to a repossession or an eviction.

We will act in accordance with the principles set out in the Council of Mortgage Lender's Shared Ownership: Joint Guidance for England.

If a customer is unable to sustain shared ownership or their Rent to Buy tenancy and will lose their home, then we try and find suitable alternative housing options for them and signpost them to advice.

In some exceptional some instances, if viable and subject to accessing required funding (such as Recycled Capital Grant Fund) we may explore the viability of purchasing some or all the equity from a struggling shared owner, a process known as "downward staircasing". There is no obligation for us to offer this and it will depend on the shared owner's conduct and situation, in addition to our own financial capacity.

If a shared owner is repossessed, then the arrangements will be managed in accordance with the lease arrangement and Mortgagee Protection Claim clauses.

8 Repairs and maintenance

All existing shared owners and other leaseholders will be responsible for their own repairs, maintenance, property investment and gas servicing for inside their property. In apartment blocks, in accordance with the lease terms and landlord and tenant law, we will manage the repairs and investment works to the structure, exterior and common areas and recover these costs from leaseholders.

Rent to Buy tenants will be entitled to a responsive repairs and maintenance service, in accordance with the AST tenancy agreement, although we may take a different approach to major investment works (for instance kitchen replacements) than we would do with our social / affordable rented homes. Our asset management approach to Rent to Buy homes will depend on the strategic intention for the properties as identified by the options appraisal described above.

Where a Rent to Buy property is re-let, SLH will ensure that any non-landlord repairing responsibilities are charged back to the previous tenant.

8.1 Alterations and improvements

Shared owners cannot alter or make any structural additions to the interior of the property; this includes removing any of the fixtures and fittings. If a shared owner wishes to make any changes or improvements to their home they will need our written consent in accordance with the lease agreement. The Leasehold Officer will obtain details of the work proposed and liaise with the Assets Team who will make the final decision. It is unlikely we will agree to any structural alterations.

8.2 New shared ownership model – essential repairs allowance

Under the new shared ownership model we may be responsible for essential repairs for the first 10 years of the lease (initial repair period). This means shared

owners can claim up to £500 per annum; this amount can be rolled over to the next year if not claimed at a maximum of one year's rolling allowance.

8.3 Shared ownership remortgage

The Lender is required to obtain our permission when the shared owner is changing mortgage lender (re-mortgaging). This is to ensure the mortgage offer is protected under Mortgage Rescue Scheme Legislation. We will only approve extra borrowing if the money is used for buying more shares, repairs/improvements or buying out a partner. We will be expected to give consent to retrospective requests if at the time applied we would have given consent.

8.4 Section 20 consultation

Section 20 is part of the Landlord and Tenant Act 1985 (as amended) and requires SLH to consult with Leaseholders when we intend to carry out qualifying works where any one Leaseholders contribution to the cost of those works is expected to be £250 or more (inclusive of VAT).

For any qualifying long term contracts which we enter into a contract for services which is more than £100.00 per annum per customer we will consult with all leaseholders in accordance with relevant legislation and good practice.

9 Anti-social behaviour and Housing Management Services

Where we receive complaints of serious breaches of the lease, including anti-social behaviour, we may take legal action which may result in forfeiture of the lease. In such cases we will liaise with our Solicitors to ensure actions are proportionate. Other options may include obtaining an injunction, liaising with other agencies or liaison with the Lender.

For less serious breaches of the terms of the lease, we will conduct investigations, provide advice and take action on a case by case basis to ensure shared owners are not impacting on the quiet enjoyment of the home of neighbouring properties.

10 Customer Standards & Performance Monitoring

We will monitor performance via:

- Sales performance, including time to sell, sale receipts
- Customer satisfaction
- Shared ownership arrears
- Rent to Buy lettings data, including letting timescales, arrears and conversion to sales

11 Policy Review Considerations

11.1 Equality Impact Assessment

Equality Impact Assessment was completed. There is no notable impact on specific groups from the policy. It was acknowledged that if in the future SLH offered Older Person Shared Ownership then this would be restricted to an over 55 age group as a condition of grant funding.

It was also identified that people approaching retirement may not be suitable applicants for Rent to Buy. Any rejection of such an application would be because applicants are not able to demonstrate that they are likely to be in a

position to be home owners and access a mortgage in the 5 year timescale due to their age. Rent to Buy applicants can be of any age, provided that they are able to demonstrate employment, are not in a position to buy a suitable home outright now and have the potential to become home owners in 5 years.

12 Customer Influence

Leaseholders, shared owners and rent to buy tenants were all consulted during the review of this policy. Their views and results of the consultation have helped shape the policy and procedures. Experience from previous developments and customer complaints have also been taken into consideration. An independent external consultation reviewed the policy and accompanying procedures to ensure compliance with law and good practice.

13 Risk assessment

The nature of the policy will help mitigate risk through providing clarity of our approach. Developing homes for sale as an activity, clearly creates risks that we need to manage, such as risks relating to low demand for homes or falls in values. These are not risks related to the policy approach, but risks relating to developing new homes for different tenures. Several risks identified relating to the actual policy have been assessed and the risk register updated accordingly. This will be reviewed in line with our Risk Management Framework.

14 Value for money

The policy aims to provide clarity for staff and customers, enabling a clear and transparent customer journey that supports an efficient sales process.

The policy reinforces principles of achieving market value for the homes we sell, based on independent valuation advice.

Our approach outlined for Rent to Buy is based around being fair to the customer, whilst retaining a responsive options appraisal process that allows us to make decisions informed by value for money at the point in time.

15 Statutory and Legislative Framework

The policy should be considered within a wider statutory and legislative framework including:

- Landlord and Tenant Act,
- the Homes England Capital Funding Guide
- Homes England model shared ownership leases
- Council of Mortgage Lender's Shared Ownership: Joint Guidance for England, which was created in conjunction with Homes England and National Housing Federation.
- Commonhold and Leasehold Reform Act 2002
- Assured Shorthold Tenancy agreement for Rent to Buy homes
- Consumer Protection and Unfair Trading Regulations (2008).
- Chartered Institute of Housing's Shared Ownership Charter
- General Data Protection Regulations
- Housing and Planning Act 2016
- Limitations Act 1980
- Housing and Regeneration Act 2008
- Housing Act 1985 & 1988

15.1 Link to other policies

- Right to Buy & Acquire
- Customer Feedback
- Code of Conduct
- Assets Policy
- Finance Policy
- Tenancy Management Policy
- Data Protection Policy
- Service Charge Policy
- Homes and Community Agency
- Equality & Diversity
- Declarations of Interest
- Repairs & Maintenance
- Chargeable Repairs
- Fraud & Bribery Policy
- ASB Policy
- Procurement Policy
- Estate Agents Act 1979