

# Shared Ownership Sales & Management Policy

Originator:	Policy and Strategy Team
Executive Management Team Approval Date:	December 2024
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1	Introduction
1.1	The Policy sets out Pine Court Housing Association’s (PCHA) provisions for the allocation sale and management of shared ownership properties.
1.2	Shared ownership homes may sometimes, but will not always be funded by Homes England. Nonetheless, generally the Homes England guidance regarding shared ownership (i.e. the Capital Funding Guide) will be used as a frame of reference to PCHA’s approach to all shared ownership properties. This will be alongside any specific criteria applied as part of the planning permission through Section 106 Agreements (outlining specific requirements, such as giving priority to local buyers relevant to the development).
1.3	The Policy also outlines PCHA’s approach to selling properties developed or made available for affordable home ownership. The Policy document does <b>not</b> cover Preserved Right to Buy (PRTB), Right to Acquire (RTA) sales, general asset disposals or the stock transfer of housing to another housing association / local authority.
1.4	The Policy also does not cover the PRTB & RTA resale arrangements (i.e. buy-backs) which are covered separately in the Preserved Right To Buy and Right To Acquire Policy.
1.5	<p>The application of this Policy ensures:</p> <ul style="list-style-type: none"> <li>• PCHA’s compliance with a wider legal framework related to UK land and property law, along with Consumer Protection and Unfair Trading Regulations</li> </ul>

- PCHA’s approach to management of shared ownership properties reflects PCHA’s charitable objectives
- PCHA provides a shared ownership offer that is compatible with Mortgage Lender Requirements as outlined in the joint guidance issued by the Council of Mortgage Lenders, Homes England and the National Housing Federation
- When developing homes for shared ownership sale, PCHA meets the Homes England’s regulatory requirements and funding conditions (if funding has been received), the Value for Money Standard and Governance and Financial Viability Standard of the Regulatory Framework

1.6 It is important to note that shared owners are leaseholders and that much of PCHA’s Residential Leaseholder Policy will apply to shared owners. This Policy focuses on areas that are pertinent to shared owners (such as eligibility, stair-casing), but are not relevant to other PCHA leaseholders, such as those who’ve bought through the Right to Buy.

1.7 Many areas outlined in PCHA’s Residential Leaseholder Policy apply to all leaseholders, including shared owners and such matters (for example consultation with leaseholders over service charges and major repairs) have not been repeated in this Policy, but will apply to the management of shared ownership properties. As with all leaseholders, the lease terms ultimately define the legal requirements of both PCHA and the leaseholder.

1.8 In operating this Policy PCHA will also meet the requirements of the Regulatory Framework for social housing adopted by the Regulator of Social Housing, as follows:

- Registered providers shall offer tenancies or terms of occupation which are compatible with the purpose of the accommodation, the needs of individual households, the sustainability of the community, and the efficient use of their housing stock
- They shall meet all applicable statutory and legal requirements in relation to the form and use of tenancy agreements or terms of occupation

1.9 **Access and Communication**

1.9.1 PCHA is committed to ensuring that its services are accessible to everyone. PCHA will seek alternative methods of access and service delivery where barriers, perceived or real may exist, that may make it difficult for people to work for PCHA or use its services

1.9.2	Working with our customers we have established a Vulnerable Persons and Reasonable Adjustments Policy to ensure we make best use of every customer interaction to meet customers' needs in our service delivery and ensure this information is kept up to date.
1.10	<b>Equality and Diversity</b>
1.10.1	PCHA is committed to ensuring that no person or group of persons will be treated less favourably than another person or group of persons and will carry out its duty with positive regard for the following core strands of equality; Age, Disability, Gender, Race, Gender Identity / Gender Expression, Sexual Orientation, Marriage and Civil Partnership, Maternity and Pregnancy, Religion and / or Belief.
1.10.2	PCHA also recognise that some people experience disadvantage due to their socio-economic circumstances, employment status, class, appearance, responsibility for dependants, unrelated criminal activities, being HIV positive or with AIDS, or any other matter which causes a person to be treated with injustice.
1.10.3	PCHA will also ensure that all services and actions are delivered within the context of current Human Rights legislation. PCHA will ensure that staff and others with whom it works, will adhere to the central principles of the Human Rights Act (1998).
1.11	<b>Complying with the Money Laundering Regulations 2017</b>
1.11.1	PCHA will ensure there is a designated person on the Board of Management that has responsibility for ensuring compliance with the Money Laundering Regulations 2017 and that they have received appropriate training and guidance to fulfil this role effectively.
1.11.2	The designated Board member will seek assurances that PCHA has appropriate procedures in place to check the provenance of any large payments that are received or offered in relation to PCHA financial transactions. This will apply especially where customers or third parties have difficulties in explaining the origins of the finances and will make appropriate alerts in conjunction with the Money Laundering Reporting Officer, as required. For full details see the PCHA Anti-Fraud, Corruption and Money Laundering Policy.
1.12	<b>Complying with the Economic Crime and Corporate Transparency Act 2023</b>
1.12.1	Similar to the above provisions for prevention of money laundering, PCHA will also ensure there is a dedicated officer and person on the Board of Management who will review the risks of corporate fraud being committed, ensuring the existing control measures are adequate and that the reasonable preventative procedures are effective.

<p>1.12.2</p> <p>1.13</p>	<p>PCHA will also review these arrangements in line with all guidance that is produced by Government when the commencement date for the ‘failure to prevent fraud offence’ comes into effect.</p> <p>This Policy should be read in conjunction with:</p> <ul style="list-style-type: none"> <li>• PCHA’s Residential Leaseholder Policy</li> <li>• PCHA’s Preserved Right To Buy &amp; Right To Acquire Policy</li> <li>• Law and Property Act 1925</li> <li>• Landlord and Tenant Act 1985</li> <li>• Leasehold Reform Act 1967</li> <li>• Common-hold and Leasehold Reform Act 2002</li> <li>• Economic Crime and Corporate Transparency Act 2023</li> <li>• PCHA Anti-Fraud, Corruption and Money Laundering Policy</li> </ul>
<p><b>2</b></p>	<p><b>Statement of Intent</b></p>
<p>2.1</p>	<p>The Policy is intended to ensure that when selling / letting shared ownership homes, PCHA:</p> <ul style="list-style-type: none"> <li>• Operates in a fair and transparent manner when selling homes, including homes offered through affordable homes products</li> <li>• Achieves value for money</li> <li>• Meets any Homes England grant conditions and regulatory requirements, other funding requirements or the requirements of Section 106 Agreements (as and when applicable)</li> <li>• Encourages sustainable home ownership, with buyers optimising the percentage share they purchase but at a level they are likely to be able to afford</li> <li>• Is offering affordable home ownership options that will be acceptable to participating mortgage lenders</li> <li>• Enables a quick and efficient sale process</li> </ul>

3	Policy
3.1	<b><u>Marketing and Promotion</u></b>
3.1.1	<b>Promotion of Properties</b>
3.1.2	PCHA will use a variety of approaches to advertise properties to allow prospective purchasers to register an interest. The extent of marketing will be determined by the level of expected demand, however, PCHA will always seek to make information available on forthcoming sales.
3.1.3	<p><u>As a minimum</u>, PCHA will use its existing communications channels to advertise properties for its customers i.e.:</p> <ul style="list-style-type: none"> <li>● PCHA website – <a href="http://www.pinecourt-housing.org.uk">www.pinecourt-housing.org.uk</a></li> <li>● Site signage</li> <li>● Appropriate property portals and estate agents, where required</li> <li>● Social Media channels</li> </ul>
3.2	<b>PCHA Staff and relatives</b>
3.2.1	To ensure transparency, staff will not be able to reserve properties in advance of marketing. Any member of PCHA staff wishing to purchase a property will need to receive approval by PCHA's Executive Management Team (EMT) and if a member of EMT is the applicant this would need approval from PCHA Board.
3.2.2	Purchasers will also be asked to complete a form that asks for disclosure on whether they are related to any PCHA employee. The aim of this is to prevent an unfair advantage being given to people who work for PCHA or are related to PCHA staff from accessing shared ownership ahead of other eligible customers having the opportunity.
3.2.3	Any staff interested in purchasing shared ownership would need to satisfy the eligibility and affordability criteria as per any other applicant and will not be given any different level of service. PCHA will assess each case on its own merit and there will be no special preference for staff and their relatives.

### 3.3 **Consumer Protection and Unfair Trading Regulations**

3.3.1 PCHA will act in accordance with the Consumer Protection and Unfair Trading Regulations (2008) and any other relevant regulatory guidance when marketing any homes for sale. This is to ensure that prospective purchasers are provided with clear and accurate information on the properties being sold and are not misled.

### 3.4 **Valuation and Sale Prices**

#### 3.4.1 **Valuations**

3.4.2 PCHA must obtain valuations from a Royal Institute of Chartered Surveyors (RICS) qualified independent valuer at the initial sales stage and on stair-casing (unless 'Gradual Staircasing' applies – see 3.17 for further details).

3.4.3 Initial sales will be based on the full market value of the property, which is assessed as the price the leasehold interest in the property would achieve if sold on the open market subject to the terms and conditions contained in the Shared Ownership Lease Agreement. Thereafter, the valuation advice will be updated every three months if the property is grant funded (including for stair-casing) unless the valuation report explicitly states that it is for a longer period. Please note that an updated RICS valuation will not be required on a Shared Ownership re sale once the initial period on the report has lapsed, unless simultaneous staircasing is taking place.

3.4.4 Where properties are developed as part of 106 Section Agreements, PCHA reserves the right to determine how often the valuation advice will be updated.

#### 3.5 **Down Valuations**

3.5.1 If a lender's valuation is less than the agreed purchase valuation (which should always correspond with the current RICS valuation), PCHA will discuss with the mortgage broker / buyer and if available, provide comparable evidence to support the purchase price.

3.5.2 If an agreement is not reached on the valuation of the property (despite providing valid comparable evidence), PCHA reserves the right not to accept the lender's valuation if it

does not represent value for money or is not in the best interests of its business plan. In making such decisions, PCHA will consider each situation on case-by-case basis including:

- The impact this may have on the buyer's ability to purchase
- Seeking approval to pursue alternatives such as changing the tenure of the property(s)

### 3.6 **Shared Ownership Applicant Eligibility**

3.6.1 PCHA will apply general eligibility assessment on all shared ownership applications in accordance with the Homes England Capital Funding Guide and PCHA business practices. Applicants will be required to complete an internal Shared Ownership Application to confirm their eligibility. PCHA will, however, carry out additional checks on all applicants where required.

3.6.2 Eligibility for a shared ownership property will include the following criteria:

- Applicants do not own a property (see section 3.7 for further information)
- Applicants' total household income is less than £80,000
- Applicants require shared ownership to be able to afford to purchase a property in the area
- Applications are in line with any Section 106 Agreement conditions that apply

3.6.3 Where the scheme is outside of the Homes England Capital Funding Programme, PCHA will as far as possible still follow the Homes England Guidance whilst accommodating scheme-specific eligibility criteria, such as 'connection to the local area' criteria.

3.6.4 The purpose of carrying out eligibility assessments is to ensure applicants can sustain shared ownership.

### 3.7 **Owner Occupier Applicants**

3.7.1 Existing owner occupiers are eligible for shared ownership home if they require a more suitable property (i.e. size, location, affordability and accessibility) that they 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 or simultaneously with the shared ownership purchase.

3.7.2 Owner occupiers will also be required to demonstrate they meet the affordability criteria and can sustain the shared ownership payments, especially if the applicant(s) who are using capital from a previous home to buy a share in the property (rather than mortgage) to ensure rent and service charge payments are affordable and sustainable.

## 3.8 **Affordability**

### 3.8.1 **Shared Ownership Affordability Assessment**

3.8.2 All applicants will be signposted to a specialist Shared Ownership Financial Advisor (broker) who will complete an 'Affordability and Sustainment' assessment.

3.8.3 The assessment will determine if 'Shared Ownership' is an appropriate product for the customer and provide an indication of the share percentage they can purchase. The actual percentage will be determined by the applicant's lender in accordance with specific lending criteria, which must be within the range of 10%-75% dependant on which Shared Ownership Model Lease is being used (note this may still apply to historic schemes and resales).

3.8.4 Applicants will not have to prove 'indefinite leave to remain status' to be eligible for shared ownership. PCHA will make an assessment on a case-by-case basis for applicants subject to immigration controls but are likely to allow applications to proceed where a lending institution confirms they are willing to provide finance for the purchase.

### 3.8.5 **Shared Ownership Scheme 2021-26**

3.8.5.1 The Government have introduced a model for shared ownership which applies to all shared ownership homes delivered through the 2021-2026 Affordable Homes Programme.

3.8.5.2 The minimum share a buyer can initially purchase in a property has reduced from 25% to 10%, meaning that the actual percentage determined by the applicant's lender will be within the range of 10% to 75%.

3.8.5.3	Previously owners could choose to buy additional shares in their shared ownership home (staircasing) in tranches of 10% or more, the format will give owners more flexibility and allow them to staircase in 1% increments for the first 15 years.
3.8.5.4	<p>The shared ownership scheme will introduce a 10-year period for shared owners whereby the landlord must cover the cost of essential repairs and maintenance at the home. This includes:</p> <ul style="list-style-type: none"> <li>• Essential repairs to the outside of the building</li> <li>• Essential structural repairs to walls, floors, ceiling and stairs inside the home</li> </ul>
3.8.5.5	<p>Shared ownership leaseholders can also claim up to £500 per year towards repairing / replacing (if faulty) and maintaining fixtures and fittings that:</p> <ul style="list-style-type: none"> <li>• Supply water, gas or electricity - for example sinks, baths or pipes</li> <li>• Heat the home, for example a boiler or radiator</li> </ul>
3.8.5.6	Nomination period change – shared owners may end the nomination period after 4 weeks if they wish to pursue a sale on the open markets rather than the previous 8-week period.
3.8.6	<b>Minimum Lease Term</b>
3.8.6.1	The minimum lease term has increased from 99 to 990 years with no exceptions.
3.8.7	<b>Affordability</b>
3.8.7.1	Applicants must have a gross household income of less than £80,000 and be otherwise unable to purchase a suitable property for their housing needs on the open market.
3.8.7.2	Providers are required to conduct their own assessment of applicants to ensure that they meet all eligibility criteria and that their purchase is affordable.
3.8.7.3	Providers must encourage purchases to buy the maximum share they can afford. Applicants must undertake their own research to find a suitable mortgage.
3.8.7.4	Social Rented Homes delivered through this programme will be eligible to the right to shared ownership, subject to a specific set of criteria with some exemptions – providing tenants with a pathway into ownership by providing them with the right to purchase a stake in their home through the shared ownership scheme.

3.8.7.5	The applicant is not obliged to obtain their mortgage via the broker they were referred to.
3.8.7.6	PCHA will also use an affordability assessment to determine the share of a property that a buyer can purchase for any type of 'shared ownership' properties including those that are not developed using Homes England grant.
3.8.7.7	Affordability assessment will factor in deposit, mortgage repayments and shared ownership rent payments. The aim is to ensure that the applicant optimises the share percentage they purchase, while checking that the share being purchased is affordable and sustainable.
3.8.7.8	PCHA will maintain a panel of 2-3 financial advisors for this purpose, but will always make it clear to applicants that they are able to source their own financial advice and undertake their own research to find suitable mortgages. It will always be recommended that buyers obtain legal and financial advice from independent parties.
3.9	<b>Reservation of a Property</b>
3.9.1	<p>PCHA will ensure that an applicant fully meets the specified eligibility requirements before they are allowed to reserve a shared ownership property as per relevant guidance. This includes:</p> <ul style="list-style-type: none"> <li>• Confirmation that the applicant meets the required criteria for shared ownership</li> <li>• An 'Affordability and Sustainability' assessment carried out by a specialist 'shared ownership' mortgage broker / advisor</li> </ul>
3.10	<b>Information requested at purchase:</b>
3.10.1	<p>All applicants will need a number of documents before a purchase of a PCHA shared ownership property is approved as follows:</p> <ul style="list-style-type: none"> <li>• Proof of income (e.g. payslips if employed, tax returns if self-employed)</li> <li>• Proof of identification (passport or driving license)</li> <li>• Proof of address (utility bill, rent statement)</li> </ul>

- Evidence of deposit and evidence for source of funds, where required (i.e. if gifted by a third party)

3.10.2 In all cases, the specialist mortgage advisor / broker will, on behalf of PCHA, collect the required documentation for the purchase of the property at the same time the applicant is assessed for eligibility of shared ownership property.

### 3.11 **Prioritisation of reservations**

3.11.1 Unless specifically documented or it's a requirement of funding or planning / Section 106 agreement, applicants who demonstrate eligibility and affordability, will be prioritised on a *first come, first served* basis. Where demand outweighs availability PCHA may choose to consider all or some of those points listed in Point 3.11.4. The commencement of this process is at the point of reservation (which includes the receipt of the reservation fee), which entails having completed the successful eligibility and affordability process.

3.11.2 Once an applicant has reserved the property then they have secured their interest in the property until the 6-week exchange target expires or if they withdraw in writing earlier. It will be at PCHA's discretion whether they hold a reservation beyond the target exchange date. This will be informed by the cause of the delays (i.e. is this related to the buyer or issues beyond the buyer's control).

3.11.3 Should two eligible and affordable reservations be made simultaneously by applicants that have met the eligibility and affordability requirements and where there are insufficient homes on the site available to satisfy demand, then the applicants will be prioritised in accordance with guidance from Homes England or as per the Section 106 agreement if applicable.

3.11.4 Listed below are the issues PCHA will consider in these circumstances with the first bullet point receiving priority over all other categories as per government guidance:

- If the applicant is currently serving military personnel or former member of the British Armed Forces discharged within the last two years and surviving partners of Regular service personnel who have died in service (within 12 months of bereavement date)
- Applicants that can afford to purchase a higher percentage share

- If the applicant has a nomination from the local authority such as for being in unsuitable accommodation (such as for disability, age, overcrowding, vulnerability), suffering harassment or being decanted
- If the applicant is currently a housing association or local authority tenant and thereby freeing up a social / affordable rented property
- If the applicant is on a social housing waiting list
- If the applicant is addressing other housing priorities in the area (for instance key worker) if this has been clearly defined by Local Authority Housing Strategy
- Closest match to bedroom criteria i.e. family size suitable for the accommodation on offer

3.11.5 In applying any prioritisation, PCHA will adhere to its equality and diversity ethos and will not discriminate in respect of an applicant's protected characteristics.

### 3.12 **Reservation fee**

3.12.1 A reservation form will be completed detailing the property to be reserved, key information on the buyer, vendor, solicitors and percentage tranche to be purchased. Payment of £250 (refundable at the purchase completion) will be required to secure the reservation.

3.12.2 The buyer may cancel their reservation up to the point of exchange (which is expected to be completed within six weeks of reservation) and receive a refund of the reservation fee net of any reasonable costs incurred by PCHA.

3.12.3 The reservation form allows the buyer to agree to *exchange of contracts* within 6 weeks unless otherwise notified at that time. If the buyer does not exchange in 6 weeks after reservation, then PCHA may choose to cancel the reservation. PCHA will not do this if the cause of the delay is due to PCHA itself or its contractor / developer.

3.12.4 If the failure to proceed is the choice of the buyer or failure of the buyer to progress (for instance not providing solicitors with instruction or information) then the reservation fee will not be refunded.

3.12.5 PCHA will signpost buyers to solicitors who are experienced in 'shared ownership property sales', however, buyers are free to use a solicitor of their choice.

### 3.13 **Joint Applications**

3.13.1 All applicants must be assessed for eligibility by PCHA using an application form.

3.13.2 Any applicant who already owns or part owns a home, **if deemed eligible**, must sell it at the time of jointly buying through Shared Ownership. PCHA would ask for evidence of this, such as a solicitor's property completion statement or confirmation from the mortgage lender and Land Registry that the applicant is no longer on the mortgage or land registry respectively.

3.13.3 If the applicant has gone through a relationship separation and is transferring their interest in the property to their former partner, this will need to be evidenced by a conveyancing letter from Solicitors. This would need to be provided at or before the day of exchange of contracts for the new purchase.

3.13.4 A sole qualifying applicant wishing to purchase jointly may only proceed on the condition that they are to be a joint legal owner of the property. A deed of trust providing rights of occupation is unacceptable as an alternative to becoming a joint legal owner.

3.13.5 If a tenant of a housing association or local authority is applying and their partner does not want to join the application, the application can proceed for the sole name of the qualifying buyer, but the partner may still need to give vacant possession of their current property, without an obligation for the landlord to re-house the partner.

3.13.6 If the applicants are PCHA joint tenants, one party may bring the tenancy to an end by serving a 'Notice to Quit' on PCHA. In these circumstances PCHA does not have an obligation to allow the remaining tenant to stay in the property or rehouse them and may instigate possession proceedings.

3.13.7 PCHA may, however, grant a new tenancy to the remaining partner provided there has been no breach of tenancy agreement, the remaining tenant passes affordability tests and the new tenancy would be in line with the PCHA's Allocations Policy. PCHA will review each case on its merits and reserves the right to make discretionary decisions.

3.13.8 Where both parties are in agreement, PCHA may grant an assignment of the tenancy, where no new tenancy is created (i.e. joint to sole). Assignments will also be permitted if as a result of a property adjustment order from the courts following matrimonial proceedings.

3.13.9 If a tenant of a shared ownership lease dies, his / her equity on the property will become part of the deceased's estate and will be dealt with according to the lease agreement and relevant legislation. Where the lease is in joint names and one dies, the lease will transfer to the remaining joint tenant.

### 3.14 **Cash Purchasers and Buyers with Adverse Credit**

3.14.1 PCHA understand that sometimes people with access to a capital sum to purchase a property or those with Adverse Credit, may still need shared ownership as an option. This will be assessed in accordance with the general affordability criteria – i.e. that the applicant requires a shared ownership option due to not having sufficient funds and / or Adverse Credit to buy outright and would appear to be able to afford and sustain the monthly payments (mortgage and / or rent).

3.14.2 PCHA will require information and evidence on the source of cash payments and will act in accordance with PCHA Anti-Fraud, Corruption and Money Laundering Policy and anti-money laundering protocols.

3.14.3 The type of evidence required may include a legal completion statement from a property sale or a solicitor's letter, banking statements etc. If staff involved in sales have any suspicions over the sources of funds, this will be raised with the Finance Director and potentially the Police.

3.14.4 PCHA may choose to consider all or some of the below factors when reviewing Shared Ownership applications for approval from cash buyers:

- PCHA will conduct credit file checks on all cash buyers regardless of their individual circumstances, this includes partners / spouses of applicants
- The reason for needing to be a cash buyer cannot be because due to adverse credit or the only option to obtain a mortgage is with a non-standard lender e.g. a lender who adds on excessive fees
- If purchasing with cash due to age (e.g. approaching retirement), the assessment also needs to consider future income changes if still currently working as this will be changing imminently
- A budget planner must be completed on all cash buyers. For anyone buying less than a 25% share they would need to demonstrate that there is 20% net of their household income remaining after all other household and lifestyle expenditure has been accounted for. The budget planner must be based on the household

composition and include realistic figures for all expenditure, backed up by bank statements where necessary

- Household income must be considered to be sustainable
- Outgoings must be considered realistic in line with the Office for National Statistics (ONS) Affordability Calculator. (See <https://www.ons.gov.uk/visualisations/dvc393/affordabilitycalculator/content.html> for details)

3.14.5

For any potential buyers with adverse credit, PCHA will consider the following when assessing eligibility. The buyer must not have:

- County Court Judgements (CCJ'S) or Defaults that remain unsatisfied within the last 2 years with the exception of a communication default (e.g. a default classed as minor, such as a parking fine)
- CCJ's or defaults within the last two years, satisfied or unsatisfied, over £300
- Unsatisfied CCJ's or Defaults of more than £1000, registered at any time
- Mortgage arrears in the previous 12 months

3.14.6

PCHA may accept the following as long as these can be demonstrated by the potential buyer:

- Debt management plans that have been repaid
- Individual Voluntary Arrangements (IVA's) or Bankruptcy discharged 3 years ago, or registered over 6 years ago and satisfied, with no further issues
- Previous repossession over 3 years ago may be acceptable, provided there is no outstanding debt to lender and no other credit issues in the last 3 years (requires letter from repurchase agreement (repo) lender to confirm no outstanding debt)

3.15

### **Bedroom Requirements**

3.15.1

Homes England guidance will be followed in respect of any Homes England funded shared ownership homes and the number of bedrooms deemed appropriate for different household sizes.

3.15.2

If household size would lead to statutory overcrowding, then this would not be deemed an appropriate housing solution for the applicants and the allocation would not be allowed to proceed.

### 3.16 Older Person Shared Ownership

3.16.1 Older Person Shared Ownership (OPSO) and general shared ownership being provided specifically for older people (but not technically OPSO) is open to eligible applicants aged over 55.

3.16.2 The typical shared ownership eligibility does not apply as the eligibility includes home owners, but without the need for a local authority nomination. PCHA will follow the Homes England Capital Funding Guide in assessing eligibility.

3.16.3 To be eligible to purchase:

- Applicants must be aged 55 or over
- Homeowners will need to sell their existing property before buying using OPSO, although, the marketing and sale of the applicants' former property can take place in tandem with the purchase. Evidence of this will be required and typically the buyer will be expected to complete their sale simultaneously or in advance of the purchase of the OPSO property, with sales proceeds likely to fund the purchase
- PCHA will not carry out the usual affordability assessment, but in determining eligibility must take into account the level of equity available from the sale of any existing property along with any additional savings. Applicants with sufficient equity to be able to purchase a suitable property on the open market should not be assessed as eligible. As part of the assessment, PCHA will, however, consider if properties suitable for the applicant's mobility, care and support needs, are actually available to buy in the local area
- PCHA understands that older people may need to use funds for service charges, living costs and care. PCHA will use its discretion on a case-by-case basis to determine what is reasonable but the expectation is that the majority of any applicant's capital will be used to purchase a share. For the purposes of this Policy, capital will include proceeds from property sale, savings, shares, stocks and bonds etc.
- PCHA will examine each application on a case-by-case basis to determine what appears an appropriate and sufficient level of income to cover and sustain living and care costs

### 3.17 Mortgage Offer Approval

3.17.1	Prior to purchase, PCHA will be required to view a copy of the buyer's mortgage offer, including amount of borrowing and terms.
3.17.2	<p>In particular PCHA will consider the following prior to giving its consent to the mortgage offer:</p> <ul style="list-style-type: none"> <li>• That the mortgage rate appears affordable</li> <li>• The mortgage offer is consistent with the application (for instance the buyer is not borrowing more than anticipated with a view to using the mortgage for purposes other than buying the property)</li> <li>• That the borrower and applicant are the same person (to prevent the possibility for fraud)</li> </ul>
3.18	<b>After Sale and Management</b>
3.18.1	<b>Shared Ownership Re-sales and stair-casing</b>
3.18.1.1	Re-sales and stair-casing will be administered in accordance to the shared ownership lease agreement. 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 as determined by their Shared Ownership Application.
3.18.1.2	PCHA will uphold the principles and intentions of the shared ownership during a resale but will avoid excessive bureaucracy that may jeopardise a shared owner's ability to sell.
3.19	<b>Downward Stair-casing (flexible tenure)</b>
3.19.1	Downward stair-casing is when a housing association repurchases equity from a shared owner. The aim of this is to make the combined rent and mortgage payments (or just rent payments if no mortgage is secured against the property) affordable again.
3.19.2	PCHA makes no commitment to repurchasing either all or part of a shared owner's equity and has no obligation to do so. However, PCHA 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 stair-casing may help the situation.

3.19.3	Any consideration will also look at whether funds (including Recycled Capital Grant Fund) are available for PCHA to do so and it will not be to the detriment of PCHA's business operations.
3.19.4	PCHA will also need to be convinced that the affordability issues are genuine, that other options for the shared owner (such as and in particular selling their home) are not possible, and that downward stair-casing would help alleviate the affordability problems. Downward stair-casing will not be approved if PCHA suspect the shared owner's motivations are about personal financial gain rather than sustaining their ownership.
3.19.5	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 PCHA to the shared owner or their mortgage lender.
3.19.6	The shared ownership rent will be adjusted pro-rata, as it would be with upwards stair-casing.
3.19.7	A full downward stair-casing would be essentially a 'buy-back'. If this happens, the shared owner would become an PCHA tenant on affordable rent as opposed to continuing to be a shared owner.
3.20	<b>Subletting Requests</b>
3.20.1	Subletting is prohibited in the shared ownership lease agreement and this is a fundamental clause. Subletting in shared ownership property may also result in breach of the shared ownership mortgage conditions. However, in exceptional circumstances and subject to legal advice, PCHA may consider permitting subletting in shared ownership properties. In such cases, the shared owner will be required to request subletting in writing / email, detailing why this is required and this will be considered on a case-by-case basis.
3.20.2	PCHA 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 (for instance the shared owner must move for employment or overcrowding or accessibility issues)
- That the reasons are not driven by financial speculation or gain
- The person(s) to whom the property will be sublet also satisfy criteria for shared ownership
- That the terms of the sub-let will be for a fixed period and that the shared owner will retain the lease during this time
- If the request is from a serving member of the Armed Forces whose duties require them to serve 50 miles or 90 minutes drive time from the property
- That the leaseholder has the permission of the mortgage lender (if required)
- That the shared owner understands that they will be responsible for the management of the person(s) to whom the property is sublet and they will still be responsible for the terms of the lease – for instance paying rent and service charges to PCHA

### 3.21 **Arrears and Possessions**

3.21.1 It is a condition of a shared owner’s lease to pay the shared ownership rent and maintain mortgage payments. Failure to pay the shared ownership rent, service charges or mortgage payments and other breaches of the lease agreement could lead to loss of their home.

3.21.2 As a general principle the *Shared Ownership: Joint Guidance for England*, issued by Homes England, Council of Mortgage Lenders, and National Housing Federation will be used as guidance. PCHA will only seek to commence possession proceedings as a last resort, when all alternative debt management actions have been exhausted.

3.21.3 As per the Shared Ownership Lease Agreement and with the shared owners’ consent, PCHA will provide the shared owner’s mortgage lender 28 days’ notice of any intentions to commence possession proceedings. This will include details of the level of arrears. PCHA will also notify the shared owner of its intention to share information regarding the arrears with the lender.

3.21.4 On a case-by-case basis, PCHA may discuss potential payment arrangements from the lender to cover the shared owners’ arrears but also reserves the right to refuse receipt of such payments if offered or received. For instance, if PCHA believes a repossession is likely

and it will be worse off as a consequence, because the lender will reclaim the rent they'd offered to pay.

3.21.5 If PCHA agree to recover arrears from the lender, in advance of doing so they will inform the shared owner of the consequences, for instance compounded interest being charged on the arrears by their mortgage lender. PCHA will use a standard form of undertaking to notify the lender, as provided in *Shared Ownership: Joint Guidance for England* and as per legal advice taken at that time.

3.21.6 PCHA will always seek legal advice if considering to commence possession proceedings. Possession proceedings will only be undertaken with the consent of the PCHA Finance Director or equivalent of greater seniority.

### 3.22 **Aids, Adaptations and Requests to Alter**

3.22.1 All shared owners will be required to seek PCHA's written permission before carrying out any aids, adaptations or other alterations which may alter the fabric of the building.

3.22.2 Similar to the position with leaseholders, PCHA will not directly fund any aids and adaptations or carry out any alterations within its shared ownership properties.

3.22.3 PCHA will consider each request for aids, adaptations (funded through the lessee's own resources or with full / partial funding from local authority Disabled Facilities Grants) or other requests to alter on a case-by-case basis.

3.22.4 PCHA reserves the right to refuse aids and adaptations works or other alterations if it deemed they could potentially be detrimental to PCHA's unsold share of equity in the property.

3.22.5 Where PCHA grants permission for alterations, it will seek assurances from the lessee that works will be of appropriate quality and obtain written agreement that the property will be restored to its original condition prior to sale. These works and how they impact on the value of the property will also be taken into consideration when purchasing more shares or downward stair-casing.

3.23 **Repairs and Maintenance Responsibilities**

3.23.1 Lessees for the old Shared Ownership scheme will be responsible for repairs and maintenance to the inside of the property including periodic electrical testing and annual gas safety checks. PCHA will be responsible for day-to-day repairs of the structure of the building and any communal parts of the building.

3.23.2 PCHA will be responsible for essential repairs for the homes on the Shared Ownership Model Lease for a period of 10 years.

3.24 **Anti-Social Behaviour and Housing Management Functions**

3.24.1 Shared ownership lessees will not receive the same level of housing management support as PCHA's social rented properties and may not be entitled to any Independent Living services.

3.24.2 Where there are serious breaches of the terms of the lease, including anti-social behaviour from PCHA shared owners or visitors to their properties, PCHA may take enforcement action and this may result in forfeiture of the lease.

3.24.3 For less serious breaches of lease and in cases of low level anti-social behaviour, PCHA may carry out investigations, provide advice and take actions on a case-by-case basis and in particular when the breach in question impacts on the quiet enjoyment of the home of neighbouring properties.

3.24.4 Where additional housing management services are provided that are beyond the administration of rent, service charges or actions associated with stair-casing, PCHA reserve the right to levy charges on the shared owners involved, including staff time.

3.25 **Pets**

3.25.1 Shared owners will need to apply to PCHA for written permission before being allowed to keep pets. PCHA will make decisions to grant permission on a case-by-case basis

	(depending on individual circumstances and what is appropriate for the property in question).
3.26	<b>Reporting Safeguarding Concerns</b>
3.26.1	If PCHA staff become aware of any safeguarding concerns concerning the occupants of its shared ownership properties they will make a referral to the appropriate investigating authority including emergency services if required.
3.26.2	Once an alert is made PCHA will not normally have any further input into any on-going investigations such as attending case conferences unless other PCHA tenants are involved as either alleged perpetrator or victims.
3.27	<b>Rent Review</b>
3.27.1	PCHA will set initial rents for shared ownership properties that average no more than 2.75% of the value of the unsold equity (and will not exceed 3% of the capital value of the unsold equity at the point of sale).
3.27.2	Subsequent annual rent increases (for existing shared owners, unless informed otherwise) will be limited to the Retail Price Index (RPI) figure (published in February) plus 0.5%. If the RPI is nil or negative the maximum rent increases will be limited to 0.5%.
3.27.3	From 12 <sup>th</sup> October 2023 rents for new shared owners can instead be increased once a year by no more than the Consumer Prices Index (CPI) plus 1%. Rents cannot be increased if CPI is minus 1% or lower.
3.27.4	It is expected that for any new planning permissions granted on or after this date, the Section 106 planning obligations must reflect this new Rent Review schedule, namely the ability to increase shared ownership rents once a year by a permitted maximum of CPI plus 1%.
<b>4</b>	<b>Implementation</b>
4.1	PCHA staff involved in the development and sale of shared ownership homes have been made fully aware of the Policy detail.
4.2	Information will be provided on the PCHA website in a dedicated shared ownership section. 'Frequently Asked Questions' will be circulated to staff and provided to customers.
4.3	A full set of procedures and workflows will accommodate all key requirements of the Policy and these will be used by staff involved in shared ownership sales and management.

4.4	The shared ownership lease covenants will ultimately determine any legal matter. The standard shared ownership lease will be reviewed in response to any relevant changes in the operating environment, for instance any updates by Homes England.	
4.5	The Executive Management Team will be responsible for ensuring the operational effectiveness of the Policy and for ensuring the Policy is in line with PCHA’s Strategic objectives.	
4.6	The Executive Management Team must approve any applications by PCHA staff or their relatives to purchase a shared ownership property. This matter will be referred to Board if a member of EMT has a conflict of interest.	
<b>5</b>	<b>Performance</b>	
5.1	A suite of performance indicators will be maintained and reported to the Executive Management Team and Board(s) as required.	
5.2	This will include reporting on sales performance, shared ownership arrears, stair-casing, and any reposessions.	
<b>6</b>	<b>Consultation</b>	
6.1	All PCHA staff have been consulted in the development of this Policy. PCHA customer representatives have also been consulted in the development of this Policy.	
<b>7</b>	<b>Review</b>	
7.1	The Policy will be reviewed every three years or in response to changes in the operating environment or sooner in the light of any new legislation or regulation impacting on shared ownership properties or through any issues recommended by system audits.	
<b>8</b>	<b>Equality Impact Assessment</b>	
8.1	<b>Was a full Equality Impact Assessment (EIA) required?</b>	No
8.2	<b>When was EIA conducted and by who?</b>	An EIA Relevance Test was conducted by the Policy and Strategy Manager and the Policy and Strategy Administrator in December 2024.

8.3	Results of EIA	The EIA Relevance Test did not reveal any adverse or differential impacts for any group with protected characteristics through the operation of this Policy.	
<b>9</b>			
<b>Scheme of Delegation</b>			
9.1	Responsible committee for approving and monitoring implementation of the policy and any amendments to it	EMT	
9.2	Responsible officer for formulating policy and reporting to committee on its effective implementation	Director – Housing and Customer Services	
9.3	Responsible officer for formulating, reviewing and monitoring implementation of procedures	Director – Housing and Customer Services	
<b>10</b>			
<b>Amendment Log</b>			
<b>Date of revision:</b>	<b>Reason for revision:</b>	<b>Consultation record:</b>	<b>Record of amendments:</b>
21 <sup>st</sup> January 2022	In line with the changes to PCHA business practices	See section 6	<ul style="list-style-type: none"> <li>Change at 3.8.4- Inclusion of the new revised Shared Ownership scheme (2021-2026)</li> </ul>
21 <sup>st</sup> May 2024	In Line with Review Schedule	See section 6	<ul style="list-style-type: none"> <li>Revised numbering scheme throughout</li> <li>New Clause inserted at 1.11 to cover Economic Crime and Corporate Transparency Act responsibilities</li> <li>Details on right to remain eligibility status updated at 3.8.4</li> <li>Details amended at 3.8.5.4 to reflect repairing responsibilities outlined in the Shared Ownership Scheme 2021-26</li> <li>Rent review information updated at 3.27 to reflect revised government guidance</li> <li>Role of Home Buy Agent (now defunct) changed throughout</li> <li>EIA Information updated at Section 8</li> <li>In line with Board approved process the review period for this Policy has been extended to every Three Years</li> </ul>

10 <sup>th</sup> December 2024	In line with changes to operational practice	See section 6	<ul style="list-style-type: none"><li>• Change at 1.8 to reflect revised Regulatory Standards (effective from the 1<sup>st</sup> April 2024)</li><li>• Inclusion at 1.9.2 to reference PCHA Vulnerable Persons and Reasonable Adjustments Policy</li><li>• Removed references to Help to Buy Agents as these have been abolished</li><li>• Removed references to Homes England Affordability Calculator as this is now defunct</li><li>• Section 3.14 amended to include buyers with adverse credit and additional information regarding cash buyers</li></ul>
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