

Public Document Pack



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26 January 2024

Dear Councillor

NOTICE IS HEREBY GIVEN THAT a meeting of the **CABINET** will be held at these offices (Council Chamber) on Monday 5 February 2024 at 6.00 pm when the following business will be transacted.

Members of the public who require further information are asked to contact Democratic Services on (01304) 872303 or by e-mail at democraticservices@dover.gov.uk.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Nicky', written over a white background.

Chief Executive

Cabinet Membership:

K Mills	Leader of the Council
J L Pout	Deputy Leader of the Council and Portfolio Holder for Transport, Licensing and Environmental Services
S H Beer	Portfolio Holder for Finance, Governance, Climate Change and Environment
E A Biggs	Portfolio Holder for Planning and Built Environment
P M Brivio	Portfolio holder for Housing, Skills and Education
C D Zosseder	Portfolio Holder for Community and Corporate Property

AGENDA

1 **APOLOGIES**

To receive any apologies for absence.

2 **DECLARATIONS OF INTEREST** (Page 5)

To receive any declarations of interest from Members in respect of business to be transacted on the agenda.

3 **RECORD OF DECISIONS** (Pages 6-16)

The decisions of the meeting of the Cabinet held on 15 January 2024 numbered

CAB 58 to CAB 68 (inclusive) are attached.

4 **ISSUES ARISING FROM OVERVIEW AND SCRUTINY OR OTHER COMMITTEES**

To consider any issues arising from Overview and Scrutiny or other Committees not specifically detailed elsewhere on the agenda.

a Sale of Guide Hut at Land Adjoining 107 Sandwich Road, Whitfield (Page 17)

To consider the attached recommendation of the Overview and Scrutiny Committee.

EXECUTIVE - NON-KEY DECISIONS

5 **EKS SERVICE TRANSITION BUSINESS CASE**

To consider the report of the Interim EKS Service Transition Manager (to follow).

Responsibility: Leader of the Council

6 **SECTION 25 REPORT**

To consider the report of the Section 151 Officer (to follow).

Responsibility: Portfolio Holder for Finance, Governance, Climate Change and Environment.

EXECUTIVE - KEY DECISIONS

7 **COUNCIL BUDGET 2024/25 AND MEDIUM-TERM FINANCIAL PLAN 2024/25-2027/28**

To consider the report of the Strategic Director (Finance and Housing) (to follow).

Responsibility: Portfolio Holder for Finance, Governance, Climate Change and Environment

8 **SHARED OWNERSHIP POLICY** (Pages 18-75)

To consider the attached report of the Head of Housing.

Responsibility: Portfolio Holder for Housing, Skills and Education

9 **LEASEHOLD MANAGEMENT POLICY** (Pages 76-120)

To consider the attached report of the Head of Property Assets.

Responsibility: Portfolio Holder for Housing, Skills and Education

10 **EXCLUSION OF THE PRESS AND PUBLIC** (Page 121)

The recommendation is attached.

MATTERS WHICH THE MANAGEMENT TEAM SUGGESTS SHOULD BE CONSIDERED IN PRIVATE AS THE REPORT CONTAINS EXEMPT INFORMATION AS DEFINED WITHIN PART 1 OF SCHEDULE 12A OF THE LOCAL GOVERNMENT ACT 1972 AS INDICATED AND IN RESPECT OF WHICH THE PROPER OFFICER CONSIDERS THAT THE PUBLIC INTEREST IN MAINTAINING THE EXEMPTION OUTWEIGHS THE PUBLIC INTEREST IN DISCLOSING THE INFORMATION

EXECUTIVE - KEY DECISIONS

11 PURCHASE OF NEW AFFORDABLE HOUSING AT THE OLD MALTHOUSE SITE, EASOLE STREET, NONINGTON (Pages 122-125)

To consider the attached report of the Head of Housing.

Responsibility: Portfolio Holder for Housing, Skills and Education

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Declarations of Interest

Disclosable Pecuniary Interest (DPI)

Where a Member has a new or registered DPI in a matter under consideration they must disclose that they have an interest and, unless the Monitoring Officer has agreed in advance that the DPI is a 'Sensitive Interest', explain the nature of that interest at the meeting. The Member must withdraw from the meeting at the commencement of the consideration of any matter in which they have declared a DPI and must not participate in any discussion of, or vote taken on, the matter unless they have been granted a dispensation permitting them to do so. If during the consideration of any item a Member becomes aware that they have a DPI in the matter they should declare the interest immediately and, subject to any dispensations, withdraw from the meeting.

Other Significant Interest (OSI)

Where a Member is declaring an OSI they must also disclose the interest and explain the nature of the interest at the meeting. The Member must withdraw from the meeting at the commencement of the consideration of any matter in which they have declared a OSI and must not participate in any discussion of, or vote taken on, the matter unless they have been granted a dispensation to do so or the meeting is one at which members of the public are permitted to speak for the purpose of making representations, answering questions or giving evidence relating to the matter. In the latter case, the Member may only participate on the same basis as a member of the public and cannot participate in any discussion of, or vote taken on, the matter and must withdraw from the meeting in accordance with the Council's procedure rules.

Voluntary Announcement of Other Interests (VAOI)

Where a Member does not have either a DPI or OSI but is of the opinion that for transparency reasons alone s/he should make an announcement in respect of a matter under consideration, they can make a VAOI. A Member declaring a VAOI may still remain at the meeting and vote on the matter under consideration.

Note to the Code:

Situations in which a Member may wish to make a VAOI include membership of outside bodies that have made representations on agenda items; where a Member knows a person involved, but does not have a close association with that person; or where an item would affect the well-being of a Member, relative, close associate, employer, etc. but not his/her financial position. It should be emphasised that an effect on the financial position of a Member, relative, close associate, employer, etc OR an application made by a Member, relative, close associate, employer, etc would both probably constitute either an OSI or in some cases a DPI.



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Our ref: KBS/CABRCD
Your ref:
Date: 18 January 2024

TO: ALL MEMBERS OF THE COUNCIL

Dear Councillor

CABINET: RECORD OF DECISIONS

Please find attached the Record of Decisions of the Cabinet meeting held on Monday, 15 January 2024. Unless otherwise indicated within the schedule, these decisions may be called in for scrutiny, provided notice is given to me in writing by **10.00am on Wednesday, 24 January 2024.**

The call-in procedures are set out at paragraph 18 of the Overview and Scrutiny Procedure Rules. Call-in may be activated by the Chairman of the Overview and Scrutiny Committee, the Controlling Group Spokesperson of the Overview and Scrutiny Committee or any three non-executive Members. The reasons for calling in an item must be given.

Yours sincerely

A handwritten signature in cursive script that reads "Kate Batty-Smith". Below the signature is a horizontal line.

Kate Batty-Smith
Democratic Services Officer

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Record of the decisions of the meeting of the **CABINET** held at the Council Offices, Whitfield on Monday, 15 January 2024 at 6.00 pm

Present:

Chairman: Councillor K Mills

Councillors: J L Pout
S H Beer
E A Biggs
P M Brivio
C D Zosseder

Also Present: Councillor T J Bartlett
Councillor M Bates
Councillor D R Friend
Councillor N S Kenton
Councillor R M Knight
Councillor M J Nee
Councillor O C de R Richardson
Councillor C A Vinson

Officers: Chief Executive
Strategic Director (Corporate and Regulatory)
Strategic Director (Finance and Housing)
Strategic Director (Place and Environment)
Head of Corporate Services and Democracy
Head of Finance and Investment
Head of Property Assets
Community, Asylum and Transport Services Manager
Community Safety and Resilience Manager
Environmental Protection and Crime Manager
Transport and Parking Services Manager
Principal Valuer
Democratic Services Officer

The formal decisions of the executive are detailed in the following schedule.

Record of Decisions: Executive Functions

Decision Status	Record of Decision	Alternative options considered and rejected (if any)	Reasons for Decision	Conflicts of interest (if any) declared by decision maker(s) or consultees (if any)
CAB 58 15.1.24 Open Key Decisions No Call-in to apply Yes Implementation Date 24 January 2024	<u>APOLOGIES</u> It was noted that there were no apologies for absence.	None.	To note any apologies for absence.	

Decision Status	Record of Decision	Alternative options considered and rejected (if any)	Reasons for Decision	Conflicts of interest (if any) declared by decision maker(s) or consultees (if any)
CAB 59 15.1.24 Open Key Decisions No Call-in to apply Yes Implementation Date	<u>DECLARATIONS OF INTEREST</u> There were no declarations of interest.	None.	To note any declarations of interest.	

23 January 2024				
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Decision Status	Record of Decision	Alternative options considered and rejected (if any)	Reasons for Decision	Conflicts of interest (if any) declared by decision maker(s) or consultees (if any)
CAB 60 15.1.24 Open Key Decisions No Call-in to apply Yes Implementation Date 24 January 2024	<u>RECORD OF DECISIONS</u> It was agreed that the decisions of the meeting held on 4 December 2023, as detailed in decision numbers CAB 50 to CAB 57, be approved as a correct record and signed by the Chairman.	None.	Cabinet is required to approve the Record of Decisions of the Cabinet meeting held on 4 December 2023.	

Decision Status	Record of Decision	Alternative options considered and rejected (if any)	Reasons for Decision	Conflicts of interest (if any) declared by decision maker(s) or consultees (if any)
CAB 61 15.1.24 Open Key Decisions No Call-in to apply Yes Implementation Date	<u>STRATEGIC PERFORMANCE DASHBOARD - SECOND QUARTER 2023/24</u> It was agreed: (a) That the Overview and Scrutiny Committee's recommendation, made at its meeting held on 11 December 2023 (Minute No 75), be approved as follows: That the Cabinet explores changing the status of the high-speed road network to special road status in order to obtain assistance in funding cleansing.	To reject the recommendation.	At its meeting held on 11 December 2023, the Overview and Scrutiny Committee considered Cabinet decision CAB 57 of 4 December 2023 and made an additional recommendation (Minute No 75).	

24 January 2024	(b) That the initial communication about this matter should be in the form of an open letter to the minister.		Having considered the Committee's recommendation, Cabinet decided to add another of its own.	
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Decision Status	Record of Decision	Alternative options considered and rejected (if any)	Reasons for Decision	Conflicts of interest (if any) declared by decision maker(s) or consultees (if any)
CAB 62 15.1.24 Open Key Decisions No Call-in to apply No Implementation Date 1 February 2024	<u>RISK MANAGEMENT STRATEGY</u> It was agreed to recommend to Council that the new Risk Management Strategy and accompanying toolkit be adopted.	None.	The Council's Risk Management Strategy is predominantly a document for internal use for the reporting of risks to Corporate Management Team and Members. The Strategy has not been reviewed in detail since 2016/17 and, following a desktop review by the Council's insurers, the revised strategy seeks to address a number of areas identified for improvement.	

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Decision Status	Record of Decision	Alternative options considered and rejected (if any)	Reasons for Decision	Conflicts of interest (if any) declared by decision maker(s) or consultees (if any)
<p>CAB 63 15.1.24 Open</p> <p>Key Decisions Yes</p> <p>Call-in to apply Yes</p> <p>Implementation Date 24 January 2024</p>	<p><u>PUBLIC SPACES PROTECTION ORDER</u></p> <p>It was agreed that, having regard to the conditions within Section 59 of the Anti-Social Behaviour, Crime and Policing Act 2014, the variation of the Public Spaces Protection Order (Dover District Council) 2022 be approved.</p>	<p>None.</p>	<p>At its meeting held on 4 September 2023, Cabinet agreed that consultation should be conducted on proposed variations to the Council's existing Public Spaces Protection Order (PSPO) (CAB 24).</p> <p>Following a 6-week consultation period which ended in October, Cabinet is requested to approve the proposed variations to the PSPO which will come into force on 23 January 2024.</p>	

Decision Status	Record of Decision	Alternative options considered and rejected (if any)	Reasons for Decision	Conflicts of interest (if any) declared by decision maker(s) or consultees (if any)
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<p>CAB 64 15.1.24 Open</p> <p>Key Decisions Yes</p> <p>Call-in to apply Yes</p> <p>Implementation Date 24 January 2024</p>	<p><u>FEES AND CHARGES 2024/25</u></p> <p>It was agreed:</p> <p>(a) That the Fees and Charges (F&Cs) for 2024/25, as set out in Appendices 2.1 to 2.14 and 5.1 (except for the Section 106 Monitoring Fee which has been approved by the Planning Committee) and 5.3 be approved.</p> <p>(b) That any F&Cs will be adjusted by Strategic Directors, in consultation with the Portfolio Holders, to comply with any subsequently received government guidelines (when they are received) and any other minor changes made without being the subject of a further report unless they are materially different from current charges or have a material impact on the level of income.</p> <p>(c) That the general principle that fees are set at an appropriate inclusive level, irrespective of VAT status, and that the VAT element within the overall fee level is then determined, be approved.</p> <p>(d) That the fees and charges approved separately by the Licensing and Regulatory Committees, as set out in Appendices 3.1 to 3.4, be noted.</p>	<p>None.</p>	<p>The Council's Constitution stipulates that the Council's fees and charges should be reviewed annually. Cabinet is required to set the level of these for 2024/25.</p>	
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Decision Status	Record of Decision	Alternative options considered and rejected (if any)	Reasons for Decision	Conflicts of interest (if any) declared by decision maker(s) or consultees (if any)
<p>CAB 65 15.1.24 Open</p>	<p><u>REVIEW OF ON AND OFF-STREET PARKING CHARGES</u></p> <p>It was agreed:</p>	<p>To approve all of the proposals set out in Appendix 1</p>	<p>It was agreed in 2011 that the Council's on-street</p>	

<p>Key Decisions Yes</p> <p>Call-in to apply Yes</p> <p>Implementation Date 24 January 2024</p>	<p>(a) That the outcome of the annual review of parking charges be noted.</p> <p>(b) That, subject to the exceptions outlined in (c), the proposed parking charge options set out in Appendix 1 to the report be approved.</p> <p>(c) That the following proposals be deferred pending the outcome of the strategic review of parking across the district scheduled to be carried out in 2024/25:</p> <ul style="list-style-type: none"> • Introduction of charging in four rural car parks (namely Reach Road, St Margaret's-at-Cliffe; High Street, Ash; High Street, Eastry and High Street, Wingham) and Borrow Pit car park and Victoria Park car park • Introduction of charging for the application and installation of on-street disabled parking bays • All-year-round parking at St Margaret's Bay <p>(d) That each of the Transport and Parking Services Manager and the Community Services Manager, in consultation with the Portfolio Holder for Community and Corporate Property, be authorised to take all necessary legal and procedural processes to give effect to the agreed recommendations set out in Appendix 1, including the giving of notices and the making or amendment of any orders under the Road Traffic Regulation Act 1984 and, also, the making of arrangements with Dover Harbour Board pursuant to Section 33(4) of the Road Traffic Regulation Act 1984.</p>	<p>of the report.</p>	<p>and off-street parking charges should be reviewed annually. Cabinet is asked to note the outcome of this year's review and consider the proposals set out in Appendix 1 of the report which include the introduction of charges in car parks which are currently free and fees for the installation of an on-street disabled parking bay.</p>	
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Decision Status	Record of Decision	Alternative options considered and rejected (if any)	Reasons for Decision	Conflicts of interest (if any) declared by decision maker(s) or consultees (if any)
CAB 66 15.1.24 Open Key Decisions No Call-in to apply Yes Implementation Date 24 January 2024	<u>REVIEW OF MEMBER CATERING PROVISION</u> It was agreed that Option 3 (tea/coffee/juice/biscuits) be approved in respect of providing catering at future council and committee meetings.	None.	The retirement of the person catering for the Council's meetings in December presented an opportunity to review the catering provided for Members at council and committee meetings.	

Decision Status	Record of Decision	Alternative options considered and rejected (if any)	Reasons for Decision	Conflicts of interest (if any) declared by decision maker(s) or consultees (if any)
CAB 67 15.1.24 Open Key Decisions No Call-in to apply Yes Implementation Date	<u>EXCLUSION OF THE PRESS AND PUBLIC</u> That, in accordance with the provisions of the Local Authorities (Executive Arrangements) (Access to Information) (England) Regulations 2000, the press and the public be excluded during consideration of the following item of business on the grounds that it involves the likely disclosure of exempt information as defined in paragraph 3 of Schedule 12A of the Local Government Act 1972.	None.		

Immediate				
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Decision Status	Record of Decision	Alternative options considered and rejected (if any)	Reasons for Decision	Conflicts of interest (if any) declared by decision maker(s) or consultees (if any)
<p>CAB 68 15.1.24 Exempt</p> <p>Key Decisions No</p> <p>Call-in to apply Yes</p> <p>Implementation Date 24 January 2024</p>	<p><u>SALE OF GUIDE HUT AT LAND ADJOINING 107 SANDWICH ROAD, WHITFIELD</u></p> <p>It was agreed:</p> <p>(a) That the sale of the land to the person referred to in the report and on the terms outlined therein be approved.</p> <p>(b) That the Strategic Director (Place and Environment) be authorised to agree detailed terms for the disposal, acting in consultation with the Portfolio Holder for Community and Corporate Property.</p>	<p>None.</p>	<p>At its meeting held on 11 January 2021, Cabinet agreed to sell land to the west of 107 Sandwich Road, Whitfield to a private buyer. However, it decided to defer the sale of the remaining land on which there was a guide hut until a long-term solution could be found for the guides.</p> <p>Cabinet approval is now sought for the sale of the remaining land.</p>	

The meeting ended at 6.45 pm

ISSUES ARISING FROM OVERVIEW AND SCRUTINY OR OTHER COMMITTEES

SALE OF GUIDE HUT AT LAND ADJOINING 107 SANDWICH ROAD, WHITFIELD

Responsibility: Portfolio Holder for Community and Corporate Property

Report of: Head of Property Assets

Decision Route

Cabinet	15 January 2024	CAB 68
Overview and Scrutiny Committee	22 January 2024	Minute No 89
Cabinet	5 February 2024	

Overview and Scrutiny Committee Recommendation

The Overview and Scrutiny Committee, at its meeting held on 22 January 2024, considered Cabinet decision CAB 68 and recommended that the two ward Members for Whitfield be included in consultation, as follows:

That the Strategic Director (Place and Environment) be authorised to agree detailed terms for the disposal, acting in consultation with the Portfolio Holder for Community and Corporate Property **and the two Members for the Whitfield Ward.**

Subject:	SHARED OWNERSHIP POLICY
Meeting and Date:	Cabinet – 5 February 2024
Report of:	Rachel Collins, Head of Housing
Portfolio Holder:	Councillor Pam Brivio, Portfolio Holder for Housing, Skills and Education
Decision Type:	Key Decision
Classification:	Unrestricted

Purpose of the report: To provide detail in relation to the proposed amendments to the Shared Ownership Policy (“the Policy”) and seek approval to implement the new and updated version.

Recommendation: That Cabinet:

- i. Approves the retraction of the ‘Shared Ownership Marketing, Sales and Management Policy’.
- ii. Notes and approves the content of the new proposed ‘Shared Ownership Policy’.
- iii. Approves delegation to the Strategic Director (Housing and Finance), in consultation with the Portfolio Holder for Housing, Skills and Education, authority to make future minor amendments to the policy as required.

1. Summary

- 1.1 The Council currently owns and manages 34 Shared Ownership properties (see 2.6) and this number will increase as part of the Council’s commitment to developing a range of affordable housing options. Therefore, it is important for the Council to have an established policy in place to ensure that it adheres to its duties in accordance with the Capital Funding Guide, PSED, data protection, and other applicable legislation and internal operations.
- 1.2 The current ‘Shared Ownership Marketing, Sales and Management Policy’ was approved via delegated authority on 11 March 2022. However, there have been several changes to the regulations that now require this policy to be updated. In carrying out these changes we have also reviewed the content of the 2022 version and made amendments (please see Section 3) where appropriate to ensure the document is comprehensive and transparent.
- 1.3 The key changes between the current and new versions of the Policy relate to:
- (a) Homes England changes to the Help to Buy agent service
 - (b) Introduction of the new model of shared ownership; and
 - (c) The Secretary of State letter (19 Dec 2023) setting out changes to the Capital Funding Guide
- 1.4 For the purposes of this report, the proposed new version of the policy will be referred to as the “2024 version”, and the current version as the “2022 version”.

2. Introduction and Background

About Shared Ownership

- 2.1 Shared Ownership gives eligible buyers the opportunity to purchase a share in a property. The purchaser pays a mortgage on the share they own and pays rent on the unowned share (usually calculated at 2.75%), a service charge and ground rent (if applicable) to the Council (Freeholder).
- 2.2 Applicants for Shared Ownership must meet eligibility and affordability criteria to purchase a property under the scheme.
- 2.3 Purchasers also have the option to increase their share value, known as 'staircasing', and in most cases they can staircase up to 100% ownership. This enables individuals to get onto the housing ladder with a smaller mortgage and deposit.
- 2.4 Where a Shared Ownership property is in a Designated Protected Area (areas designated by the Secretary of State, which are predominantly rural where social housing needs to be retained) and the lease permits the leaseholder to acquire more than 80% (i.e., full ownership) of the property, then there is an obligation on the landlord that commits them to repurchase the property when the leaseholder wishes to sell, for fair market value.
- 2.5 In 2021, Homes England made changes to the Shared Ownership model in line with the commencement of the 'Affordable Homes Programme 2021-2026' (AHP 21-26) which replaced the 'Shared Ownership and Affordable Homes Programme 2016-2021' (SOAHP 16-21), introducing a new model of Shared Ownership which aimed to make it fairer and more affordable to own a property. These changes include:
 - (a) A reduced size of the minimum share required to purchase from 25% to 10%.
 - (b) A reduce size of the minimum share a leaseholder can purchase through staircasing from 10-25% to 5%, and the introduction to purchase 1% shares over a 15-year period from the initial sale.
 - (c) Introduction of a 10-year 'initial repair period' whereby the freeholder is required to support the leaseholder with costs of essential maintenance and repairs to the property.
 - (d) A reduced nominations period from 8-12 weeks to 4 weeks, giving leaseholders more control over when they can sell their home on the open market.
- 2.6 The changes mentioned in 2.5 only apply to 'new model' Shared Ownership. Currently, the Council does not have any properties under this model, however this is likely to change going forward.

Council-Owned Shared Ownership

- 2.7 The Council currently owns 34 Shared Ownership properties; of this total 29 are flats, 5 are houses. These properties fall under the 'old model' of Shared Ownership.
- 2.8 The management the sale of Shared Ownership properties is overseen by the New Homes Officer in the Strategic Housing team (as of February 2022). Prior to this, the sales progression was overseen by the Homeownership Officer in the Property Services team. However, the Homeownership Officer still oversees the resale, staircasing and general post-sale leasehold management of all Shared Ownership properties in cooperation with the New Homes Officer.

Changes to Help to Buy Agents

- 2.9 Home England launched a series of consultations in 2021 about the Shared Ownership scheme, including the Help to Buy agent service. In late 2022 they announced that changes would be made to the Help to Buy agent service that would take effect from 1 April 2023. The changes implemented included:
- (a) A centralised 'Help to Buy' agent service, with a greater focus of this being primarily online.
 - (b) The introduction of an online affordability tool which prospective applicants can access freely themselves to give them an idea of what share they might be able to afford before seeking professional advice from an Independent Mortgage Advisor / Broker.
 - (c) Providers will not be required to sell their Shared Ownership properties via the new Help to Buy portal.
- 2.10 The 2022 version does not take account of these changes, and therefore provides inaccurate information to staff, applicants, and leaseholders. The 2024 version takes account of these changes.

Letter from the Secretary of State (SoS) – 19 December 2023

- 2.11 In a letter published on 19 December 2023, the SoS set out some key changes to the Shared Ownership section of the Capital Funding Guide as a direct result of the Building Safety Act 2022.
- 2.12 The key change pertaining to this Policy is the expectation that the Council will support leaseholders selling their property with their valuations if any building safety issues (as outlined in the Building Safety Act 2022) impact on the market valuation that result in making it difficult to sell the property. The 2024 version takes account of this expectation (Appendix 1, 10.19 & 11.17) using the wording suggested by the SoS letter.
- 2.13 The SoS also emphasised the importance for all policies pertaining to Shared Ownership to be readily and easily available online and accessible in different formats. Once this Policy and the Leasehold Management Policy are approved, they will be published on our 'Housing documents' webpage and paper copies can be provided on request.

3. Summary of Changes to the Shared Ownership Policy

- 3.1 The main change to the Policy is the separation of aspects of leasehold management into a Leasehold Management Policy, as demonstrated below:
- (a) **Shared Ownership Policy** – incorporates marketing, allocation, sales, resales, rent setting, staircasing and downward staircasing aspects of Shared Ownership.
 - (b) **Leasehold Management Policy** – incorporates service charges setting, ground rent and post-sales aspects, including repairs and maintenance, home improvements, health & safety, subletting, engagement / consultation, lease extensions and enforcement. This Policy will combine the management of all leasehold properties (Right to Buy flats and Shared Ownership flats and houses).

This change was made in consultation with Officers involved in the development of both policies, and whom will also be involved with overseeing processes related to either policy. Appendix 3 of this report provides a summary of each statement within the policy.

4. Monitoring and Implementation

- 4.1 Formal reviews of the Policy will be conducted every 3 years or where changes to legislation and/or regulations require an immediate review. If the Policy is approved for use, the next expected review date will be in 2027.
- 4.2 Staff will be provided with guidance and processes to ensure that they can (1) adhere to the Policy's provisions and current regulations compliantly and (2) provide good customer service and care to applicants and shared owners (leaseholders).
- 4.3 As per 2.12, a copy of the Policy will be provided online via our website for residents to access.

5. Equality Impact Assessment

- 5.1 An updated equality impact assessment (Appendix 2) has been completed for the Policy and has identified some negative impacts to groups with protected characteristics. Mitigating actions have been identified to reduce the impact of those affected.

6. Identification of Options

- 6.1 Option A: Cabinet agrees to the recommendations of this report.
- 6.2 Option B: Cabinet does not agree to the recommendations of this report.

7. Evaluation of Options

- 7.1 Option A is the preferred option. It will ensure that the Council has an up-to-date and comprehensive policy in place to provide clearer guidance to applicants, leaseholders, and staff, that addresses the regulatory and operational changes made by Homes England regarding Shared Ownership scheme and the Help to Buy Agent service.
- 7.2 Option B is not the preferred option. Continued use of the 2022 version will not consider the regulatory and operational changes to the Shared Ownership scheme and the help to buy agent service, therefore Officers will continue to use and base their decisions on an out-dated document.

8. Resource Implications

Financial Implications

- 8.1 The Council will need to calculate the rent and service charges payable by leaseholders during their term in the property. Subsequently, the Council will need to provide rent and service charge summaries on an annual basis, or when requested by a leaseholder.
- 8.2 The Accounts team will need to process the payment of reservation fees and other fixed administrative fees charged during the resales and staircasing process.
- 8.3 The Council may decide to apply for Homes England grant funding through their Affordable Homes Programme (AHP) 2021-2026 to develop shared ownership properties. Therefore, the Council will need to ensure that in doing so it is financially stable enough to pay back the loans over the prescribed period.
- 8.4 The Council will need to ensure that it can financially cover the costs of repairs during the initial repair period (if applicable) on new model Shared Ownership. This period lasts for up to 10 years, where leaseholders can also claim up to £500 a year from the Council. Where the leaseholder does not claim any or all of their yearly allowance, the

unclaimed amount will be rolled over to the next year. This means that for every shared ownership property, the Council is committed to incurring an additional cost of up to £5,000 maximum (for each individual property) to implement this change.

- 8.5 It is important to note that should a Shared Ownership tenant fail to keep up with its mortgage repayments, and the lender subsequently repossess the property and makes a loss in the subsequent sale of the property, the Council remains liable for such loss incurred by the lender (provided the loss falls into certain categories). This effectively means that the Council will receive less than they would have done originally and in effect, indemnifies the lender.
- 8.6 The Council will need to ensure that it can financially cover the costs of its obligation to repurchase any Shared Ownership properties that are sited within a Designated Protected Areas (DPAs) and where the leaseholder has 'staircased' to full ownership of that property.

Legal Implications

- 8.7 By owning shared ownership properties, the Council will be beholden to the Capital Funding Guide, regulations, as well as both monitoring and auditing by Homes England and audit partner agencies (where applicable).
- 8.8 As the freeholder of Shared Ownership properties, the Council will act as a landlord and be expected to adhere to the relevant landlord and tenant legislation.

Operational Implications

- 8.9 Officers in the following teams will be involved at any point during the sales, resale, and staircasing of Shared Ownership properties:
- (a) **Strategic Housing** to oversee the initial sale of the properties and provide support with resales.
 - (b) **Asset Management** to oversee the leasehold management of the properties, particularly resales, staircasing, downward staircasing, repairs, maintenance, and enforcement.
 - (c) **Legal** to oversee the lease agreements, and all other legal aspects of the sales, resales and staircasing processes.
 - (d) **Accounts** to oversee rent and service charge setting, and the payment of reservation and other fixed administrative charges.

9. Climate Change and Environmental Implications

- 9.1 No implications to climate change or the environment were identified in the development of this report and the attached appendices.

10. Corporate Implications

- 10.1 Comment from the Director of Finance (linked to the MTFP): 'Accountancy have been consulted in the writing of this report and have no further comment to add (AC)'
- 10.2 Comment from the Solicitor to the Council: The Solicitor to the Council has been consulted in the preparation of this report and has no further comments to make. (SRD)
- 10.3 Comment from the Equalities Officer: As referenced at paragraph 5.1 the adoption of this policy will potentially have a negative impact upon three protected characteristic groups, age, disability, and race. Proposals to mitigate these impacts have been noted in the Equality Impact Assessment. The Equality Officer has no further comments to make, other than to remind Members that in discharging their responsibilities they are

required to comply with the public sector equality duty as set out in section 149 of the Equality Act 2010 <http://www.legislation.gov.uk/ukpga/2010/15/section/149>

11. Appendices

- 11.1 Appendix 1 – Shared Ownership Policy (2023)
- 11.2 Appendix 2 – Equality Impact Assessment
- 11.3 Appendix 3 – Summary of key policy statements

12. Background Papers

- 12.1 [Capital Funding Guide: 1. Shared Ownership](#)
- 12.2 [Shared Ownership: buying, improving, and selling](#)
- 12.3 [‘Own your Home’ Shared Ownership](#)
- 12.4 Secretary of State Letter (19 December 2023); [Shared ownership and building safety \(publishing.service.gov.uk\)](#)

Contact Officer: Perry DeSouza, Senior Housing Policy Officer

Shared Ownership Policy

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1. Introduction

- 1.1 Dover District Council (“the Council”) is committed to providing a range of affordable housing options that meet both the housing needs and aspirations of residents in the district of Dover.
- 1.2 Shared Ownership is an affordable housing product where shares are purchased in a new home and a regulated rent is paid on the unsold equity to the freeholder as determined by a legally binding lease arrangement. The scheme is designed to support householders benefiting from the stability of home ownership without having to meet the deposit and borrowing requirements of purchasing the property as a whole, and whose needs are not currently met by the open market.
- 1.3 In 2020 the Government announced the new Shared Ownership and Affordable Homes Programme (SOAHP) 2021-2026 to replace the SOAHP 2016-2021 programme. As part of the new scheme, the shared ownership model was changed to make it more affordable for first time buyers.
- 1.4 The Council currently has a total of 34 shared ownership properties within its housing stock and has plans to increase this total over the next few years. We therefore recognise the need to have a policy in place that is reflective of current legislation and regulations as well as local policy. This policy provides guidance to both staff, shared owners and those interested in shared ownership about DDC’s approach to shared ownership sales, resales, staircasing and re-mortgaging.

2. Policy Scope

- 2.1 This policy has been written from the Council’s perspective as a landlord and the freeholder, and refers to:
 - both models of shared ownership; and
 - shared ownership properties which have been constructed with or without an element of Homes England funding.
- 2.2 This policy refers to shared ownership properties, owned, leased, and sold by the Council. It does not refer to any other shared ownership properties owned, leased, or sold by Registered Providers (Housing Associations) or housing developers.

3. Policy Aims

- 3.1 The main objective of this policy is to ensure that shared ownership properties are sold in a fair way that is consistent and compliant with legislative and

regulatory requirements and Homes England funding criteria. The Policy will also outline DDC's position regarding:

1. what the marketing and sales process is in relation to shared ownership properties; and
 2. the difference between 'new' and 'old' model shared ownership products; and
 3. what monies are payable under the terms of the lease and what support, advice and information is available; and
 4. purchasing additional shares in shared ownership properties and DDC's position on 'downward staircasing', repurchases and resales.
- 3.2 This policy should be read in conjunction with the requirements of the Homes England [Capital Funding Guide](#) and the Leasehold Management Policy.

4. Related Documents and Legislation

- 4.1 This policy has been written to take account of the Council's obligations to legislation, and other corporate policies and strategies. In particular:

Internal documents:

- Leasehold Management Policy
- [Corporate Plan 2020-2024](#)
- [Complaints Policy](#)

Legislation:

- Housing Act 1985, 1996 & 2004
- Landlord and Tenant Act 1985
- Human Rights Act 1998
- Commonhold and Leasehold Reform Act 2002
- Housing and Regeneration Act 2008
- Equality Act 2010
- General Data Protections Regulations 2018
- Data Protection Act 2018
- The Housing (Shared Ownership Leases)(Exclusion from Leasehold Reform Act 1976 and Rents Act 1977) (England) Regulations 2021

Regulation:

- Capital Funding Guide
- Shared ownership homes: buying, improving and selling

5. Definitions

5.1 For the purposes of this policy:

‘We’, ‘our’ and ‘us’ refers to Dover District Council.

‘The property’ refers to a shared ownership property owned by the Council that is for sale or resale, already leased or in the process of staircasing, downward staircasing and repossession, and including any outside areas that form part of the property such as gardens, patios, and balconies.

‘Applicant’ refers to the individual or individuals who have or will be applying to purchase a shared ownership property sold by DDC.

‘Buyer’ refers to the individual or individuals who have reserved a shared ownership property sold by DDC and have received a ‘Memorandum of Sale’ confirming the sale to them.

‘District’ refers to the district of Dover.

‘Freeholder’ refers to the person or organisation who owns the freehold to a piece of land or property. DDC is the freeholder for all leasehold properties related to this document.

‘Leaseholder’ refers to the individual or individuals who have exchanged on the purchase of a shared ownership property owned by DDC and have signed a lease agreement.

‘Valuer’ or ‘surveyor’ refers to an independent expert who is an associate or fellow of the Royal Institution of Charter Surveyors (RICS) who conducts the valuation of the shared ownership property at the sale, resale, staircasing and downward staircasing stages.

‘Initial sale’ refers to the very first sale of a Shared Ownership property.

‘Grant-funded’ refers to shared ownership properties which have been fully or partially developed with grant funds through the Shared Ownership and Affordable Homes Programme (SOAHP) 2016-2021 and Affordable Homes Programme (AHP) 2021-2026.

‘Non-grant funded’ refers to shared ownership properties that have not been developed with Homes England grant funding either through the Shared Ownership and Affordable Homes Programme (SOAHP) 2016-2021 or the Affordable Homes Programme (AHP) 2021-2026. These are usually properties developed as part of an affordable housing Planning Requirement (also known as section 106 properties).

‘New model’ refers to shared ownership properties that have been built under the Affordable Homes Programme (AHP) 2021-2026.

‘Old model’ refers to shared ownership properties that have been built under the Shared Ownership and Affordable Homes Programme 2021-2026

6. Models of Shared Ownership

6.1 There are two models of shared ownership, referred to as ‘old’ and ‘new’ models, each with differing features. The ‘old’ model applies to shared ownership properties built through the Shared Ownership and Affordable Homes Programme (SOAHP) 2016-2021, while the ‘new’ model applies to all new grant-funded shared ownership properties delivered through the Affordable Homes Programme (AHP) 2021-2026. The Government’s intention for the new model of shared ownership is for it to be fairer, more affordable and consumer friendly.

6.2 The table below highlights the key features and differences between the two models.

	Older model	New model
Minimum initial share	25%	10%
Lease length	Typically, leases are issued for 99 years from new.	Leases will be for a minimum of 990 years from new.
Initial repair period	No	Yes – for the first 10 years.
Buying more shares (staircasing)– minimum purchase	10% or 25%	1% once a year for first 15 years or 5% at any time
Option for Staircasing at 1% share purchases	No	Yes, for the first 15 years after initial purchase.
Nomination period	8 or 12 weeks	4 weeks

6.3 Since there is an overlap between both the SOAHP and AHP funds, some shared ownership properties sold by the Council may be either old or new model. Applicants and leaseholders will be made aware of the type of model they are purchasing by their appointed solicitor, and via our advertisements. Details may also be contained within the individual lease agreements.

7. Policy Statements

Marketing and communication

- 7.1 The Council will use a variety of approaches, as outlined in this policy, to advertise properties to ensure that residents are aware of schemes in the district and how to apply for them. This will involve advertising new shared ownership homes in advance of their practical completion.
- 7.2 The Council will use its existing communications channels for its customers to advertise Shared Ownership properties, including the Council's website and our Keep Me Posted bulletin service. However, our preference will be to advertise all our properties, whether they are initial sales or resales, using the [Shared to Buy](#) website.
- 7.3 While the properties will be marketed publicly, the Council will follow the priority criteria as set out in 7.12 of this policy.
- 7.4 All prospective purchasers will be provided with clear and accurate information, which has been approved by the Council on the homes being sold.
- 7.5 The Council prefers that correspondence throughout the sales process is made in writing via email (please see 8.1.2). This allows for a clear and consistent record of communications for auditing purposes as required by the Capital Funding Guide.
- 7.6 Applicants / buyers can correspond with the Council using the following email: communityhousing@dover.gov.uk.

Eligibility

- 7.7 Householders looking to purchase a Council Shared Ownership property must satisfy the following eligibility criteria before the sale can proceed:
- 18 years or older
 - must be British or EU/EEA citizen with a Settled Status as per the [official government definition](#), or have indefinite leave to remain in the UK
 - have a total household income of £80,000 a year or less or as may be published by the Secretary of State
 - first-time buyers as defined in paragraph 6 of schedule 6ZA of the Finance Act 2003
 - A current homeowner who is unable to buy on the open market and in the process of selling their current home (see section 7.4)
- 7.8 Applicants must also:
- be able to purchase a home suitable for their needs without assistance with upkeep of the property.

- not be able to afford all the deposit and mortgage payments for a home that meets their needs on the open market.
- not have any outstanding credit issues (i.e., Individual Voluntary Agreements, bankruptcy petition, unsatisfied defaults or county court judgements (CCJs)).

7.9 Where applicable, the Council will also require the following criteria to be met:

- current or former Council tenants should have a clear rent account and have no substantial breaches of tenancy conditions.
- applicants must have sufficient funds to meet the initial costs of buying a home and can provide evidence of funds or mortgage availability for the purchase of the property – estimated to be around £3,000.
- be able to demonstrate they can afford to purchase a share equal or greater than 10% of the property value but they are unable to afford a 100% of the purchase.
- be able to demonstrate the ability to afford the regular payments and costs involved in buying a home

7.10 Where the applicant(s) is a current or former Council tenant(s) and has rent or service charge arrears, we will require the arrears to be paid off in full before we process an application to the next stage.

7.11 The New Homes Officer will be responsible for assessing this information and confirming that the buyer(s) meets eligibility.

Members of the Armed Forces

7.12 In accordance with the Capital Funding Guide, Ministry of Defence personnel will be given priority for Council Shared Ownership schemes where:

- They have completed their basic (phase 1) training, and they are one of the following:
 - Regular service personnel (including Navy, Army, and Air Force)
 - Clinical staff (except for doctors and dentist)
 - Ministry of Defence Police Officers
 - Uniformed staff in the Defence Fire Service
- They are ex-regular service personnel who have served in the Armed forces for a minimum of six years and can produce a Discharge Certificate (or similar documentation) as proof, where they apply within two years (24 months) of the date of discharge from service.
- They are the surviving partners of regular service personnel who have died in service, where they apply within two years (24 months)

of the date of being bereaved. Further guidance can be found in the [Ministry of Defence Surviving Partners Guidance](#).

7.13 However, priority and allocation of shared ownership properties will only be given to Members of the Armed Forces where a shared ownership property is available and has not already been reserved by an eligible applicant(s) and / or the sale has not been agreed.

Owner occupiers

7.14 Those who already own their own home will only be permitted to purchase a Shared Ownership home in exceptional circumstances. Examples of exceptional circumstances include but are not limited to:

- homeowners who need to move because their own home has been condemned or is to be demolished.
- those needing to move due to age or disability and who cannot afford or find accommodation on the local open market that reasonably meets their needs.
- those going through a relationship breakdown and will have insufficient capital remaining to purchase a home on the open market in the district. Where this is the intention, DDC will require a either Land Registry or solicitor confirmation from the buyer.

7.15 Existing homeowners accepted onto the scheme must meet the affordability criteria and demonstrate that they can sustain their mortgage and Shared Ownership rental payments. They will also be required to evidence that at the time of buying through the Shared Ownership scheme they have sold or are in the process of selling their existing property.

7.16 The Council will require an existing homeowner's solicitor to provide a confirmation letter stating that the sale has completed, and they have applied to redeem the mortgage and have applied to the Land Registry to have the charge removed from the title.

7.17 The Council encourages for there to be a simultaneous exchange of contracts and completion as this will reduce the time an existing homeowner, now a shared ownership purchaser, could be without a property.

Joint Applications

7.18 Joint applications will only be accepted if both applicants meet the eligibility and affordability criteria as set out in this policy (7.2, 7.3, 7.4 & 7.9)

- 7.19 If an applicant has a joint tenancy and is a tenant of a housing association or privately rents, and they are the only applicant applying for the shared ownership property, the application can proceed in the sole name of the qualifying applicant. In these cases, the Council will not be obliged to rehouse the tenant not applying if they need to vacate their property.

Local connection tests

- 7.20 For some shared ownership properties, a local connection to the area may apply. This will generally apply to rural areas where land has been made available for affordable housing to meet the needs of local people, rather than for private investment. These sites are referred to as 'rural exception sites' or 'designated protected areas' and are controlled by Section 106 agreements.
- 7.21 The aim of the local connection test is to help local people and families afford homes in the area they currently live, work or have a family connection to, and for that home to remain affordable to and in that community.
- 7.22 Where a local connection applies, applicants will be prioritised and allocated based on their connection to the area. The criteria can vary between different developments, but it is usually based on:
- the applicant(s) was born in the area and has lived there for several years; or
 - the applicant(s) has permanently lived in the area for several years; or
 - the applicant(s) used to live in the area for several years but had to move away because of a lack of affordable housing; or
 - the applicant(s) has been permanently employed in the area between 2 and 5 years.
- 7.23 If no applicant(s) comes forward with a local connection to the area, applications received from neighbouring parishes and villages, then rest of the district will be considered. The order of priority will be as follows:
1. applicants with a local connection to the parish/village
 2. applicants with a local connection to the surrounding parishes/villages
 3. applicants who are residents of the district
- 7.24 We will ensure that where a local connection test applies to a shared ownership property, it is clearly advertised, including an outline of the local connection test information, and our allocation and prioritisation process for the properties. We will also assist and work with local town and parish councils in which the properties are situated.

Designated Protected Areas (DPA)

- 7.25 Section 300 to 302 of the Housing and Regeneration Act 2008 enables the Secretary of State to designate 'protected areas' ensuring shared ownership

houses are retained as such in areas where they would be difficult to replace, while also ensuring the mitigation of the risk of early enfranchisement.

- 7.26 Where a shared ownership property is in a Designated Protected Area (DPA), the lease will contain one of the following provisions:
- To restrict staircasing to no more than 80%; or
 - In instances where the leaseholder is permitted to acquire more than 80% (i.e., full ownership) then there is an obligation on the landlord specified in the lease that commits them to repurchase the property when the leaseholder wishes to sell for fair market value
- 7.27 These restrictions will be included in the lease agreement. However, in such cases where they apply, we will ensure that buyers are made aware of any restriction applied to the property during the marketing and sale stages and requires that leaseholders properly communicate these restrictions to estate agents (after a nominations period) to market the property accordingly. Deviation from this will be a breach of the lease agreement.

Elected members, staff, and relatives

- 7.29 Elected members, staff and their relatives can apply for Council Shared Ownership properties if they also meet the criteria as stated in sections 7.2, 7.3, 7.4 & 7.9. All applications, including those from elected members, staff and their relatives will be assessed in line with the process set out in this policy.
- 7.30 We will conduct further checks and will seek the authorisation of a senior manager where the applicant is a member of staff or is related to a member of staff or Councillor.

Affordability

- 7.30 It is essential that the applicant(s) can afford the mortgage, rent and service charge payments combined when purchasing a Shared Ownership property.
- 7.31 We will conduct an initial affordability assessment using Homes England's Affordability and Sustainability calculator. Residents can also conduct a basic affordability check themselves by using the online calculator via the [Own Your Home webpage](#) to give them an idea of what they can afford. These assessments are only intended to provide an initial indication of eligibility and affordability and are not intended to replace or override the outcomes of a more detailed affordability assessment. The initial assessment, conducted by DDC, can be provided to applicants at no cost.
- 7.32 Applicants will be required to obtain a detailed affordability assessment from a suitably qualified Independent Financial Advisor (IFA) or mortgage broker who must be regulated by the Financial Conduct Authority (FCA). The assessment

should consider any relevant mortgage lending criteria to determine the maximum affordable share the applicant(s) can purchase. The IFA / mortgage broker will use the following documents in their assessment:

- Proof of identification
 - Passport
 - Driving license
- Proof of address
 - Utility Bill
 - Council tax document
- Evidence of deposit
 - Last 6 months bank statements
- Evidence of affordability
 - Last 3-months payslips (per applicant)
 - Last 3-months bank statements for all accounts held, showing name and address
- Mortgage in Principle (or mortgage offer, if available)
- Proof of other financial commitments (such as, loans, credit cards or car finance)

This list is not exhaustive, and additional documents may be requested where necessary.

7.33 We will require the IFA / mortgage broker to complete a declaration confirming to us that they have assessed the applicant(s) eligibility, affordability, and suitability for the Shared Ownership scheme and the maximum share they can afford. The form will need to be returned to DDC with the application form. Only once we have received this will we proceed with the application.

Alternative income

7.34 Buyers who are self-employed will need to provide three years' worth of audited accounts instead of payslips. The accounts must evidence that the mortgage and rent payment for the Shared Ownership property will be affordable.

7.35 We understand that sometimes people may have a capital sum to put towards their purchase but still need to have access to Shared Ownership schemes. Applicants in these cases will be subject to the general affordability and sustainability assessments. We will require information and evidence on the source of cash payments and may conduct additional checks.

7.36 We accept that older people may need to use funds for service charges, living costs, and care. We 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 a property sale, savings, shares, stocks, and bonds etc.

Suspected fraud

- 7.37 We take suspected fraud of all kinds very seriously and will not hesitate to act to prevent fraudulent activity. In doing so Officers will conduct themselves when dealing with suspected fraud in accordance with [DDC's protocol for dealing with allegations of fraud or corruption](#), as well as our [anti-money laundering](#) and [anti-bribery policies](#).
- 7.38 If an application is found to be fraudulent it will be cancelled, and further action may be taken by the Council if appropriate. Applicants will be notified of any decision to abandon an application due to suspected fraud.

Allocation and priority

- 7.39 We will operate the allocation of Shared Ownership properties in accordance with the Capital Funding Guide requirements.
- 7.40 Members of the armed forces are exempt from local connection test(s) or criteria as stated in the Capital Funding Guide. As a result, if a member of the armed forces applies for a property, they will be given priority provided (1) they meet the eligibility criteria as stated in 7.2 and 7.3 and in accordance with the Capital Funding Guide guidance, and (2) a property is available to purchase.
- 7.41 Shared ownership properties will be allocated on a first-come-first-served basis.
- 7.42 A sale approval will not proceed where the property is not suitable for the applicant(s) needs, for example where the household size would result in a statutory overcrowding situation. If two applications are submitted for a property we will consider the needs of the applicants on a case-by-case basis for example, a family of four will have a greater need for a four-bedroom house than a single person.
- 7.43 Where properties are specialist schemes and intended for select groups (e.g., Older Persons Shared Ownership (OPSO), or Home Ownership for People with Long-term Disabilities (HOLD)) the priority criteria for this will be published when a new scheme goes live.
- 7.44 Properties in rural areas will be subject to a more detailed eligibility criteria. This is due to the provisions within the Housing and Regeneration Act 2008 and local lettings policies as set out in section 7.6.

Leases

- 7.45 Leases or 'lease agreements' explain the rights and obligations of the landlord or freeholder, and the leaseholder. It is an agreement for a specified number of years with exclusive possession that sets out each party's responsibilities and obligations for the duration of the term of the lease.
- 7.46 Under the SOAHP 2016-2021 scheme, the term of the lease will generally be for 99-125 years, 99 years being the minimum lease term.. Under the AHP 2021-2026 scheme the first lease will be granted with minimum of a 990-year lease agreement.
- 7.47 Leaseholders must abide by the requirements in their lease agreement.
- 7.48 Leaseholders should send any queries regarding their lease in writing to: homeownership@dover.gov.uk.

Breaches of the lease agreement

- 7.49 We will take appropriate action whenever we become aware that a leaseholder is acting in breach of the terms of their lease. This includes, but is not limited to:
- non-payment of rental income for 21 days after becoming payable; and
 - unapproved works to the home or building; and
 - improper use of the home or building (i.e., for illegal activity); and
 - failure to maintain or damage the premises; and
 - refusal of access to DDC staff, or contractors working on behalf of DDC; and
 - anti-social behaviour including, but not limited to, harassment or neighbour nuisance.
- 7.50 Where possible, we will work with the leaseholder to resolve the issue, however if the breach is serious or persists then we may decide to pursue legal action against the leaseholder. This may include seeking an injunction, or action for the forfeiture of the lease.
- 7.51 How and what we will do in enforcement action cases is detailed in the Leasehold Management Policy.

Rent and service charges

- 7.52 In addition to mortgage payments, leaseholders are expected to pay both rent and service charges. Rent is payable on the unsold proportion of the property, and usually set at 2.75% although this can vary.

The calculation is as follows:

$$\text{Rent per month} = \frac{\text{Unsold equity} \times 2.75\%}{12}$$

12

For example:

<i>Total market value</i>	£240,000
<i>Initial share purchased (%)</i>	25%
<i>Unsold equity (share %)</i>	75%
<i>Unsold equity (value £)</i>	£180,000
<i>Rent per annum</i>	£4,950
<i>Rent per month</i>	£412.50

7.53 Rents are subject to an annual review and in accordance with current capital funding regulations. On the 12 October 2023, the Government made changes to the amount rents could increase annually by landlords:

- Shared Ownership leases agreed after 12 October 2023 can be increased by CPI +1% annually.
- Shared Ownership leases agreed prior to 12 October 2023 can be increase by RPI +0.5% annually.

This is to ensure that shared ownership rents are charged in line with social and affordable rents. On occasion, rent increases can be capped by the Government. The Council will only charge rent up to the maximum rate it can be increased by.

7.54 It is a condition of the lease agreement that leaseholders keep up the payment of rent and service charges. Failure to do so would put the leaseholder in breach of the lease agreement, and the Council will take appropriate steps to recover outstanding payments, which may include taking enforcement action to resolve the issue.

7.55 Any ground rent charges will be in keeping with the acceptable levels for the type and location of the property and/or comply with any law, rules, or regulations in force (please see 13.10).

7.56 Leaseholders should refer to the Leasehold Management Policy for further details on service charges, a breakdown of the charges, how they can request a service charge summary, and information on our enforcement action.

Administration fees

- 7.57 Leaseholders will be charged a non-refundable fee in the following circumstances:
1. Where we have been able to find an eligible candidate during the nominations period of shared ownership resale (see section 10); and
 2. Where a leaseholder approaches us to reduce their share of their shared ownership property, known as 'downward staircasing' (see section 12).
- 7.58 The fee is charged to cover administrative and / or marketing costs. We publish our annual fees on our website. Administrative fees will be reviewed on an annual basis.

Initial share

- 7.59 Prospective buyers are required to purchase the maximum share they can afford as shown on their IFA Declaration form. Applicants will be made aware of the minimum and maximum shares that can be sold at the beginning of the sales process.
- 7.60 For properties sold under the SOAHP 2016-21 scheme, the initial share sold to the buyer will usually be between 25% - 75%. For properties sold under the AHP 2021-2026 scheme, the initial share sold to buyers will usually be between 10% - 75%.

Initial valuations

- 7.61 Prior to the marketing and sale of a property, we will have an independent valuation carried out by a Royal Institute of Chartered Surveyors (RICS) qualified surveyor. All valuations will also be passed to the DDC Principal Valuer for assessment. Initial sales will be based on the agreed full market value of the property.
- 7.62 The valuer will be instructed to assume that:
- the sale is for the freehold interest, or where the Council's interest is the leasehold, for the lease term years we hold.
 - the sale is an open market sale.
 - a Shared Ownership lease has not been granted.
 - the sale is to be with vacant possession.
- 7.63 We expect all surveyors carrying out a valuation to ensure it is a true reflection of the property's value.

8. Sales

Applying for DDC Shared Ownership

8.1 There are 5 stages in the shared ownership sales process:

1. Application
2. Viewing & reservation
3. Applying for the mortgage
4. Exchange
5. Completion.

8.2 Applicants can apply for Council shared ownership properties via the Share to Buy website or directly via our own website. Applicants will need to complete a registration of interest form for any scheme advertised. If requested, we can send paper versions for applicants to complete, however for both speed and efficiency our preference is for applications to be completed online.

8.3 Once a registration of interest is received, we will issue the following documents to applicants to complete and return:

- Shared Ownership Application form
- Independent Financial Advisor Declaration form
- Conveyancer Details form

8.4 The application form will allow the Council to conduct checks to ensure that all applicants are eligible for the shared ownership scheme.

8.5 Applicants are responsible for ensuring that the application forms are completed correctly with no errors or missing information. If there are errors or information is missing on the form, it will be returned for remedial action. This may delay the assessment of the application and the sales progression.

8.6 We aim to have completed an assessment of the application form and supporting documentation within 5 working days of receiving it. If there is a delay to the assessment checks, the Applicant(s) will be informed at the earliest convenience.

8.7 We will also complete an initial affordability assessment to ensure that applicants have the resources to pay for costs attributed to purchasing a shared ownership property. However, a more substantial in-depth analysis will need to be carried out by a qualified IFA / mortgage broker (see 7.9).

Withdrawing an application

- 8.8 We accept that there may be circumstances where an application will need to be withdrawn by either party. In this instance the following applies:

Applicant withdrawal

Where an applicant wishes to withdraw their application, this must be submitted to the Council in writing, via letter or email at the earliest time possible. It is expected that the reasons for the withdrawal are included in the notification and are clear and unambiguous.

Council withdrawal

The Council reserves the right to withdraw from the sale in some circumstances, such as where the applicant fails to complete the purchase of the property within an agreed timescale, or there is suspected fraudulent activity. In these circumstances the Council will contact the applicant to confirm whether the Council intends to withdraw or provide notice to allow the applicant a final opportunity to complete the sale within the agreed timeframe.

Agreement in Principle

- 8.9 An agreement in principle (AIP), also referred to as a 'decision in principle' or a 'mortgage in principle' refers to a certificate or statement from a lender to say that 'in principle' they would lend the applicant(s) a certain loan amount to purchase a property.
- 8.10 We will require evidence that the applicant(s) has obtained an AIP at the application stage. This should be submitted with the application form and other documents as stated in 5.1. Proof will be required of this decision before an application can be progressed to the next stage.
- 8.11 AIPs can be provided by a mortgage broker, or alternatively, applicants can complete these themselves using lender websites.

Viewings and reservations

- 8.12 Viewings will only be offered to applicants who:
- are eligible for shared ownership;
 - have submitted a completed application form; and
 - have provided us with an AIP.
- 8.13 Viewings of Council shared ownership properties will be arranged by the New Homes Officer. Viewings may be arranged individually or as part of an 'open day' event where multiple viewings take place but at allotted times. Applicants will be made aware of the circumstances of the viewing.

- 8.14 If viewers are likely to be late due to unforeseen circumstances (i.e., traffic) we ask that they contact the New Homes Office at the earliest opportunity, provided it is safe to do so.
- 8.15 If viewers do not wish to proceed with the viewing, they should contact the New Homes Officer providing at least 24 hours' notice to cancel their viewing.
- 8.16 We ask that all viewers abide by any restrictions or safety instructions in place at the time, or any additional measures implemented by the Council (e.g., the use of Personal Protective Equipment (PPE)).
- 8.17 Applicants can reserve a property by paying a fixed non-refundable reservation fee and completing a reservation form. The reservation fee will be offset against the purchase price.
- 8.18 The Council has the discretion to refund the reservation fee in certain circumstances, for example where the applicant has been made redundant, or due to severe illness that prevents the sale from progressing. This is not an exhaustive list, and each case will be dealt with individually. All decision to refund a reservation fee will be made by Council's Head of Housing.
- 8.19 Once a property is officially reserved, we will cease active marketing of the property and it will be listed as 'sold subject to contract' or 'STC' on all sites where it is marketed.

Memorandum of Sale

- 8.20 We will issue a Memorandum of Sale once we have agreed to sell the property. Our agreement to sell the property is subject to:
- all applicants meeting the eligibility criteria
 - having received the IFA declaration form confirming affordability
 - having received an AIP; and
 - the reservation fee having been paid.
- 8.21 Issuing the memorandum of sale can take up to 7 working days.
- 8.22 We will give the applicant(s) 10 weeks' notice from the confirmation of sale to exchange on the property. The Council reserves the right to discontinue an application due to lack of progression from the buyer, or until the applicant(s) withdraws their interest in writing if sooner.
- 8.23 It will be at the Council's discretion whether the reservation is held beyond the target exchange date, and this will be determined by the cause of the delay and whether it is related to an issue beyond the buyer's control.
- 8.24 All decisions to extend will be agreed on a case-by-case basis, at the Council's discretion and confirmed in writing.

Mortgage offers

- 8.25 Prior to completion, we will require a copy of the buyer's mortgage offer, including the amount of borrowing and the terms and conditions being applied.
- 8.26 Mortgages must be obtained from a lending institution that is regulated by the Financial Conduct Authority (FCA) and, where required, regulated by the Prudential Regulation Authority.

Exchange and completion

- 8.27 All legal matters will be dealt with by the Council's legal department. Once the Council's legal department and the buyer's conveyancer have completed all the pre-contact stage of the conveyancing process, and there is a mutual agreement, the sale can proceed to exchange and completion.
- 8.28 Completion dates will be agreed between the Council's legal team and the buyer(s) solicitor.
- 8.29 At completion it is expected that:
- The Leaseholder(s) has paid their share amount (i.e., the deposit and mortgage); and
 - The Leaseholder (s) has signed the lease agreement; and
 - the Leaseholder(s) has paid 1-full months' rent and service charge in advance.; and
 - The Council has handed the property keys to the Leaseholder(s) along with the property handbook and any other applicable documents.
- 8.30 When the lease is signed and the document is dated by the Council's legal team, the buyer(s) becomes the leaseholder and is legally obligated to abide by the lease covenants.

9. Re-mortgaging

- 9.1 Leaseholders must inform the Council when they intend to change their mortgage provider. In all cases, the Council's written approval is required regarding the lender and the terms of the mortgage before the mortgage is entered into. Without written approval from the Council, the new Mortgage will not be able to be registered with the Land Registry.
- 9.2 Leaseholders will need to provide details of the redemption figure from their current mortgage lender and inform the Council of how much they will borrow on the new mortgage before the request can be agreed.

- 9.3 If a Leaseholder wishes to borrow additional funding from a lender, we will request that the Leaseholder provides additional information giving reasons as to why the additional funding is required so that we can ensure that affordability requirements are met, and the additional funding is used for appropriate purposes.
- 9.4 Leaseholders must provide a copy of their re-mortgage offer to the Council once it has been agreed and issued by the lender.

10. Resales

General

- 10.1 We expect leaseholders to have read through the section pertaining to resales in the Shared Ownership Guide prior to submitting confirmation that they wish to sell their share of the property. In summary this includes:
- Understanding roughly how much the property is worth; and
 - Having appointed a solicitor to conduct all the legal processes regarding the sale; and
 - Carrying out a valuation of the property (see “Valuations”).
- 10.2 The Council requires leaseholders to contact us in writing when they decide to sell their property and they must enclose a copy of their valuation report. Correspondence should be sent to homeownership@dover.gov.uk.
- 10.3 Prior to notifying the Council of intentions to sell, all leaseholders named on the lease must agree to selling the property, and must ensure that any arrears on rent, services charges and any additional costs incurred whilst living at the property have been repaid in full.
- 10.4 DDC reserves the right to buy back the leaseholder’s share at the market value determined by a RICS registered surveyor. Where this is our intention, DDC will notify the leaseholder at the earliest convenience.

Nominations period

- 10.5 Should the leaseholder decide to sell their share in the property, DDC has the right to nominate a buyer. The leaseholder must offer their share back to the Council prior to listing it on the market. This offer must remain open and cannot be advertised for a specified period of time. This is known as a ‘nominations period’ and differs between the two models of shared ownership:
- Old model shared ownership - 8 or 12 weeks
 - New model shared ownership – 4 weeks

Leaseholders should refer to their lease agreement for further details. In carrying out either scenario, the Council will follow our own internal resale procedure.

- 10.6 Some circumstances mean we cannot apply a nominations period. This includes:
- where the leaseholder or someone else on the lease has died; or
 - where the leaseholder has been ordered by Court to transfer their lease
- 10.7 During the nominations period, DDC will advertise the property on our website, the Share to Buy website, and other third-party websites where applicable.
- 10.8 Once a purchaser has been nominated (the 'nominee'), the leaseholder makes an offer to the Council's nominee, in accordance with paragraphs 2 and 3 of Schedule 7 of the lease agreement:
- make an unconditional offer to sell the whole premises with vacant possession
 - the offer must remain open for 6 weeks
 - the stipulated completion date must not be earlier than 4 weeks after the acceptance offer
 - the transaction must be subject to the Law Society Standard Condition of Sale
 - the purchase price must be the acquired percentage of the open market value of the premises with vacant possession.
- 10.9 Once the sale has been agreed, DDC will:
- process the administration fees owed (see 7.16)
 - issue a memorandum of sale confirming the sale to the new prospective buyer.
- 10.10 The leaseholder can sell the property on the open market and nominate the sale to an eligible buyer (not nominated by the Council) within 12 months from the date the original notice was served, if one or more of the following conditions are met:
- the Council is unable to nominate within the allocated nominations period; or
 - the offer made by the leaseholder to the nominee is refused; or
 - the nominee does not accept the offer within 6 weeks; or
 - the offer is accepted by the nominee, but they fail to contract in accordance with the provisions of the lease agreement.
- 10.11 The only exception to 10.10 is where the property is situated in a Designated Protected Area (DPA) (see 7.25 – 7.27), in which case the Council will opt to nominate an eligible candidate (nominations period) or buy back the property. We advise leaseholders to check their lease agreements for any restrictions.

- 10.12 The leaseholder can appoint an estate agent to sell the property, however the Council requires the leaseholder's chosen estate agents to submit evidence to demonstrate their nominee is eligible for the shared ownership scheme and meets the affordability and sustainability criteria for the property. We must also approve the mortgage offer document.
- 10.13 If no eligible buyer is found within 12 months of the date the original notice to sell was served, the resale process restarts as per the lease agreement.
- 10.14 After a sale has been agreed, whether a nomination or a purchaser found on the open market, a Licence to Assign will be required. This is secured by a restriction in the lease agreement and issued by the Council's Legal team to the Leaseholder's and Buyer's appointed solicitors.

Valuations

- 10.14 At resale, the leaseholder will be responsible for arranging and paying for the valuation of their property.
- 10.15 The Council's Principal Valuer must have sight of, scrutinise and approve the valuation report prior to the resale proceeding. The leaseholder must submit the valuation report when they notify the Council they wish to sell (see 10.2).
- 10.16 Valuations to determine the current market value of the leaseholder's share must be carried out by a Royal Institute of Chartered Surveyors (RICS) qualified surveyor, and no earlier than 8 weeks prior to the notice having been given.
- 10.17 The Council will not accept a valuation where the surveyor is not RICS-qualified and will not be liable for any costs incurred by the leaseholder if the valuation is rejected for this reason. Likewise, the Council will not be liable for any costs incurred by the leaseholder where they fail to complete their purchase within the 3-month validity of the valuation.
- 10.18 In the event that the leaseholder disputes the Council's determination of the valuation, this will be referred to the decision of an expert (a RICS-qualified surveyor) appointed jointly by both parties. The result from this valuation will be final and accepted by both parties.
- 10.19 Where the sales price of the home is below the initial market valuation because of building safety issues (as identified in the Building Safety Act 2022), the Council will work with the leaseholder to secure a new valuation as quickly and cost effectively as possible. This could include commissioning a desktop assessment valuation or using the incoming buyer's valuation (if this is completed by a RICS-qualified surveyor).

Right of First Refusal (RFR)

- 10.20 If the Council proposes to sell the freehold of a building containing flats, it will first offer to sell the freehold to leaseholders living in the building, prior to selling the freehold on the open market. This is known as 'Right of First Refusal'.
- 10.21 The Right of First Refusal (RFR) is set out in Part 1 of the Landlord and Tenant Act 1987 as amended by the Housing Act 1996.
- 10.22 In such cases, we will serve a formal notice of our intention to sell the freehold to the leaseholders and will allow adequate time for leaseholders to consider the offer. During this time, we will not sell the property to another party, nor offer the interest to anyone else at a price less than that proposed to leaseholders or on different terms.
- 10.23 If a RFR applies to a property, details of this will be included in the lease agreement. We advise all leaseholders to ensure they understand their rights under an RFR.

11. Staircasing

General

- 11.1 Buying additional shares in a Shared Ownership home is called 'staircasing'. Leaseholders can staircase to 100% of the property. However, there are some exemptions to this where the property is:
- An Older Persons Shared Ownership (OPSO) the maximum share that can be owned is 75%; or
 - In a Designated Protected Areas (DPA) (see 7.1) where the maximum share that can be owned is 80%
- 11.2 Depending on the model of shared ownership, leaseholders can purchase different amounts of additional shares:
- 'Old model' lease agreements usually allow leaseholders to purchase additional shares between 10% - 25% or more.
 - 'New model' lease agreements usually allow leaseholders to purchase additional shares of 5% or more, and 1% shares for the first 15 years of ownership from initial sale.
- 11.3 We advise leaseholders to consult their lease agreement for information regarding their staircasing options.
- 11.4 We expect leaseholders who are interested in purchasing additional shares in their property to have reviewed the staircasing section in the Shared Ownership Guide prior to applying to staircase. In summary this includes:
- Understanding roughly how much the property is worth; and

- Understanding how much the leaseholder can afford to purchase in additional shares; and
 - Carrying out a valuation on the property (see ‘valuations and home improvements’).
- 11.5 Once committed to purchasing additional shares, the leaseholder must complete and submit an Intention to Staircase Application Form and a copy of their valuation report to homeownership@dover.gov.uk.
- 11.6 Leaseholders are responsible for paying costs to arrange valuations and legal services pertaining to buying additional shares.

Valuations and home improvements

- 11.7 Any alteration to the property must be consented to by the Council as per the lease agreement.
- 11.8 All valuations must be conducted by a RICS-qualified surveyor, and no earlier than 8 weeks prior to the notice of an intention to staircasing having been given.
- 11.9 Valuations are usually only valid for 3 months. Leaseholders must ensure they complete the purchase of additional shares within this period, otherwise they risk having to pay for another survey. Some valuations can be extended, but leaseholders remain responsible for arranging this with the surveyor.
- 11.10 The Council will not accept a valuation where the surveyor is not RICS-qualified and will not be liable for any costs incurred by the leaseholder if the valuation is rejected for this reason. Likewise, the Council will not be liable for any costs incurred by the leaseholder where they fail to complete their purchase within the 3-month validity of the valuation.
- 11.11 Improvement to properties may influence the property value, thereby impacting on the share values. Therefore, all valuations need to show 2 valuation amounts:
- The current market value – this includes the property’s value including any increase due to the home improvements.
 - The unimproved value – this is the property’s value ignoring any home improvements carried out.
- 11.12 If the leaseholder had our written permission to carry out the improvements, the price of additional shares will be based on the unimproved value. If the leaseholder did not have our written permission to carry out the improvements, the price of the additional shares will be based on the current market value. This amount is likely to be higher.
- 11.13 The above method is in accordance with current guidance via the Capital Funding Guide and Shared ownership homes: buying, improving, and selling guide.

- 11.14 The Council's Principal Valuer must have sight of, scrutinise and approve the valuation report prior to the staircasing application proceeding. The valuation report must be submitted with the staircasing application (see point 11.5).
- 11.15 Some older lease agreements stipulate that the Council is responsible for appointing a RICS-qualified surveyor to conduct the valuation. Where this is the case, our appointment of the surveyor will be agreed with the leaseholder, who will also be required to pay for the valuation. We advise leaseholders to review their lease agreements to check who is responsible for arranging valuations.
- 11.16 In the event that the leaseholder disputes the Council's determination of the valuation, we will refer to the decision of an expert (RICS-qualified surveyor) appointed jointly by both parties. The result from this valuation will be final and accepted by both parties.
- 11.17 Where the sales price of the home is below the initial market valuation because of building safety issues (as identified in the Building Safety Act 2022), the Council will work with the leaseholder to secure a new valuation as quickly and cost effectively as possible. This could include commissioning a desktop assessment valuation or using the incoming buyer's valuation (if this is completed by a RICS-qualified surveyor).

Buying shares of 5% or more

- 11.18 Leaseholders must carry out the tasks associated with staircasing as stated in 11.4 when they wish to purchase shares of 5% or more. The cost of the new share will depend on the value of the property.
- 11.19 The leaseholder will need to pay for an independent valuation conducted by a RICS-qualified surveyor as stated in 11.6.
- 11.20 We advise leaseholders not to proceed with their mortgage application until we have verified the valuation. The Council is not liable for any non-refundable costs incurred by leaseholders if we do not approve the valuation.

Buying shares of 1%

- 11.21 Most new model shared ownership properties allow leaseholders to buy 1% shares each year for the first 15 years that the property is owned. Leaseholders cannot buy 2%, 3% or 4% shares. Unused options to buy 1% shares cannot be carried over to future years.
- 11.22 In cases where leaseholders want to buy 1% shares, the leaseholder must contact the Council to initiate the staircasing process. We will not charge an administration fee for the purchase of 1% shares. The price of a 1% share will be based on a Housing Price Index (HPI) valuation. This will be conducted by the Council's Principal Valuer and / or the Senior Valuation Officer.

- 11.23 Either the leaseholder or the Council can choose to have a RICS valuation instead of an HPI. Where this is the case, the results of the RICS valuation will be used as the basis for future HPI valuations. Valuations are only valid for 3-months.
- 11.24 Where the leaseholder has chosen a RICS (11.8.3) valuation they will need to pay for and arrange this. The Council must approve the valuation so that we can verify and agree to the findings. We will not accept a valuation by a non-RICS registered surveyor and will not be liable for any costs incurred by the leaseholder if the valuation is rejected for this reason, or for any costs incurred by the leaseholder where they fail to complete their purchase within the 3-month validity of the valuation.
- 11.25 If the Council decides to have a RICS valuation carried out, we will pay for the valuation and will inform leaseholders at the earliest convenience. Details of the valuation results will be shared with leaseholders.

12. Downward staircasing

- 12.1 The Council will adhere to the provisions within the Capital Funding Guide regarding the use of Recycled Capital Grant Funds (RCFG) and permitted use, following the provisions relating to downward staircasing. This is to ensure that we have carried out our duties in compliance with the Guide and grant funding requirements.
- 12.2 Downward staircasing is defined as:
- The repurchase of a proportion of the share of a property by the Council from a leaseholder in difficulty, but not necessarily in arrears, with his/her household costs (mortgage, service charges, rent); and
 - The repurchase of a proportion of the share of a property to pay for essential repairs or maintenance if the leaseholder cannot afford to pay for work (more generally in cases where the property has been specifically built as Older Person's Shared Ownership (OPSO))
- 12.3 The key principles of downward staircasing are:
1. Leaseholders do not have a right or entitlement to downward staircasing, and the Council makes no commitment to do so. Any offer of downward staircasing remains at Council's discretion. Each case will be dealt with individually and based on our assessment of the facts.
 2. The Leaseholder must currently own less than 100% of the property.
 3. The Council must be satisfied that the affordability issues are genuine, and that the leaseholder has explored and exhausted all other options. The leaseholder must produce evidence to prove their difficulty with mortgage

payments and must be able to show that other short and long-term options have been exhausted, such as loan rescheduling or selling the property.

4. In all cases of any form of equity repurchase, the leaseholder's lender and (if applicable) Homes England, must agree to the offer prior to the downward staircasing proceeding.

12.4 Some of the general rules that apply to normal staircasing, also apply to downward staircasing:

- The purchase of the proportion of the share of the property will be based on a current market valuation carried out by an independent RICS-qualified valuer. The Council must approve this valuation prior to the process proceeding.
- The Council will reject any valuation not completed by a RICS-qualified surveyor and will not be liable for any costs incurred by the Leaseholder as a result of this decision.
- The rent amount will be adjusted pro-rata to reflect the new unowned share amount; and
- The Leaseholder is responsible for paying the valuation cost, as well as all their legal fees and any other applicable fees charged.

12.5 In order for a Leaseholder to retain the property as a shared ownership tenure, their equity must not drop below 25% for older model shared ownership, or 10% for the new model.

12.6 Downward staircasing is not available to other owner occupiers, which includes former shared ownership Leaseholders, Leaseholders who now own 100% of the shared ownership property, or those who have bought a property through a discount or incentive.

13. Complaints

13.1 The Council's definition of a complaint is:

"An expression of dissatisfaction, however made, about the standard of service, actions or lack of action by the organisation, its own staff, or those acting on its behalf, affecting an individual resident or a group of residents."

13.2 The Council takes complaints made about any service it provides, or Officers who work for the Council who provide that service, seriously. If an applicant or a leaseholder wishes to make a complaint about the service they have received or with an officer, they can be made:

- In writing (letter or email)

- Using the online complaint form:
- Using the Council's Complaint leaflets (these are available at the Council's Office reception, or they can be posted to the applicant / leaseholder)
- Via telephone
- In person by an appointment.

13.3 All complaints received will be dealt in accordance with the Council's Complaints Policy and Procedure. More information about how to make a complaint can be found on our website: [if you are unhappy \(dover.gov.uk\)](https://www.dover.gov.uk/if-you-are-unhappy).

14. Monitoring and review

- 14.1 This policy will be reviewed every two years, or in response to relevant changes in legislation, organisational structure, development of good practice, or to address operational issues.
- 14.2 Any minor amendments required will be made through delegated approval. Any amendments made because of changes to operational process or Government legislation will be made through the local decision-making process. Major changes will be consulted upon before a decision is taken to implement them.

15. Equality and diversity

- 15.1 The Council is committed to promoting equality of opportunity and to eliminating unlawful discrimination on the grounds of race, age, disability gender, sexual orientation, religion, belief, financial status, and any other difference that can lead to discrimination or unfair treatment considering the principles of the Equality Act 2010. Please see our [Equality Policy](#) for more details
- 15.2 A full Equality Impact Assessment (EIA) was conducted for this policy in accordance with our Public Sector Equality Duty (PSED) when carrying out our duties (S149 of Equality Act 2010), and mitigations put into place where potential negative impacts to individuals with protected characteristic were identified.

16. Data protection

- 16.1 During the application process, data may be shared between parties to facilitate the progression of shared ownership applications, and sales and / or resales. In all cases where data is shared with other parties, the Council will ensure it safeguards and protects personal data in accordance with our Privacy Statement and Policy.

16.2 A tailored privacy statement for shared ownership which contains more detail on what information is collected and stored, and who the Council may share this data with, is available online. Any concerns with the Privacy Statement should be directed to the Council's Data Protection Officer.

Version control

	Date required	Completed	Completed by
Policy adopted			Perry DeSouza, Housing Policy Officer
Review required			
Review required			
Review required			
Review required			



Equality Impact Assessment

Shared Ownership Policy

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Document details

Title	Shared Ownership Policy
Document type	Policy
Version submitted for decision	TBC
New or Existing document	Existing document
If this is an existing document, is this a major or minor change?	Major change
Decision makers	Cabinet
Type of decision	Approval and implementation
Date of decision	TBC

Responsible department	Strategic Housing
Are other departments or partners involved in delivering this strategy, policy, plan, or project? If 'Yes' please provide details.	<p>Yes</p> <p>Officers in the following teams will be involved to some extent in the Policy's implementation and delivery:</p> <ul style="list-style-type: none"> • Leasehold Services • Asset Management • Accounts • Income Recovery and Tenancy Sustainment • Housing Management • Legal department

Contact Officer: Perry DeSouza, Senior Housing Policy Officer (ext. 42137)

1.0 Purpose of the Equality Impact Assessment

The Equality Act 2010 replaced the previous anti-discrimination laws with a single Act simplifying the law by removing inconsistencies, making it easier to understand and therefore comply with it, and strengthens it to help tackle discrimination and inequality. The Act came into force on 1 October 2010.

The Public Sector Equality Duty (PSED) came into force on 5 April 2011. The duty ensures that all public bodies, including the Council:

- play their part in making society fairer by tackling discrimination and providing equality of opportunity for all; and
- consider the needs of all individuals in their day-to-day work, in shaping policy, delivering services and in relation to their own employees.

PSED encourages public bodies to understand how different people will be affected by their activities so that policies and services are appropriate and accessible to all and meet the needs of different groups of people. Where activities may have an impact to one particular group of people, public bodies are required to identify mitigations that will either lessen the impact or provide an alternative solution to meet the needs of that particular group.

By understanding the effect our activities have on different groups of people, and how inclusive our services can support and increase people's opportunities, the Council will be better placed to deliver policies and services that are efficient and effective.

This Equality Impact Assessment (EIA) helps the Council to ensure that we fulfil our legal obligations as per the PSED and to have due regard to:

- a) Eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010;
- b) Advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and
- c) Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

2.0 Applicable legislation and regulations

The following legislation applies to the proposed policy:

- Housing Act 1985, 1996 & 2004
- Landlord and Tenant Act 1985
- Human Rights Act 1998
- Commonhold and Leasehold Reform Act 2002
- Equality Act 2010

- General Data Protection Regulations (GDPR) 2018
- Data Protection Act 2018
- The Housing (Shared Ownership Leases) (Exclusion from Leasehold Reform Act 1976 and Rents Act 1977) (England) Regulations 2021
- Building Safety Act 2022

The following regulations apply to this policy:

- Capital Funding Guide
- Shared Ownership Homes: buying, improving and selling

The following Council strategic documents relate to this policy:

- Leasehold Management Policy
- Rent Setting and Income Recovery Policy
- Corporate Plan 2020-2024
- Complaints Policy

3.0 Summary

Providing a range of affordable housing choices is one of the key priorities of Dover District Council's Corporate Plan 2020-2024, and the Local Plan 2020 – 2040.

The Shared Ownership Policy sets out the Council's approach to its shared ownership properties, including the criteria around household eligibility, marketing, allocation, initial sale, resale and staircasing of this type of housing scheme.

The Policy does not apply to shared ownership homes provided by other Registered Providers (RP), though it is expected that RPs have established shared ownership policies and procedures in place.

This equality impact assessment (EIA) has been undertaken in accordance with the public sector equality duty (PSED) as stipulated in Section 149 of the Equality Act 2010. The EIA has identified some potential negative impacts for protected characteristics 'age' and 'disabled'. Mitigations for these potential impacts have been provided.

4.0 Information

4.1 Aim of the decision

The aim of this decision is to gain Cabinet approval for the implementation of the proposed and updated Shared Ownership Policy that is reflective of current legislation and regulation, and the Council own operational practices. This will enable Council Officers involved in the oversight of shared ownership sales, resales and staircasing to make informed decisions. The document will also provide clear and concise information to both applicants and leaseholders on the Councils approach to the sale of shared ownership.

4.2 Aim of the policy

The key priorities of the policy are to:

1. Ensure that shared ownership properties are sold in a fair and consistent way in adherence to current legislation and regulation (in particular the Capital Funding Guide).
2. Ensure that the rights and responsibilities of both DDC and the leaseholder under the terms of their lease agreement are clear and unambiguous.
3. Ensure the understanding of the eligibility, affordability, priority, and allocation of shared ownership properties is clear and concise.

4.3 Intended outcome(s)

The intended outcomes of the policy would be:

1. Properties are sold compliantly in accordance with current legislation and regulations.
2. Correct governance and due diligence are conducted throughout the sale, resale or staircasing processes.
3. Properties are sold and allocated to eligible individuals who can afford the costs associated with the upkeep of the property.

The intended outcomes from the implementation of the policy are:

1. Staff, leaseholders, and applicants can take guidance from the document on how the properties are sold.
2. Leaseholders are aware of their rights and responsibilities throughout the sales process.
3. The Council has an operational document to refer during the sales, resale and staircasing processes.

4.4 Impact of the decision

The Council currently has 34 shared ownership properties within its housing stock, of which 29 are flats and are 5 houses. There are also plans to increase the Council's shared ownership portfolio in the coming years.

The Policy will generally have an impact on current shared owners (leaseholders) and residents of the district applying to purchase a Council owned shared ownership property.

4.5 Internal consultations

An internal consultation with several teams was conducted during the development to review the content of the Policy to ensure that it was reflective of current practices, sharing of good practice and where improvements to services could be made. The teams involved included:

- Strategic Housing
- Asset Management
- Housing Services
- Accounts
- Legal

4.6 Intended beneficiaries

The intended beneficiaries of this policy are existing shared owners (leaseholders), Council staff, and district residents applying for Council shared ownership.

4.7 Main stakeholders

The main stakeholders in relation to this policy are:

- Existing shared owners (leaseholders)
- Family members of leaseholders
- District residents
- Council staff
- Councillors

5.0 Information

5.1 What is shared ownership?

Shared ownership is an affordable housing product that is designed to help eligible persons who wish to get onto the property ladder but are unable to afford a home of adequate size on the open market.

There are currently two models of shared ownership in existence. The 'older model' refers to properties built and leased under the Shared Ownership and Affordable Homes Programme (SOAHP) 2016 – 2021; the 'new model' refers to properties built and leased under the Affordable Homes Programme (AHP) 2021 – 2026. The 'new model' offers more by way of affordability to leaseholders, such as better staircasing options, and the repair and maintenance rights. The differences between the two products are stated definitively in the Policy.

All 34 properties owned by the Council fall under the 'older model' of shared ownership.

The Capital Funding Guide has set eligibility and affordability criteria for shared ownership properties. Providers are expected to assess applicants on their eligibility and suitability for the scheme. To ensure that this need will be met by those who require it most, the following eligibility requirements must be met by applicants:

Criteria	Detail
Age	Over 18 years of age and resident in the UK.
Income	A household income £80,000 or less. Applicants must be able to afford their purchase and sustain the housing costs (i.e., rent and service charges). Applicants must be able to demonstrate that they have a sufficient deposit. Sufficient evidence must demonstrate that applicants are unable to purchase the home they need on the open market.
Existing homeowners	The existing property must have already been sold or will be sold at the same time as buying through shared ownership. The other general eligibility criteria for the scheme must also have been met.
Arrears	If applicable, applicants must be able to demonstrate that they are not in rent arrears or in breach of their tenancy agreement at the time of application.

For some Shared Ownership properties, a local connection to the area may be required. This generally applies in rural areas and small villages where land has been made available for affordable housing to meet the needs of local people, rather than for private investment.

Quite often, these sites are referred to as 'rural exception sites' or 'designated protected areas' (DPA) and are controlled by Section 106 Agreements.

The aim of a local connection test is to help local people and families afford homes in the area they currently live, work or have a family connection to, and for that home to remain affordable to and in that community.

The local connection criteria can vary between different developments, but is usually based on the following:

- The applicant(s) was born in the area and has lived there for several years.
- The applicant(s) has permanently lived in the area for several years.
- The applicant(s) used to live in the area for several years but had to move away because of a lack of affordable housing.
- The applicant(s) has been permanently employed in the area for several years. The number of years is usually between 2 and 5.

In these cases, priority usually works in the following order:

1. Applicants with a local connection to the parish/village
2. Applicants with a local connection to the surrounding parishes/villages
3. Applicants who are residents of the district

Applicants must also be assessed on their affordability. This must be conducted by an independent mortgage broker or financial advisor.

5.2 Research

In conducting research for the development of the Policy it was noted that many Shared Ownership providers, varying from Registered Providers, Private 'for profit' Organisations and Local Authorities, had an established Policy in place which covered the marketing, allocation, prioritisation, sales, resale and staircasing of properties.

Some policies also include the leasehold management of the properties, such as repairs, maintenance, rent and service charge settings, enforcement, and complaints. This provided a comprehensive document but did not provide enough clarity to advice both staff and leaseholders.

Other examples had two documents: one focusing on shared ownership sales, and another on the leasehold management.

Strategic Housing, in conversations with Asset Management have agreed to establish two policies. The Shared Ownership Policy will focus on the marketing, allocation, prioritisation, rent setting, sales, resales and staircasing of the properties, while the

Leasehold Management Policy (yet to be approved) will focus on the post-sale management of the properties, including repairs, maintenance, home improvements, service charge setting, ground rents, complaints, and enforcement.

5.3 Considerations

Several considerations regarding the allocation of shared ownership properties must be highlighted since all applications will face some form of 'discrimination' due to the nature of the shared ownership properties product around eligibility, affordability and government legislation.

Local connection tests

Where a development is in a rural exception site or Designated Protected Area (DPA), a local connection test will apply. The priority order is defined in the previous section.

Our authority to prioritise in this way is in accordance with the provisions stated in the Capital Funding Guide. This means that we will need to prioritise residents living within that community or who have ties to that community, even above district residents who may be eligible.

Members of the Armed Forces

Applications received by Members of the Armed Forces will also be given priority over residents of the district. However, the Council will not forfeit a property officially sold to an eligible applicant(s) to fulfil this obligation.

Eligibility and affordability assessments

By nature of the Shared Ownership product, the Council will need to conduct assessments on eligibility in accordance with our due diligence as stated in the Capital Funding Guide. This will mean that while the Council is open to all individuals applying for its Shared Ownership properties, some applicants may not be eligible for the scheme, and therefore their applications rejected.

Likewise, the results of affordability assessments conducted by an independent mortgage broker or financial advisor may mean that some applications are rejected by the Council if they are not able to demonstrate they can afford the upkeep of the property as stated by their affordability assessment or are not able to afford the minimum share amount.

It is also plausible that older persons (55+) may find it harder to secure a mortgage from a lender, since mortgage terms are only valid until the national retirement age (67). Many lenders do not approve mortgages where the term would carry over the age of 70. This would limit the term to a maximum of 12 – 15 years, and therefore

could impact on older persons obtaining a local enough to buy a share in one of our shared ownership properties.

Where a mortgage is approved for an applicant(s) 55+, the interest on the mortgage may be higher than for someone younger (unless the former has a large deposit available for the purchase, which in itself will require further assessment by the Council). This may have a financial impact on the affordability of an older person's application, especially when considering additional costs such as rent and service charges.

Suitability of shared ownership units

Not all shared ownership properties will be suitable for every applicant and household. Where an application shows there will be over-crowding, the Council will reject the application, even if the applicant(s) is eligible, and it is affordable for them to afford and buy an initial share. In such cases, the Council will ensure that it provides a clear rationale to applicants on our reasons for rejecting an application.

Likewise, many of the properties built are for general needs housing and may not have specific adaptations that can support the needs of elderly persons or persons with an identified disability as defined by the Equality Act 2010.

Some shared ownership schemes provided by Homes England cater to persons with these characteristics: Older Person Shared Ownership (OPSO) and Home Ownership for people with long-term disabilities (HOLD). While the Council does not currently own properties under these schemes, we will consider accessing funding from the Affordable Homes Programme 2021-2026 where there is a clear demand and need.

6.0 Assessment of the decision

The table below assesses if the decision is likely to be relevant to the three aims of the Equality Duty.

If the decision is relevant to the three aims of the Equality Duty, the Impact and Mitigations table must be completed to show how it is relevant and what the impact(s) will be.

Aim	Relevance Yes/No
Eliminate discrimination, harassment, victimisation.	Yes
Advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not.	Yes

Foster good relations between persons who share relevant protected characteristics and persons who do not share it.	Yes
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7.0 Impact and Mitigations

Characteristic	Relevance High/Medium/Low	Impact of the decision Positive/Neutral/ Negative	Reasons for impact	Mitigations
Age	Medium	Negative	<p>All DDC owned shared ownership will be sold online either on our own website, or through a third-party website. This may deter older persons from applying online due to unfamiliarity of online processes.</p> <p>It is acknowledged that not all properties for the scheme will be suitable for older people to access.</p>	<p>When carrying out our due diligence, our staff will make sure that all applications and affordability assessments are assessed fairly, in accordance with our PSED duties.</p> <p>Contact details will be added where shared ownership properties are sold, including telephone and email details, so that applicants can contact Officers via their preferred method. DDC can also provide paper applications, large print applications, or braille applications if individuals request this, rather than online.</p> <p>Where there is an interest from older people in shared ownership, the Council may consider accessing and developing properties under the Older Persons Shared Ownership scheme (OPSO).</p>
Disability	Medium	Negative	All DDC owned shared ownership will be sold online either on our own	When carrying out our due diligence, our staff will make sure that all

			<p>website, or through a third-party website. This may deter persons with disabilities who may not be able to complete an application online and /or may require assistance to do so.</p> <p>It is acknowledged that not all properties will be suitable for disabled people to access.</p>	<p>applications and affordability assessments are assessed fairly, in accordance with our PSED duties.</p> <p>Contact details will be added where shared ownership properties are sold, including telephone and email details, so that applicants can contact Officers via their preferred method. DDC can also provide paper applications, large print applications, or braille applications if individuals request this, rather than online.</p> <p>Where there is a clear need and interest from disabled individuals to access the shared ownership scheme, the Council will consider developing properties under the Home Ownership for People with Long Term Disabilities (HOLD).</p>
Gender	Low	Neutral	<p>It is not anticipated that the Council would need to take further action to enable access for this group.</p> <p>Regular monitoring and analysis may identify reasons that have not been anticipated. Action will be taken to mitigate any barriers identified.</p>	No mitigations are needed.

Gender reassignment	Low	Neutral	<p>It is not anticipated that the Council would need to take further action to enable access for this group.</p> <p>Regular monitoring and analysis may identify reasons that have not been anticipated. Action will be taken to mitigate any barriers identified.</p>	No mitigations are needed.
Marriage and Civil Partnership	Low	Neutral	<p>It is not anticipated that the Council would need to take further action to enable access for this group.</p> <p>Regular monitoring and analysis may identify reasons that have not been anticipated. Action will be taken to mitigate any barriers identified.</p>	No mitigations are needed.
Pregnancy and Maternity	Low	Neutral	<p>It is not anticipated that the Council would need to take further action to enable access for this group.</p> <p>Regular monitoring and analysis may identify reasons that have not been anticipated. Action will be taken to mitigate any barriers identified.</p>	No mitigations are needed.
Race	Low	Negative	All of our paperwork will be presented in English and it is	We will work with applicants / shared owners to ensure that

			acknowledged that some eligible applicants' / shared owners' first language may not be English, and may require additional support.	documents and information is provided to them in a format that works for them, which may include translated versions. We will ensure that as many documents are written in plain English.
Religion, Belief or Lack of Belief	Low	Neutral	It is not anticipated that the Council would need to take further action to enable access for this group. Regular monitoring and analysis may identify reasons that have not been anticipated. Action will be taken to mitigate any barriers identified.	No mitigations are needed.
Sexual Orientation	Low	Neutral	It is not anticipated that the Council would need to take further action to enable access for this group. Regular monitoring and analysis may identify reasons that have not been anticipated. Action will be taken to mitigate any barriers identified.	Not mitigations are needed.

Appendix 3 - summary of key policy statements

1. Marketing and communication (7.1 – 7.6)

- 1.1. The Policy stipulates that the Council will market the properties itself, using a variety of sources and marketing tools, including the Council website and the Shared to Buy website (7.1 & 7.2).
- 1.2. The Council prefers that all communications throughout the sales process should be via email to ensure that there is a clear audit trail (7.5).

2. Eligibility & affordability (7.7 – 7.30)

- 2.1. The Policy adheres to the Capital Funding Guide's list of eligibility criteria (7.7 – 7.9). The New Homes Officer is responsible for assessing to ensure that all applicants are eligible for the scheme (7.11).
- 2.2. The Policy stipulates that existing or former Council tenants with rent or service charge arrears must pay their arrears in full before their application can proceed (7.10).
- 2.3. Eligible Members of the Armed Forces will be given priority (7.12) (in accordance with the Capital Funding Guide) if a property is available to purchase.
- 2.4. Existing homeowners may be able to purchase a property provided they meet the requirements as stipulated in the policy (7.14) and the Capital Funding Guide.
- 2.5. The Council will accept joint applications provided that both applicants meet the eligibility and affordability criteria (7.18). Where only one applicant is eligible, the Council is not responsible for rehousing the other applicant who is not applying for the Shared Ownership property (7.19).
- 2.6. Local connections may apply to some properties, though generally if they are in rural areas, or if the site is a 'rural exception site' or 'designated protected areas' (a definition is provided 7.25-7.27) and are controlled by Section 106 agreements.
- 2.7. The Policy stipulates the general allocation priority for properties within these sites, and the support the Council will provide to parish councils for allocations (7.24).
- 2.8. Elected members, staff and their relatives can apply for Council owned shared ownership properties, provided they meet the eligibility and affordability criteria stated (7.29). All applications will be processed in the same way as external applicants, however senior manager authorisation will be sought for where the applicant is a Councillor, member of staff or a relation (7.30).

3. Affordability (7.30 – 7.37)

- 3.1. All applicants will be required to meet affordability and sustainability prior to their application proceeding.

- 3.2. The Council will provide an affordability assessment for free to give an indication of affordability (7.31), however applicants must seek professional advice from a mortgage broker who is responsible for conducting a full financial assessment (7.32 & 7.33).
- 3.3. The Council will cancel an application if it is found to be fraudulent. Further action may be taken by the Council if appropriate, such as informing the necessary authorities (7.38).
- 3.4. The Council will conduct itself in accordance with its own anti-fraudulent policies (7.37).

4. Allocation and priority (7.39 – 7.44)

- 4.1. The allocation of Shared Ownership properties will be conducted in accordance with the Capital Funding Guide and on a first-come-first-served basis (7.39).
- 4.2. The Council will not approve a sale to an applicant where this would result in statutory overcrowding (7.42).

5. Leases (7.45 – 7.51)

- 5.1. Shared owners (Leaseholders) are responsible for abiding by the terms of their individual lease agreements (7.47). The Council will take appropriate enforcement action against a shared owner where they have breached their lease agreement (7.49 – 7.51).

6. Rents and service charges (7.52 – 7.56)

- 6.1. Rents will be calculated in accordance with the Capital Funding Guide. The Policy includes the national policy change on service charge calculation which from 12 October 2023 means that new leases granted after this date will state that rents will increase by CPI+1% annually in line with social housing, rather than RPI+0.5% (7.53).
- 6.2. Information on Ground Rents and Service Charge calculations are contained within the Leasehold Management Policy (7.56).

7. Administration fees (7.57 & 7.58)

- 7.1. The Council will charge an administration fee when (1) we have nominated an eligible buyer during a resale, and (2) where a leaseholder wishes to downward staircase.
- 7.2. All fees will be reviewed annually. The Policy proposes that the fees will be published on our website.

8. Initial share (7.59 & 7.60)

- 8.1. The policy stipulates that the initial share value is different depending on the model of shared ownership: older model 25-75%, newer model 10-75%.

9. Sales (8.1 – 8.30)

- 9.1. The policy states the Council's process for selling a shared ownership property, which includes our responsibilities as well as the applicants throughout the sales progression (8.1 – 8.7).
- 9.2. Applicants are expected to complete and submit an application form including other listed documentation (8.2, 8.3 & 8.10). Provided they are eligible, the applicant(s) will be able to view and reserve a property by paying a non-refundable reservation fee (8.12 – 8.19). The sale is approved by delegated authority and confirmed via an issue of a Memorandum of Sale to the applicants (8.20 – 8.24). The Council must have site of a copy of the mortgage offer when it progresses to this stage (8.25 & 8.26).
- 9.3. At completion the applicant(s) must (1) pay their shared amount (deposit), (2) sign the lease agreement, (3) pay 1-full month's rent and service charge (in advance) (8.29). The Council will only hand over the keys to the property once points 1-3 have taken place.

10. Remortgaging (9.1 – 9.4)

- 10.1. The Policy states that leaseholders must inform the Council when they intend to change their mortgage lender, and written approval is required regarding the lender and the terms of the mortgage before it is entered into (9.1). The Council must have site of the mortgage offer (9.4).
- 10.2. The Council will request additional information and reasons where a leaseholder is applying to borrow more than their mortgage (9.3). This is to ensure that the affordability requirements are met.

11. Resales (10.1 – 10.22)

- 11.1. The Policy states the Council's process for shared ownership resales, which includes ours and the leaseholders' responsibilities throughout the sale progression. Resales are conducted in accordance with the Capital Funding Guide and the terms of individual lease agreements.
- 11.2. Leaseholders are responsible for arranging and paying for a RICS-qualified valuation of the property. All valuation reports must be approved by the Council before the sale can progress (10.14 – 10.18).
- 11.3. The Policy states that where there are building safety issues (as identified in the Building Safety Act 2022) that impact on the leaseholder valuation, the Council will work with the leaseholder to secure a new valuation (10.19).
- 11.4. All leases will include a nominations period (8-12 for older model leases, 4 weeks for newer model leases) (10.5 – 10.14). During the nominations period the Council appoints an eligible buyer for the property. There are some exemptions to a nomination period (10.6). If an eligible buyer is found, then the sales progression follows the sale process as an initial sale.

11.5. If the Council is unable to find an eligible buyer, the leaseholder is permitted to sell the property on the open market (10.10). If a buyer is not found within 12 months of notice to sell having been given, the process starts again at the nominations period (10.13).

12. Staircasing (11.1 – 11.23)

12.1. Staircasing is where leaseholders purchase additional shares in the property. The Policy states that leaseholders can staircase to 100% property ownership, with some exceptions to this rule (11.1).

12.2. Leaseholders are responsible for arranging and paying for a RICS-qualified valuation of the property. All valuation reports must be approved by the Council before the sale can progress and contain 2 valuations (11.11 – 11.13).

12.3. The Policy states that where there are building safety issues (as identified in the Building Safety Act 2022) that impact on the leaseholder valuation, the Council will work with the leaseholder to secure a new valuation (11.17).

12.4. The Policy covers the differences between the sale of shares of 5% or more, and 1% shares over a 15-year period from initial sale (as applicable to newer model properties) (11.16 – 11.23).

13. Downward staircasing (12.1 – 12.6)

13.1. Downward staircasing is where leaseholders sell shares back to the Council in their property, usually due to affordability. The Council will adhere to the provisions within the Capital Funding Guide regarding all downward staircasing options.

13.2. The Policy provides a definition of staircasing (12.2) and the key principles of downward staircasing (12.3). The Council is not obliged to offer downward staircasing options to leaseholders and reserves the right to reject or approve applications on a case-by-case basis. Where the Council agrees to buy back shares leaseholders will need to meet the general rules (12.4).

14. Complaints (13.1 – 13.3)

14.1. All complaints received will be managed in accordance with the Council's complaints policy.

Subject:	LEASEHOLD MANAGEMENT POLICY
Meeting and Date:	Cabinet – 5 February 2024
Report of:	David Parish, Head of Property Assets
Portfolio Holder:	Councillor Pam Brivio, Portfolio Holder for Housing, Skills and Education
Decision Type:	Key Decision
Classification:	Unrestricted

Purpose of the report: To provide detail in relation to the proposed Leasehold Management Policy (“the Policy”) and seek Cabinet approval for the Policy to be adopted.

Recommendation: That Cabinet:

1. Notes and approves the content of the proposed Policy.
2. Approves for the proposed Policy to be adopted by the Council.
3. Approves delegated authority to the Strategic Director (Finance and Housing), in consultation with the Portfolio Holder for Housing, Education and Skills, authority to make future amendments to the policy as required.

1. Summary

- 1.1 When a property is purchased under the Right to Buy (RTB) and Shared Ownership schemes the buyer enters into a legal agreement to become a ‘leaseholder’ and adheres to the provisions within their lease agreement.
- 1.2 The Council has a total of 463 leasehold properties. Of this total:
 - 429 are RTB leasehold properties
 - 34 are Shared Ownership properties
 - 458 are flats
 - 5 are houses
- 1.3 Leasehold management is guided by legal framework, lease agreements, case law, regulations, and sources of good practice. The Council as the freeholder has an interest in ensuring that leasehold properties are managed in a compliant manner, that the leaseholder adheres to the terms of the lease agreement, and where there are breaches take appropriate enforcement action.
- 1.4 The Council does not have an established Leasehold Management Policy, and since the number of leasehold properties will increase over time, it is important for the Council to have a policy in place that sets out the responsibilities and obligations of both the Council as the freeholder, and the leaseholder, and how we will conduct overall leasehold management and provide consistent customer care and service to leaseholders.

2. Introduction and Background to 'Leasehold' Properties

- 2.1 Homeownership in England and Wales consists of two tenure types:
 1. **Freehold** is ownership that lasts in perpetuity, and generally gives extensive control of the property and the land it is situated on.
 2. **Leasehold** provides a time-limited ownership (bound by a lease (see 2.5)) and control of the property is shared with, and limited by, the Freeholder. Essentially, leaseholders buy 'the right to live' in their property for a given period.
- 2.2 In England and Wales most leasehold properties are flats. Houses can also be leasehold; this is the case for Shared Ownership properties, however legislation which affects Shared Ownership leases differs slightly to that of general leasehold properties.
- 2.3 Owners of leasehold properties are in a landlord and tenant relationship with the freeholder and therefore bound by landlord and tenant legislation. The rights and obligations of the respective parties are governed by the terms of a lease agreement.
- 2.4 'Leases' or 'lease agreements' are legally binding contracts which state the rights, responsibilities and obligations of the leaseholder and the landlord (Freeholder) during the tenure of the leasehold that apply for a set number of years, usually anywhere between 99 and 999 years. Leaseholders can extend the number of years left on the lease agreement at any time, but this must be agreed by the Freeholder, who in turn must abide by defined legislative criteria, when assessing the request to extend the length of the term.
- 2.5 Leaseholders do not have the same control over the property as the Freeholder. The lease agreement will normally include restrictions on their use of the property.
- 2.6 Where the property is a flat, management of the block, including maintenance and insurance, remains the responsibility of the Freeholder, who may contract these services to a management agency. Under the terms of the lease agreement, the cost of these services can be recharged to the leaseholder through a service charge (which can be fixed or variable), however the charges must be 'reasonable' and the service and works must be carried out to a 'reasonable standard' (The Landlord and Tenant Act 1985).
- 2.7 The lease must set out the way the service charge is organised and what can be charged. Any tenant who is expected to pay service charges has a right to ask for a summary showing how the charge is calculated and what it is spent on. They are also permitted to see any paperwork supporting the summary such as receipts. It is a criminal offence for a Landlord not to provide this if requested to do so. Furthermore, there are rules governing consulting periods in relation to planned work when certain thresholds are met, and Landlords would need to follow any prescribed consulting process. Failure to do so may result in the Landlord not being able to recover all of the monies through the service charge.
- 2.8 Leaseholders were required to pay Ground Rent to the Freeholder, as set out in their lease agreement. However, the Leasehold Reform (Ground Rent) Act 2022 ((the "Act") received Royal Assent on 8 February 2022 and came into force on 30 June 2022. The legislation formally implementing the Act has been published (The Leasehold Reform (Ground Rent) Act 2022 and (Commencement) Regulations 2022). This law aims to make leasehold ownership fairer and more affordable for leaseholders. The law restricts ground rents on certain leases to an annual rent of one peppercorn (nil £) and also prohibits the charging of administration charges in relation to peppercorn rents.
- 2.9 When a home is purchase through Shared Ownership the buyer generally buys a share of between 10% and 75% of the homes full market value and pays rent to the Landlord

on the unowned share. The scheme can assist people to get onto the property ladder, as smaller deposits are required in relation to the share of the mortgage being obtained. There are generally service charge payments to be made to the Landlord. Despite Shared Ownerships resembling something different to a traditional leasehold agreement, properties that fall within these schemes are considered to be leasehold properties.

- 2.10 Where either the freeholder or leaseholder is in breach of the statutory provision or the terms of their lease agreement, enforcement takes place through an application to the First-Tier Tribunal (Property Chamber) in England.

3. The Policy

- 3.1 The Policy meets the expectations of the Council as a freeholder as stipulated in the Capital Funding Guide, the Landlord and Tenant Act 1985, the Equality Act 2010 and the Commonhold and Leasehold Reform Act 2002, and other legislation as listed in the Policy (please see 4.2 of the Policy).

Policy Aims

- 3.2 The aims of the Policy are:
- To set out the responsibilities and obligations of the Council and the leaseholder in accordance with the lease agreement and relevant legislation.
 - To ensure that we meet our responsibilities as the freeholder as contained in the lease agreement between us and the leaseholder.
 - Ensure leaseholders adhere to the lease agreement, and where there are breaches, what actions the Council will take to enforce them.
 - To set out a broad framework under which we will provide an efficient, customer focused leasehold management service that offers value for money.
- 3.3 The Policy outlines the key guiding principles that the Council will follow to deliver services to current and new leaseholders, notwithstanding the individual terms of each property lease and the legal framework and supports delivery of good practice.

Policy Scope

- 3.4 The Policy only applies to leasehold properties where the Council is the freeholder, which are those sold through the Right to Buy and Shared Ownership schemes.
- 3.5 The Policy will apply to flats purchased under the Right to Buy scheme, and both flats and houses purchased under the Shared Ownership scheme.
- 3.6 The Policy does not apply to or take precedence over any other leasehold properties owned and/or managed by developers, registered providers, or another local authority.
- 3.7 The Policy does not supersede existing lease agreements but provides a comprehensive overview of how the Council will oversee aspects of leasehold management.
- 3.8 The Policy, once approved and adopted, will impact 463 properties, and all future additional leasehold properties.
- 3.9 The Policy should be read in conjunction with other Council documents, including the Shared Ownership Policy and procedures, the Council Corporate Plan, Complaints Policy, and individual Lease Agreements.

Policy Statements

- 3.10 The proposed Policy covers the responsibilities and obligations of the Council. Appendix 3 provides a summary of each policy statement, however in brief the Policy covers the following:

- Repairs and maintenance
- Leasehold improvements
- Health and safety
- Subletting
- Pets
- Service charges
- Ground rent
- Management and administrative fees
- Enfranchisement
- Lease extensions and variations
- Leaseholder engagement
- Section 20 consultations
- Enforcement
- Resales

3.11 There are some differences to the way Shared Ownership properties are managed to normal leasehold properties. This is largely in part due to the nature of the lease and the provisions within the Capital Funding Guide. Where this is the case, a separate section outlining the different provisions has been provided for Shared Ownership.

3.12 General management of leasehold properties is overseen by the Homeownership Officer in the Asset Management team, and Accountancy who are responsible for the production of invoices and calculations of service charges and other fees (where applicable). Other service areas such as Housing Management, Property Services, Strategic Housing, and the Legal team also provide support with leasehold management.

4. Monitoring and Implementation

4.1 Formal reviews of the Policy will be conducted every 3 years or where changes to legislation and/or regulations require an immediate review of the policy. If the Policy is approved for use, the next expected review date will be in 2027.

4.2 Staff will be provided with guidance and training on the policy's provisions to ensure that they are compliant and can provide good customer service and care to leaseholders.

4.3 Once the Policy is approved by Cabinet, a copy will be made available online for residents to access on our 'Housing Documents' webpage ([Housing documents](https://www.dover.gov.uk/housing-documents) [dover.gov.uk](https://www.dover.gov.uk)).

5. Equality Impact Assessment (EIA)

5.1 A full equality impact assessment (Appendix 2) has been completed for the proposed policy and has identified the following potential negative impacts to groups with protected characteristics: Age, Disability, Pregnancy & Maternity and Race. Mitigating actions have been identified to reduce the impact to those affected.

6. Identification of Options

6.1 Option A: Cabinet agrees to the recommendations of this report.

6.2 Option B: Cabinet does not agree to the recommendations of this report.

7. Evaluation of options

7.1 Option A is the preferred option for the following reasons:

1. It will provide a broad overview of services that meet the requirements of lease agreements and legislation.

2. It will help staff to provide a consistent leasehold management service that continues to meet best practice.
3. It will provide leaseholders and residents with guidance on their responsibilities as a leaseholder, in accordance with their individual lease agreements.

7.2 Option B is not the preferred option since it would leave the Council without a Policy for staff and leaseholders can take guidance from, especially with regards to understanding their obligations and responsibilities to the lease agreement.

8. Resource Implications

Financial Implications

8.1 The introduction of new model shared ownership will have some financial implications:

1. The Council will be responsible for covering the cost of some essential repairs to properties during the 'initial repair period' (4.8). The period lasts for 10 years, but only applies if the leaseholder owns less than 100% share of the property. If a claim is made during the initial repair period, the Council cannot (1) use a reserve fund ('sinking fund'), and (2) use the service charge to pay for repairs that are our responsibility.
2. Leases for 2021 may allow leaseholders to claim £500 a year to cover 'essential and genuine' repairs, maintenance, and replacement (if faulty) of fixtures that supply water, gas, and heat. A maximum of one year's allowance will roll over into the following year if the Leaseholder did not claim the full repairs allowance in one year (Table 1).

Table 1: Example of how the repairs allowance works if a leaseholder claims in years 2 & 3

Year	Repairs allowance	Allowance claimed for repairs	Amount rolled over to next year
Year 1	£500	£0	£500
Year 2	£1,000 (£500 + £500)	£750	£250
Year 3	£750 (£500 + £250)	£0	£500

8.2 The Leaseholder cannot claim costs from the Council if a repair is covered under the Building Warranty (which usually last for 10 or 12 years), an insurance policy or a guarantee. Paragraph 6.19 of the Policy stipulates that leaseholders are advised to check these documents before seeking to claim the costs from the Council.

- 8.3 The cost of the Initial Repair Period will need to be considered in the financial appraisals of sites where shared ownership is present. This is to ensure that there is an adequate budget in place to cover the potential costs.
- 8.4 Currently, the Council does not own any Shared Ownership properties that fall under the new model lease; however, this is likely to change. Therefore, the Council will need to ensure that it has adequate financial resources in place to cover potential costs of the initial repair period, whether this service provided internally or externally by contractors.

Operational Implications (including staff resources)

- 8.5 The introduction of the initial repair period for Shared Ownership will increase the responsibility of the Council to repair and maintain Shared Ownership properties (where applicable). This may include impacts to staff resources, in particular staff within the Asset Management team.
- 8.6 As mentioned in 9.2, the Council does not currently own any Shared Ownership properties under the new model where the initial repair period is applicable, but this is likely to change in the future.

Policy/Legislative Implications

- 8.7 The Government announced a Leasehold and Freehold Bill (“the Bill”) in this year’s Autumn Statement. The Leasehold Reform (Ground Rent) Act 2022 formed the first part of the Government’s programme of leasehold reform. The Bill will attempt to deliver significant reform to the leasehold and housing market, making long-term and necessary changes to improve homeownership for leaseholders in England and Wales.
- 8.8 The Government is confident that the Bill will pass its second reading before the next General Election (due sometime in 2024). When the Bill is passed, it will have impacts to the way leasehold properties are managed, meaning that changes to this Policy will be needed in the future to ensure that the Council remains compliant.
- 8.9 In a letter published on 19 December 2023 (see 12.5), the Secretary of State for the Department of Levelling Up, Housing and Communities (DLUHC) set out some key changes to the Shared Ownership section of the Capital Funding Guide as a direct result of the Building Safety Act 2022. The key change pertaining to this Policy is Shared Ownership subletting. Current lease agreements prohibit subletting of Shared Ownership properties; however, the Capital Funding Guide has been amended to relax these rules, with an expectation that Providers consider subletting requests by Shared Ownership leaseholders, rather than apply a one-size-fits-all approach. Sections 6.46 – 6.50 of the Policy outlines the Council’s position on subletting for Shared ownership properties.

9. Climate Change and Environmental Implications

- 9.1 No implications or impacts have been identified in the preparation of this report or the development of the proposed Policy to climate change or the environment.

10. Corporate implications

- 10.1 Comment from the Director of Finance (linked to the MTFP): Accountancy have been involved in the writing of this report and have no further comment to add (AC)

- 10.2 Comment from the Solicitor to the Council: The Solicitor to the Council has been consulted in the preparation of this report and has no further comments to make. (SRD)
- 10.3 Comment from the Equalities Officer: As noted at paragraph 5.1 the adoption of this policy will potentially have a negative impact upon four protected characteristic groups: age, disability, pregnancy & maternity, and race. Proposals to mitigate these impacts are detailed in the Equality Impact Assessment. The Equality Officer has no further comments to make, other than to remind Members that in discharging their responsibilities they are required to comply with the public sector equality duty as set out in section 149 of the Equality Act 2010
<http://www.legislation.gov.uk/ukpga/2010/15/section/149>

11. Appendices

- 11.1 Appendix 1 – Leasehold Management Policy – draft
- 11.2 Appendix 2 – Equality Impact Assessment
- 11.3 Appendix 3 – Summary of policy statements

12. Background papers

- 12.1 [Capital Funding Guide - 1. Shared Ownership - Guidance - GOV.UK \(www.gov.uk\)](http://www.gov.uk)
- 12.2 [Shared ownership homes: buying, improving and selling: Selling your home - GOV.UK \(www.gov.uk\)](http://www.gov.uk)
- 12.3 [Right to buy: a guide for local authorities \(publishing.service.gov.uk\)](http://publishing.service.gov.uk)
- 12.4 [Guide to the Leasehold and Freehold Reform Bill - GOV.UK \(www.gov.uk\)](http://www.gov.uk)
- 12.5 Secretary of State Letter (19 December 2023) [Shared ownership and building safety \(publishing.service.gov.uk\)](http://publishing.service.gov.uk)

Contact Officer: Perry DeSouza, Senior Housing Policy Officer

Leasehold Management Policy v0.3

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1. Introduction

- 1.1 Dover District Council (“the Council”) is committed to meeting our responsibilities towards leaseholders under the terms of their lease agreements and providing them with high quality management and maintenance services, whilst demonstrating value for money.
- 1.2 We currently have a total of 462 leasehold properties in our housing stock, which includes properties sold to eligible tenants through the Right to Buy (RtB) scheme, and properties sold to residents through the Shared Ownership scheme which forms part of the Government’s Affordable Homes Programme 2021-2026. As a result, it is likely that the number of leasehold properties the Council manages will increase over time.
- 1.3 Therefore we recognise the importance of producing and establishing a general Leasehold Management Policy to set out the aims, responsibilities and obligations relating to the management of leasehold properties and providing the same consistent standard of customer care and service delivery to leaseholders as we provide to our tenants.

2. Policy purpose and scope

- 2.1 This policy explains how the Council will meet its statutory duties and responsibilities to leaseholders under the terms of their lease agreements, and to provide them with a good standard of customer care and service in the management and maintenance of their homes, including information explaining service charges, and the rights and responsibilities of leaseholders.
- 2.2 The content of this policy refers to leasehold properties partly owned and / or managed by the Council. It does not take precedence over any leasehold property owned or managed by a developer and / or a Registered Provider (Housing Association), or any other local authority.

3. Policy aims

- 3.1 The aims of this policy are as follows:
 1. To set out the responsibilities and obligations of the Council and the leaseholder in accordance with the lease agreement and relevant legislation.
 2. To ensure that we meet our responsibilities as the freeholder as contained in the lease agreement between us and the leaseholder.

3. Ensure that leaseholders adhere to the provisions and covenants within the lease agreement, and where there are breaches, how we will take appropriate action to enforce them.
 4. To set out a broad framework under which we will provide an efficient, customer focused leasehold management service that offers value for money.
- 3.2 This policy provides information for leaseholders and staff involved in delivering services to leaseholders. This includes, housing services, leasehold services, asset management and property services.

4. Related documents and legislation

- 4.1 This policy should be read in conjunction with individual lease agreements issued at point of sale. Leases may vary and leaseholders should therefore refer to their individual lease agreement for the legal position regarding their own and the Council's obligations.
- 4.2 This policy has been written to take account of the Council's obligations with regards to current legislation and regulations, and other corporate policies and strategies. In particular:

Internal documents:

- Shared Ownership Policy
 - Shared Ownership Marketing and Sales Procedure
 - Shared Ownership Resales Procedure
 - Shared Ownership Staircasing Procedure
- [Corporate Plan 2020-2024](#)
- [Complaints Policy](#)
- Defects Rectification Procedure

Legislation:

- Housing Act 1985, 1996 & 2004
- Landlord and Tenant Act 1985
- Environmental Protection Act 1990
- Housing (Service Charge Loans) regulations 1992
- Human Rights Act 1998
- Commonhold and Leasehold Reform Act 2002
- Regulatory Reform (Fire Safety) Order 2005
- Equality Act 2010
- ASB, Crime and Policing Act 2014
- Data Protection Act 2018

- The Housing (Shared Ownership Leases) (Exclusion from Leasehold Reform Act 1967 and Rent Act 1977) (England) Regulations 2021
- Leasehold (Ground Rent) Reform Act 2022
- Fire Safety Act 2022.

Other applicable documents:

- Individual lease agreements
- Right to Buy: A guide for local authorities
- Capital Funding Guide
- Shared ownership homes: buying, improving and selling

5. Definitions

5.1 For the purposes of this policy:

'We', 'our' and 'us' refers to Dover District Council.

'The property' refers to a leasehold or shared ownership property, whether a flat, maisonette or house, including any outside areas that form part of the property such as gardens, patios, balconies.

A 'freeholder' is a person or organisation who owns the freehold to a piece of land or property. In this case, the 'freeholder' is the Council.

A 'leaseholder' is an individual who has purchased a property under a long-term lease as part of a block of flats, maisonettes or is partly owned by the Council through the Shared Ownership scheme.

'Rent' relates to the amount payable by the leaseholder on the unsold share of a shared ownership property.

'Service charges' are defined under Section 18 of the Landlord and Tenancy Act 1985 as 'an amount payable by a tenant of a dwelling as part of or in addition to the rent (a) which is payable directly or indirectly for services, repairs, maintenance, improvements or insurance or the landlord's costs of the management and (b) the whole part of which varies or may vary according to the relevant costs'.

'Major work' refers to cyclical works to the structure or fabric of the building, that may include external painting or re-roofing, where the lease allows a recharge to be made to the leaseholder to recover the costs of the work.

'Ground rent' is a standard charge and is payment for the rent of the land on which the building is situated.

A 'lease' is a legal and binding contract between the Council and the leaseholder which outlines the rights and duties of both parties. The terms of

the lease have been established in accordance with legislative requirements and cannot be altered without the express agreement and permission of the Council, the leaseholder(s) and where applicable the mortgagee.

'Shared areas' refers to internal and / or external areas which have shared access and use by all leaseholders and / or residents, such as, play areas, drying areas, stairwells, landings, lifts, corridors etc. that are also managed and maintained by the Council.

A 'First-Tier Tribunal' (Property Chamber) handles applications, appeals and reference relating to disputes over property and land.

6. Policy statements

Leasehold management

- 6.1 In general, the Homeownership Officer and Accountancy oversee the general management of all Council leasehold properties, with support from other service areas including Housing Services, Property Services, Strategic Housing and the Council's Legal team.
- 6.2 We will comply with all legislation relating to its leasehold management and service charge calculations. Applicable legislation and regulations have been identified in section 4.
- 6.3 We expect that leaseholders will be provided a copy of the lease by the solicitor acting on their behalf when they purchase their home and are made fully aware of the covenants and service charge implications. If, however, the leaseholder requires a copy of their lease, this can be obtained from the HM Land Registry or from the Council subject to paying the relevant noted administration fee for this service.
- 6.6 Key information and advice regarding the services leaseholders can expect to receive will also be contained within their welcome letter.

Repairs and maintenance

Reporting repairs

- 6.7 Repairs and maintenance for shared or communal areas is carried out by our contractors. Leaseholders should report these directly to our contractor for remediation as soon as they become aware of an issue or potential issue.
- 6.8 If there are issues within the property that may be because of structural failure such as roofs, guttering or pointing this should be reported to the Homeownership Officer as soon as the leaseholder becomes aware of an issue

or potential issue, who will then refer the issue(s) to the Property Services team for them to assess if applicable.

Flats / apartments / maisonettes

- 6.9 In general, leaseholders are responsible for the maintenance and repair of the internal areas of the property.
- 6.10 We will maintain the external fabric / structure of the building and shared communal areas (both internal and external) in accordance with the lease agreement responsibilities and obligations. Repair and general maintenance of the buildings will be covered through the service charge (see 13.2).
- 6.11 Under the terms of the lease leaseholders will be charged for their share of relevant costs incurred. In such cases, We will consult with leaseholders on the costs of the repairs if they are more than £250, prior to commencing any work (see 15.1), or such other sum set by the Secretary of State or legislation.

Shared Ownership

General

- 6.12 Leaseholders will need to pay for internal and non-structural repairs and maintenance no matter the share of the property they own.
- 6.13 New properties are usually covered by a 10- or 12-year building warranty period, or by the Council if the property has an 'initial repair period'. This means that some defects and repairs may be covered (see 7.8 – 7.12). We advise leaseholders to consult the key information document and lease agreement for their home to see if this applies to their property.
- 6.14 For flats / apartments, the Council is responsible for the repair and maintenance of the external structure of the building, and any shared communal areas (both internal and external) (please see section 5 for definition). Under the terms of the lease, leaseholders will be charged for their proportion of the relevant costs to repair any external or structural issues which will be set out in the Service Charge invoice. In such cases, we will consult with leaseholders on the costs of the repairs if they are more than £250, prior to commencing any work (see 15.1).

Initial repair period

- 6.15 Some shared ownership properties may have an 'initial repair period' which lasts for 10-years and is included as part of the lease agreement by the Council as freeholder and in accordance with Capital Funding Guide. This usually only applies to new model shared ownership properties. If an 'initial repair period' applies, we will be responsible for the cost of some of the repairs, which include:

- essential external repairs (as determined by the Council acting reasonably)
 - essential structural repairs to walls, floors, ceiling, and stairs inside the property
- 6.16 This period only applies if the leaseholder owns less than a 100% share of the property. After the period ends, all repairs and maintenance are the responsibility of the leaseholder.
- 6.17 Leaseholders may also be eligible to claim £500 a year to cover repairing, replacing (if faulty), and / or maintaining fixtures and fittings that supply water, gas, electricity and heat the property. What this does not include is the:
- installation of other fixtures and fittings; and
 - installation of appliances that use gas, electricity, or water; and
 - repairs covered by the building warranty or any other guarantee.
- 6.18 If the leaseholder breaches the terms of the lease, such as purposefully damaging the property or failing to arrange routine servicing and maintenance (see section 9), we will not pay for repairs we might ordinarily be responsible for.
- 6.19 We advise leaseholders to check their warranty or guarantee documents to see whether some or all the repairs are covered, and if so, how they can claim for the repairs.

Defects liability period

- 6.20 For new-build properties, the builder remains responsible for rectifying defects for a period of 12-months. This is known as the 'Defects Liability Period'. Common defects repairs are outlined in the leaseholder's Home User Guide (HUG).
- 6.21 Leaseholders should contact DDC to report a defect with the property by emailing correspondence to: communityhousing@dover.gov.uk.
- 6.22 Once notified, we will verify that the issue is a defect and contact the developer for remedial action. Throughout this period we will keep in touch with the leaseholder until the defect remediation has been completed.
- 6.23 Officers involved in the rectification of defects will follow the Council's Rectification of Defects Procedure.

Leasehold improvements

- 6.24 Leaseholders are solely responsible for maintaining and repairing the internal parts of their home including maintenance of fixtures and fittings. Leaseholders must obtain our prior approval before commencing any improvement works.

This includes seeking our permission for the alteration or installation of new fittings, such as new bathrooms, kitchens, and boilers.

- 6.25 Leaseholders should complete an [Alteration Application Form](#) and submit this to homeownership@dover.gov.uk.
- 6.26 Written consent on any home improvements will be on condition that the leaseholder has provided us with all the details of the proposed works and subject to meeting conditions such as obtaining planning permission and / or building regulations (if applicable).
- 6.27 Leaseholders will not be given permission for any alterations or improvements where they:
- make the property or part of the property dangerous or unstable;
 - create a risk to the health and safety of others;
 - encroach upon land which is not defined within the leaseholders lease agreement;
 - impact on the structure or changes the appearance of the building or the shared or communal parts in any way;
 - prevent light or air reaching other residents;
 - affect the legal rights of other residents, for example, right of way;
 - reduce access to neighbouring properties;
 - invalidates the Council's building insurance;
 - make maintaining neighbouring properties more difficult or expensive;
- 6.28 This list is not exhaustive. Decisions on whether to grant an application will be considered on a case-by-case basis.
- 6.29 Failure to obtain consent for an alteration or improvement will constitute breach of the lease agreement.
- 6.30 The future maintenance of any improvements or alterations to the property will be the responsibility of the leaseholder. Should there be any damage to adjacent properties due to any works carried out, the leaseholder will be responsible for rectifying the damage, including covering any costs incurred as a result.
- 6.31 Leaseholders are not permitted to use the attic / loft space for any reason or at any time, even if the loft is only accessible through the leasehold property.

Health and safety

- 6.32 It is the responsibility of the leaseholder to ensure that all gas and electrical appliances, such as boilers, are properly and regularly serviced according to the manufacturer's instructions and failure to do so will constitute a breach of lease. Therefore, leaseholders are required to have their boilers serviced every

year which must be carried out by an engineer on the Gas Safety Register. We may request to see the certification anytime.

- 6.33 Leaseholders must also ensure that that all smoke alarms within the property are working in good order and replace them where they are faulty.
- 6.34 Where the property is part of a block of flats, leaseholders must not store any items in any shared spaces, corridors, hallways, under stairs, near to or in front of designated fire exits, or by building entrances and exits as these may also form as part of a fire escape route. Stored items include, but are not limited to:
- Furniture
 - Bikes
 - Electric bikes
 - Mobility scooters
 - Prams / push chairs
- 6.35 Bikes, electric bikes, and mobility scooters must be stored in designated spaces where provided and available, and permission must be sought from the Council prior to using them. This is so that we can monitor the usage and capacity of the storage sheds. Further information regarding mobility scooters, and how leaseholders can safely use, store, and charge them can be found on [Mobility Scooter Advice](#) webpage.
- 6.36 If we are made aware that a leaseholder is storing such items in communal areas, we will take appropriate steps to resolve the issue, which may include taking enforcement action. This will be in accordance with our duties and obligations to the Regulatory Reform (Fire Safety) Order 2005, and the Fire Safety Act 2022.

Building insurance

- 6.37 We will provide block buildings insurance cover for all its leasehold blocks of flats and Shared Ownership houses, unless there are contractual terms in place which require otherwise.
- 6.38 If the property is shared ownership, and the leaseholder has purchased 100% of the property (and therefore becomes the 'freeholder'), they will be responsible for arranging the buildings insurance themselves. The exception to this is where the property is a flat, in which case the Council as the freeholder of the building will arrange the building insurance and the premium will be included within the service charge.
- 6.39 We will not provide contents insurance. This must be arranged and paid for by the leaseholder separately.

Subletting – Right to Buy

- 6.40 According to the Right to Buy guidance, there are no restrictions under Right to Buy legislation that prohibit a leaseholder from subletting their property once they have completed their purchase.
- 6.41 The key principles of any subletting arrangement for a Right to Buy property are:
1. Leaseholders must notify us of their intention to sublet their property. The reason for this is so that our records held for the property are up to date (i.e., Council Tax).
 2. Leaseholders will remain responsible for the points raised in 6.44 of this policy and will become a 'landlord' and subject to the rules and regulations landlords are obliged to adhere to.
- 6.42 Leaseholders are responsible for obtaining consent from their mortgage company (if applicable) to sublet their property prior to entering into an agreement.
- 6.43 A leaseholder who sublets their property will become a 'landlord' and will be subject to the rules and regulations landlords are obliged to adhere to.
- 6.44 Leaseholders will also remain responsible for:
- The payment of service charges
 - Providing up to date contact details. Details of their tenant in case of emergencies or problems caused by defects within the property.
 - Ensuring that the property does not become overcrowded by allowing other people to live or stay on a permanent / long stay basis if there is not adequate bedroom space.
 - Servicing the gas supply and appliances in the property annually and providing their tenant with a copy of the safety check certificate
 - Installing carbon monoxide detectors and smoke detectors and ensuring that they are in good working order and are replaced or repair when faulty.
 - Providing their tenant with an Energy Performance Certificate (EPC).
 - Ensuring that the tenant does not breach the conditions of the lease agreement. We will take enforcement action, which may include legal action, against the leaseholder for any breach of conditions, which are not resolved, and may result in the forfeiture of the lease.

Subletting - Shared Ownership

- 6.45 In general, most Shared Ownership leases will prohibit leaseholders from subletting their property. This is in accordance with our duties to protect public

funds and ensure that applicants are not buying the property for commercial gain, such as short-term lets and bed and breakfast type accommodation.

- 6.46 We advise all leaseholders to review their individual lease agreements for more information regarding subletting.
- 6.47 At the Council's discretion we may agree to a sub-letting arrangement where it is in an exceptional circumstance and the Leaseholder has provided supporting evidence and information to support their request. All requests will be considered on a case by case basis.
- 6.48 The key principles of any subletting arrangement for a Shared Ownership property agreed by the Council are:
3. Leaseholders do not have the right or entitlement to sublet their property.
 4. Leaseholders must request permission from the Council to sublet their property and provide supporting evidence and information for their request.
 5. The Council must be satisfied that a request to sublet is for a genuine reason, and the leaseholder has explored and exhausted all other options.
 6. The Council must approve and accept a subletting request before the leaseholder proceeds to sublet the property.
 7. Leaseholders will remain responsible for the points raised in 6.45 of this policy and will become a 'landlord' and subject to the rules and regulations landlords are obliged to adhere to.
- 6.49 Appropriate enforcement action will be taken where we are made aware of a subletting arrangement that the leaseholder(s) does not have our express permission to sublet. Retrospective permission of subletting arrangements can be considered on a case-by-case basis.

Pets

- 6.50 If a Leaseholder wishes to keep a pet, they must seek and obtain our written permission in accordance with their lease agreement. If permission is granted, Leaseholders and any other person living or visiting the property (including children) must not:
- Keep any animal which has been classified as dangerous under the [Dangerous Wild Animal Act 1976](#)
 - Keep livestock (farm animals) at the property
 - Allow pets to cause a nuisance, for example, fouling shared areas such as lifts, stairs and landings, or making too much noise such as barking

- Allow any animal kept at the property to cause a nuisance in the local area, including nuisance to employees and contractors of DDC

- 6.51 We will make decisions to grant permission on a case-by-case basis.
- 6.52 If the property has any shared areas, pets should be exercised away from the property.
- 6.53 We will investigate any complaints made and take appropriate enforcement action as stated in our Pets Policy.
- 6.54 For more information, please refer to the lease agreement and our [Pets Policy](#).

Service charges

- 6.55 We will adhere to statutory requirements in delivering and charging services to our leaseholders and follow all relevant legal and regulatory framework. Service charges will comply with the provisions set out in the Landlord and Tenant Act 1985 and 1987 (as amended).
- 6.56 We will provide leaseholders with a notice of rights with demands for payment as required under the Commonhold and Leasehold Reform Act 2002. Estimated service charges for Right to Buy (RtB) are governed by the Housing Act 1985 as amended and are covered within the Right to Buy process.
- 6.57 Services provided for leasehold properties will be referenced in the lease agreement and charges will be set and administered in accordance with current legislation. All service charges will be based on either actual or estimated costs of providing the service.
- 6.58 We will provide leaseholders with accurate and timely information about service charges, including a breakdown of the relevant costs including but not limited to:
- ground rent and buildings insurance
 - ground maintenance and cleaning
 - communal area repairs, services, and maintenance
 - electricity charges for any shared areas, for example, lighting, power lifts and door entry systems
 - administration charges
 - management fees
 - major works and improvements (e.g., replacing roofs, structural – these can result in very large service charge bills).
- 6.59 Deficits and credits from previous years will be carried forward into subsequent years and included in the calculation of service charges.

Ground rents

- 6.60 Leaseholders may be required to pay a 'ground rent'. This is usually included as a charge in the service charge. Details of any applicable ground rent will be noted in the lease agreement. The Council advises leaseholders to review the provisions regarding ground rents in the lease.
- 6.61 Provisions in the Leasehold Reform (Ground Rent) Act 2022 now prohibit landlords from charging ground rent on some leases. Details of which leases are and are not regulated by the Act can be found on the [government's website](#). However, in general, a lease will be regulated by the act if:
- It is granted on or after 30 June 2022.
 - It is a long lease (exceeding 21 years) for a single dwelling.
 - It was granted for a premium. This also includes where a lease has been changed by a 'deemed surrender and regrant' and no premium was required.
 - It is not an excepted lease.

Summary and balances

- 6.62 Leaseholders have a statutory right to seek a summary of the service charge account under Section 21 of the Landlord and Tenant Act 1985. The request must be in writing and can request a summary of the 'relevant costs in relation to the service charges payable' in respect of the last account year, or where accounts are not kept by accounting years, the past 12-months preceding the request.
- 6.63 The Council will provide the summary of the service charge account within 1 month (or within 6 months of the end of the 12-month accounting period, whichever is later).

Management and administration fees

- 6.64 The Council can charge a management fee for staff time managing the services we fund and provide. Leaseholders can request a breakdown of the management fee.
- 6.65 Administration fees may be charged when a leaseholder requests a particular service or when we have to carry out special work because a lease agreement has been breached, for example, non-payment of service charges which may have incurred additional court costs.

Payment options

- 6.66 Any payments requested by us will be in accordance with current and relevant landlord and tenant legislation.
- 6.67 For Shared Ownership properties, the first month's rent and service charge must be paid on completion of the sale. Each payment thereafter will be charged at the beginning of each month unless an alternative payment date has been agreed between the Council and the leaseholder(s).
- 6.68 All payments relating to rents, service charges and ground rent are charged per calendar month. The Council's preference is for the costs listed to be paid via Direct Debit. It is a condition of the lease agreement that these charges are paid every month. In cases where leaseholders have missed payments, or are in arrears, the Council will follow our internal procedures to recover these costs. Please see section 16 for more information.

Enfranchisement

- 6.69 Subject to certain conditions, leaseholders of flats may have the right to collective enfranchisement if they and the building in which they live in qualifies. Leaseholders should seek independent advice regarding these matters. Should leaseholders seek to acquire the freehold, we will comply as required by the Commonhold and Leasehold Reform Act 2002.
- 6.70 Due to the nature of the Affordable Homes Programme 2021 – 2026, shared ownership leases granted in respect of houses and bungalows are excluded from the enfranchisement provisions as stated in the Leasehold Reform Act 1967, Leasehold Reform (Housing and Urban Development) Act 1993 and the Commonhold and Leasehold Reform Act 2002.

Lease extensions or variations

- 6.71 In general leaseholders have the right to an extension to the term of the lease and can apply for a new lease at any time if they meet certain conditions. To qualify:
- They must be the leaseholder;
 - Have held the relevant lease for 2 years or more; and
 - Can prove they have not had any breaches to the previous lease agreement.
- 6.72 The terms of a lease can be varied only by specific agreement between the parties to the lease and, where appropriate, their mortgagees or through an order by a First Tier Tribunal. Where lease variations are required, they will be by mutual consent.

Leaseholder engagement

- 6.73 Any engagement with leaseholders carried out by the Council will be done so in accordance with our current engagement strategies, and legislative and regulatory requirements. Engagement may take the form of surveys, questionnaires, or interviews and may involve the inclusion of other service areas and consultants in the process to ensure that we provide leaseholders with a rounded and robust response to feedback given.

Section 20 consultations

- 6.74 We will ensure that leaseholders are fully consulted in compliance with Section 20 of the Landlord and Tenant Act 1985 (as amended). This requires consultation with leaseholders on proposed qualifying major works or improvements for which they are required to pay and proposed changes to contracts for long-term agreements.
- 6.75 In an emergency it may be necessary to complete works in a short time scale which prevents us from completing the consultation process. Where this happens, we may apply to the First Tier Tribunal for a dispensation order.

7. Enforcement

- 7.1 We will take enforcement action where it is considered necessary. In assessing whether to act and what action to take, we will base our decision on the assessment of the facts and the advice of relevant authorities and / or appropriate professionals and consultants.
- 7.2 Appropriate action will be taken whenever we become aware that a leaseholder is acting in breach of their lease agreement. Several examples of a breach of lease include, but is not limited to:
- non-payment of rental income for 21 days after becoming payable
 - unapproved works to the home or building
 - improper use of the home or building (i.e., for illegal activity)
 - failure to maintain or damage to the premises
 - refusal of access to DDC staff, or contractors working on behalf of the DDC
 - anti-social behaviour including harassment or neighbour nuisance. Such behaviour also extends to family members living at the property who may not be a leaseholder, and visitors.
- 7.3 Our enforcement action may include the following steps:
1. speaking with the leaseholder(s) to resolve the issue;
 2. formal and final written warning;

3. pursuing legal action.

7.4 Legal proceedings will only be considered if:

- we are satisfied that staff have taken appropriate action to resolve the issue; and
- the leaseholder continues to be in breach of their lease agreement even though they have been warned; and
- no other reasonable alternative action or avenues to maintain the leaseholder in their home is possible.

7.5 Where action is required to enforce the lease agreement, we may seek to recover all costs for having to take such action. This may include charging an administration fee for the work we are required to carry out.

Anti-social behaviour

7.6 We believe that all leaseholders, tenants, and residents have a right to live in an environment that allows them to enjoy their home and community, and we recognise the negative impact that instances of anti-social behaviour (ASB) and nuisance can have on individuals and communities. Therefore, any incidents reported to us either by the leaseholder about a council tenant / leaseholder, or complaints received about the leaseholder(s), and / or their family, lodgers, and visitors staying at the property, will be taken seriously, and dealt with in accordance with our Anti-Social Behaviour processes and practices.

Rent and service charge arrears

7.7 It is a condition of the lease agreement to pay rent and services charges on time. We will contact any leaseholder who falls behind with their payments to remedy the situation via other means without the need to take enforcement action. However, refusal to pay outstanding arrears or refusing to pay for rent or service charges altogether will result in the Council taking appropriate enforcement action which may involve legal proceedings (see 16.4 & 16.5).

7.8 If the leaseholder holds a shared ownership lease, we will make sure in the first instance anyone experiencing difficulties in paying rent and service charges is supported and given advice. We may sign-post leaseholders to third-party organisations who may be best suited to provide specialist assistance. We encourage leaseholders to get in touch if they are struggling to make payments before falling into arrears.

7.9 If a lease agreement contains a mortgagee protection clause, the Council reserves the right to disclose to the mortgage lender of the leaseholder, details of the rent and service charge arrears. On a case-by-case basis, we may discuss potential payment arrangements from the mortgage lender to cover the leaseholder's arrears but also reserves the right to refuse such an offer. If we

agree to recover arrears from the mortgage lender, the leaseholder will be notified in advance and made aware of any consequences incurred.

Repossessions

7.10 We will act reasonably and only take repossession action where there is:

- no other reasonable alternative,
- all other avenues to maintain the leaseholder in their home have been exhausted; and / or
- we are satisfied that an appropriate course of recovery action has been taken by staff but the issue has not been resolved.

7.11 Where the Council decides to pursue possession of the property, we will provide the leaseholder's mortgage lender 28 days' notice of our intentions. This will include details of the level of arrears.

8. Selling the property

8.1 In overseeing the resale of leases purchased through Right to Buy (RtB), we will take guidance from the 'Right to Buy: A guide for local authorities' guidance provided by the Department of Levelling-Up, Housing & Communities.

8.2 In general, leaseholders are required to offer to sell their home back to the Council if they purchased it under the RtB scheme within 10 years of the original conveyance purchase, or if they are selling within 5 years from the original conveyance purchase, they must repay any remaining part of the RtB discount to the Council.

8.3 Leaseholders are legally obliged to notify any prospective purchase of any section 20 notices or other notices that have been served on them or their property.

8.4 The new leaseholder's representative is required to notify the Council of the sale / purchase within one month following completion. This should be done by way of serving the formal Notice of Transfer by the purchaser's solicitor to the Council. If a notice is not received, the last recorded leaseholder will still be liable for any charges made against the property.

8.5 For shared ownership properties, leaseholders are advised to refer to the Shared Ownership Policy for guidance on the resale process, and what the responsibilities of the leaseholder and the Council are during the resale. Officers involved with resales will follow our internal procedures and will take guidance from the Capital Funding Guide.

9. Complaints

9.1 The Council's definition of a complaint is:

“An expression of dissatisfaction, however made, about the standard of service, actions or lack of action by the organisation, its own staff, or those acting on its behalf, affecting an individual resident or a group of residents.”

9.2 We take complaints made about any service it provides, or Officers who work for the Council to provide that service, seriously. If an applicant or a leaseholder wishes to make a complaint about the service they have received, they can be made:

- In writing (letter or email)
- Using the online complaint form:
- Using the Council's Complaint leaflets (these are available at the Council's Office reception, or they can be posted to the applicant / leaseholder)
- Via telephone
- In person by an appointment.

9.3 All complaints received will be dealt in accordance with the Council's [Complaints Policy](#) and procedures. More information about how to make a complaint can be found on our website: [If you are unhappy \(dover.gov.uk\)](http://dover.gov.uk).

9.4 Where a matter cannot be resolved, either the Council or the leaseholder can consider referring the dispute to the First Tier Tribunal (FTT) for their guidance. Leaseholders can also seek a determination on works or services that are proposed in the future. However, an application cannot be made to an FTT if:

- The matter has already been agreed or admitted by the leaseholder; or
- The matter has been determined by a court; or
- The matter has been or is to be referred to an arbitral tribunal where agreement to go to arbitration has been reached after a particular dispute has arisen; or
- The matter has been the subject of determination by an arbitral tribunal where agreement to go to arbitration was reached after a particular dispute has arisen.

10. Monitoring and review

10.1 This policy has been written in line with current and relevant legislation and in consideration to other Council policies, and will be reviewed every two years, or in response to relevant changes in legislation, regulation, organisational structure, development, or to address operational issues.

- 10.2 Any minor amendments required will be made through delegated approval. Any amendments made because of changes to operational process or Government legislation will be made through the local decision-making process.
- 10.3 Major changes to the policy will involve internal consultation with relevant Senior Officers and teams, including consultation with the Council's legal team, before a decision is taken to implement them.

11. Equality and diversity

- 11.1 The Council is committed to promoting equality of opportunity and to eliminating unlawful discrimination on the grounds of race, age, disability, gender, sexual orientation, religion, belief, financial status, and any other difference that can lead to discrimination or unfair treatment considering the principles of the Equality Act 2010. Please see our [Equality Policy](#) for more details
- 11.2 A full Equality Impact Assessment (EIA) was conducted for this policy in accordance with our Public Sector Equality Duty (PSED) when carrying out our duties (S149 of Equality Act 2010), and mitigations put into place where potential negative impacts to individuals with protected characteristic were identified.

12. Data protection

- 12.1 There are some cases where the Council is permitted to share data with other parties. These include:
- Where a lease contains a mortgagee protection clause allowing the Council to disclose to any mortgagee of the leaseholder, personal information relating to the leaseholder or to the provisions of the lease agreement (including details of any rent or service charge arrears); and
 - Where a mortgagee of the leaseholder discloses to the landlord such information as the landlord may request regarding the leaseholder and the loan (including details of any arrears).
- 12.2 In all cases where data is shared with other parties, the Council will ensure it safeguards and protects personal data in accordance with our Privacy Statement and Policy.
- 12.3 A tailored privacy statement for shared ownership which contains more detail on what information is collected and stored, and who the Council may share this data with, is available online. Any concerns with the Privacy Statement should be directed to the Council's Data Protection Officer.

Version controls

	Date required	Completed	Completed by
Policy adopted			Perry DeSouza, Housing Policy Officer
Review required			
Review required			
Review required			
Review required			

DRAFT



Equality Impact Assessment

Leasehold Management Policy

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Document details

Title	Leasehold Management Policy
Document type	Policy
Version submitted for decision	V0.3
New or Existing document	New document
If this is an existing document, is this a major or minor change?	N/A
Decision makers	Cabinet
Type of decision	Approval and adoption
Date of decision	5 February 2024

Responsible department	Asset Management
Are other departments or partners involved in delivering this strategy, policy, plan, or project? If 'Yes' please provide details.	<p>Yes</p> <p>Officers in the following teams will be involved to some extent in the Policy's implementation and delivery:</p> <ul style="list-style-type: none"> • Property services • Strategic Housing • Accounts • Income Recovery • Housing Management • Legal

Contact Officer: Perry DeSouza, Senior Housing Policy Officer (ext. 42137)

1.0 Purpose of the Equality Impact Assessment

The Equality Act 2010 replaced the previous anti-discrimination laws with a single Act simplifying the law by removing inconsistencies, making it easier to understand and therefore comply with it, and strengthens it to help tackle discrimination and inequality. The Act came into force on 1 October 2010.

The Public Sector Equality Duty (PSED) came into force on 5 April 2011. The duty ensures that all public bodies, including the Council:

- play their part in making society fairer by tackling discrimination and providing equality of opportunity for all; and
- consider the needs of all individuals in their day-to-day work, in shaping policy, delivering services and in relation to their own employees.

PSED encourages public bodies to understand how different people will be affected by their activities so that policies and services are appropriate and accessible to all and meet the needs of different groups of people. Where activities may have an impact to one particular group of people, public bodies are required to identify mitigations that will either lessen the impact or provide an alternative solution to meet the needs of that particular group.

By understanding the effect our activities have on different groups of people, and how inclusive our services can support and increase people's opportunities, the Council will be better placed to deliver policies and services that are efficient and effective.

This Equality Impact Assessment (EIA) helps the Council to ensure that we fulfil our legal obligations as per the PSED and to have due regard to:

- a) Eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010;
- b) Advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and
- c) Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

2.0 Applicable legislation and regulations

The following legislation and regulations apply to the proposed policy:

- Housing Act 1985
- Landlord and Tenant Act 1985
- Human Rights Act 1998
- Commonhold and Leasehold Reform Act 2002
- Regulatory Reform Act 2002
- Regulatory Reform (Fire Safety) Act 2005

- Equality Act 2010
- General Data Protection Regulations (GDPR) 2018
- Data Protection Act 2018
- The Housing (shared Ownership Leases) (Exclusion from Leasehold Reform Act 1976 and Rent Act 1977) (England) Regulations 2021

The following documents also apply to this policy:

- Capital Funding Guide
- Shared Ownership: Buying, Improving and Selling
- Home Standard 2012
- Neighbourhood and Community Standard 2012

The following Council strategic documents relate to this policy:

- Shared Ownership Policy
- Corporate Plan
- Complaints Policy
- Tenant Engagement Strategy
- Asset Management Strategy (in development)
- Mobility Scooter Policy
- Compliance Safety Policies
- Neighbourhood Management Policy

3.0 Summary

When an eligible resident purchases a flat or a house under the Right to Buy (RTB) scheme or Shared Ownership, they enter into a legal agreement to become a Leaseholder. As part of the purchase, the Leaseholder agrees to adhere to the provisions within their lease agreement. The Council also has a responsibility to adhere to the lease agreement.

Leasehold management is guided by a legal framework, lease agreements, case law, regulations, and sources of good practice. To recognise this and provide a focus for continual improvement a Leasehold Management Policy has been developed that sets out our aims, responsibilities and obligations relating to the management of leasehold properties, as well as responsibilities and expectations of leaseholders.

This equality impact assessment (EIA) has been undertaken in accordance with the public sector equality duty (PSED) as stipulated in Section 149 of the Equality Act 2010. The EIA has identified some potentially positive and negative impacts with the implementation of this policy.

4.0 Information

4.1 Aim of the decision

The aim of the decision is for Cabinet to approve the content of the proposed policy, and for the policy to be adopted by the Council enabling Officers to make informed and compliant decisions regarding leasehold management.

4.2 Aim of the policy

The Policy will help provide effective and efficient leasehold management and to clearly set out the approach and cost for services. The individual aims of the policy are:

1. To set out the responsibilities and obligations of the Council and the leaseholder in accordance with the lease agreement and relevant legislation.
2. To ensure that we meet our responsibilities as the freeholder as contained in the lease agreement between us and the leaseholder.
3. Ensure leaseholders adhere to the lease agreement, and where there are breaches, what actions the Council will take to enforce them.
4. To set out a broad framework under which we will provide an efficient, customer focused leasehold management service that offers value for money.

4.3 Intended outcome(s)

The intended outcomes of the policy would be that:

1. Leasehold properties are managed in a compliant way in accordance with legislation and regulations; and
2. Officers and leaseholders are aware of their responsibilities regarding the upkeep and management of leasehold properties.

The intended outcomes from the implementation of the policy are:

1. Staff, leaseholders, and applicants can take guidance from the document on how leasehold properties are managed.
2. Leaseholders are aware of their responsibilities.
3. Staff can conduct themselves in a consistent and professional manner with regards to leasehold management.

4.4 Impact of the decision

To date, the Council has a total of 463 leasehold properties within our housing stock. 429 properties are leases under the Right to Buy scheme, while 34 are properties sold through the shared ownership scheme. In total there are 458 flats and 5 houses.

It is likely that the number of properties impacted by the policy will increase over time since:

- Eligible Council tenants can purchase their Council home through the Right to Buy scheme; and
- The Council has a commitment to deliver a range of affordable housing options, which includes Shared Ownership properties.

The decision to implement the policy should have a positive impact to leaseholders, since it will inform them of how the Council will manage leasehold properties in accordance with the individual lease agreements.

Staff will benefit from the policy as it will provide them with guidance on leasehold management including repairs and maintenance, service charges, and enforcement, so that services can be delivered in a consistent manner and enabling them to provide better customer service and care.

4.5 Internal consultations

An internal consultation with several teams was conducted during the development to review the content of the Policy to ensure that it was reflective of current practices, sharing of good practice and where improvements to services could be made. The teams involved included:

- Property Services
- Housing Services
- Accounts
- Legal

4.6 Intended beneficiaries

The intended beneficiaries of this policy are Council leaseholders and staff.

4.7 Main stakeholders

The main stakeholders in relation to this policy are:

- Leaseholders
- Family members of leaseholders
- Council staff

- Councillors

6.0 Assessment of the decision

The table below assesses if the decision is likely to be relevant to the three aims of the Equality Duty.

If the decision is relevant to the three aims of the Equality Duty, the Impact and Mitigations table must be completed to show how it is relevant and what the impact(s) will be.

Aim	Relevance Yes/No
Eliminate discrimination, harassment, victimisation.	Yes
Advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not.	Yes
Foster good relations between persons who share relevant protected characteristics and persons who do not share it.	Yes

6.0 Impact and Mitigations

Characteristic	Relevance High/Medium/Low	Impact of the decision Positive/Neutral/ Negative	Reasons for impact	Mitigations
Age	High	Negative	<p>It is acknowledged that there may be financial pressures for retired leaseholders or those on low incomes (of all ages) to cover the cost of repairs and maintenance where this is their responsibility.</p> <p>The Policy prohibits the storage of items in shared areas in blocks of flats. This may negatively impact on elderly leaseholders who have or are thinking of having a mobility scooter. This is in accordance with the Mobility Scooter Policy.</p>	<p>Whilst the Council is not responsible for paying for repairs that are the responsibility of the leaseholder, where we are the responsible and the leaseholder is expected to contribute towards the costs, we may consider introducing payment plans to help spread the cost and reduce the financial impact.</p> <p>We will ensure that leaseholders are supported with advice and sign-posted to organisations who can provide professional financial support.</p> <p>We will engage with leaseholders where they are in breach of this policy and / or their lease agreement.</p> <p>We will work with leaseholders to find alternative solutions, prior to progressing to take enforcement action. This may include conducting</p>

				<p>an Individual Equality Impact Assessment for leaseholder who use mobility scooters, and / or (where necessary) making additional space available for storage.</p> <p>A check sheet is provided on our website that informs leaseholders how they can correctly store and charge their mobility scooter.</p>
Disability	High	Negative	<p>It is acknowledged that some residents who require repairs to their property may find this difficult to arrange or understand what their responsibilities are.</p> <p>The Policy prohibits the storage of items in shared areas in blocks of flats. This may negatively impact on disabled leaseholders who have or are thinking of having a mobility scooter. This is in accordance with the Mobility Scooter Policy.</p>	<p>By working with leaseholders, the Council will be able to identify any additional support required by disabled leaseholders to help them meet the conditions of their lease agreement. This could include reasonable adjustments such as providing information in different formats to explain documents.</p> <p>We will ensure that leaseholders are supported with advice and sign-posted to organisations who can provide professional financial support.</p> <p>We will engage with leaseholders where they are in breach of this</p>

				<p>policy and / or their lease agreement.</p> <p>We will work with leaseholders to find alternative solutions, prior to progressing to take enforcement action. This may include conducting an Individual Equality Impact Assessment for leaseholder who use mobility scooters, and / or (where necessary) making additional space available for storage.</p> <p>A check sheet is provided on our website that informs leaseholders how they can correctly store and charge their mobility scooter.</p>
Gender	Low	Neutral	<p>It is not anticipated that the Council would need to take further action to enable access for this group.</p> <p>Regular monitoring and analysis may identify reasons that have not been anticipated. Action will be taken to mitigate any barriers identified.</p>	No mitigations are needed.

Gender reassignment	Low	Neutral	<p>It is not anticipated that the Council would need to take further action to enable access for this group.</p> <p>Regular monitoring and analysis may identify reasons that have not been anticipated. Action will be taken to mitigate any barriers identified.</p>	No mitigations are needed.
Marriage and Civil Partnership	Low	Neutral	<p>It is not anticipated that the Council would need to take further action to enable access for this group.</p> <p>Regular monitoring and analysis may identify reasons that have not been anticipated. Action will be taken to mitigate any barriers identified.</p>	No mitigations are needed.
Pregnancy and Maternity	Medium	Neutral	<p>It is acknowledged that there may be financial pressures for leaseholders during the period of pregnancy and maternity to cover costs of repairs and maintenance where this is their responsibility.</p>	<p>Whilst the Council is not responsible for paying for repairs that are the responsibility of the leaseholder, where we are the responsible and the leaseholder is expected to contribute towards the costs, we may consider introducing payment plans to help spread the cost and reduce the financial impact.</p> <p>We will ensure that leaseholders are supported with advice and sign-</p>

				posted to organisations who can provide professional financial support.
Race	Low	Neutral	It is acknowledged that some leaseholders whose first language is not English, or who have difficulty understanding English, may require additional support.	<p>We will work with leaseholders to ensure that documents and information is provided to them in a format that works for them, which may include translated versions.</p> <p>We will ensure that as many documents are written in plain English.</p>
Religion, Belief or Lack of Belief	Low	Neutral	<p>It is not anticipated that the Council would need to take further action to enable access for this group.</p> <p>Regular monitoring and analysis may identify reasons that have not been anticipated. Action will be taken to mitigate any barriers identified.</p>	No mitigations are needed.
Sexual Orientation	Low	Neutral	<p>It is not anticipated that the Council would need to take further action to enable access for this group.</p> <p>Regular monitoring and analysis may identify reasons that have not been anticipated. Action will be</p>	No mitigations are needed.

			taken to mitigate any barriers identified.	
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Appendix 3 – Summary of the Policy statements

Repairs and maintenance (6.7 – 6.23)

- 1.1 Leaseholders remain responsible for the maintenance of their property in accordance with their lease agreement (6.7 & 6.8). The Policy stipulates that the Council is responsible for the repairs and maintenance of communal areas, and the external fabric / structure of the building (both internal and external) for both leasehold and shared ownership flats (6.9 – 6.14). Leaseholders will be charged a share of the relevant costs incurred for external repairs. Where the cost is more than £250, the Council will consult with leaseholders prior to commencing any work (6.9).
- 1.2 Some shared ownership properties may include an 'initial repair period' which lasts for 10 years (6.15 & 6.16). Where this period applies, the Council is responsible for the costs of some 'essential and genuine' repairs to walls, floors, ceilings, and stairs inside the property. The period only applies to new model shared ownership (introduced in 2021).
- 1.3 Under the new model shared ownership, leaseholders may be eligible to claim £500 a year to cover repairing, replacing, and maintaining fixtures and fittings that supply water, electricity and heat the property (6.17 – 6.19). There are exemptions to this which are listed in the policy (6.17). If a leaseholder breaches the terms of the lease (such as purposefully damaging the property or failing to carry out a regular service), the Council will not pay for repairs (6.18).
- 1.4 The Policy advises shared ownership leaseholders to check their New Build Home Warranty (usually lasting between 10 & 12 years) prior to making a claim on the initial repair period as the issue may be covered by the warranty (6.19).

Leasehold improvements (6.24 – 6.31)

- 1.5 The Policy stipulates that leaseholders are responsible for decorating and maintaining their home and must obtain the Council's permission prior to commencing any improvement works by completing and submitting an Alteration Application Form (6.24 & 6.25). The Policy provides examples of what is considered to be 'improvement work'.
- 1.6 The Policy outlines how the Council will give consent to home improvements, and examples of when we will not give our permission (6.26 - 6.28).
- 1.7 Future maintenance of any improvements or alterations to the property made by the leaseholder will be their responsibility (6.29 & 6.30).

Health and safety (6.32 – 6.36)

- 1.8 Leaseholders are responsible for ensuring that all gas and electrical applicants are properly and regularly serviced. This also includes smoke and carbon monoxide alarms (6.32).
- 1.9 The Policy stipulates that the Council expects leaseholders to have their boilers serviced every year by an engineer on the Gas Safety Register (6.33).
- 1.10 The Policy states that leaseholders must not store any items in shared spaces and other areas as listed (6.34) where the property forms part of a block of flats. This also includes charging items such as electric bikes and mobility scooters since they may pose a fire safety hazard. Items must be stored in designated areas where spaces are

provided and available (6.34). Leaseholders must obtain the Council's permission beforehand.

- 1.11 Where we are made aware of items being stored in contravention to the Policy, the Council will take appropriate steps to resolve the issue which may include enforcement action (6.35).

Subletting (6.40 – 6.50)

- 1.12 There are no restrictions that prohibit RTB leaseholders from subletting their property once the purchase is complete, however we expect to be notified (6.40 & 6.41 (1))
- 1.13 The Policy states that leaseholders will be subject to the rules and regulations landlords are obliged to adhere to (6.41 (2) & 6.48 (7)). Leaseholders will still remain responsible for adhering to their lease agreement (6.45) and the actions of their tenant(s).
- 1.14 Most Shared Ownership leases will prohibit leaseholders from subletting their property, however at the Council discretion a subletting arrangement may be entered into in an exceptional circumstance (6.47). The Policy also sets out key principles for shared ownership subletting (6.48).
- 1.15 Where there is a breach in the lease agreement the Council will take appropriate enforcement action will be taken where we are made aware of subletting (6.49).

Pets (6.50 – 6.54)

- 1.16 In accordance with their lease agreement, leaseholders must seek permission from the Council if they wish to keep a pet at the property. All decisions will be made in accordance with the provisions within the Pets Policy.

Service charges, ground rent and management fees (6.55 – 6.68)

- 1.17 The setting and charging of service charges will comply with the provisions within the Landlord and Tenant Acts 1985 and 1987 (as amended).
- 1.18 Leaseholders will be provided with accurate information about service charges, including breakdowns of the relevant costs (as listed 6.58, 6.62 & 6.63) which they can also request.
- 1.19 Any deficits or credits from previous years will be carried forward into subsequent years and included in the calculation of charges.
- 1.20 The policy covers the changes to Ground Rents as introduced by the Leasehold Reform (Ground Rent) Act 2022 (6.60 & 6.61).
- 1.21 The Policy proposes that where management fees are charged, leaseholders can request a breakdown of the fee. Administration fees may also be charged where the Council needs to carry out additional or specialist work due to a breach in a lease agreement made by the leaseholder (6.64 & 6.65).

Enfranchisement (6.69 & 6.70)

- 1.22 The Council will comply with Commonhold and Leasehold Reform Act 2002, which permits leaseholders the right to collective enfranchisement (if eligible).

- 1.23 The Leasehold Reform Act 1967, Leasehold Reform (Housing and Urban Development) Act 1993 and the Commonhold and Leasehold Reform Act 2002, makes provision for Shared Ownership leases being exempt from enfranchisement.

Lease extensions and variations (6.71 & 6.72)

- 1.24 The Policy stipulates that leaseholders have the right to extend the term of the lease and can apply for a new lease provided they meet certain conditions (6.71).

Leaseholder engagement (6.73 – 6.75)

- 1.25 The Council will conduct all engagement with leaseholders in accordance with our engagement strategies and any legislative requirements. The Policy states how the Council may conduct engagement activities with leaseholders (6.73).
- 1.26 In accordance with Section 20 of the Landlord and Tenant Act 1985 (as amended), the Council will conduct consultations with leaseholder on proposed qualifying major works or improvements for which leaseholders are required to contribute towards or pay for (6.74). The only exception to this is where it is deemed an emergency, and it is required that the works are completed sooner rather than later (6.75).

Enforcement (7.1 – 7.11)

- 1.27 The Policy states how and what the Council will do to enforce the provisions of the lease agreement where a leaseholder has broken them. This includes non-payment of rent and service charges (including arrears) (7.7-7.9), anti-social behaviour (7.6), and repossessions (7.10 & 7.11).
- 1.28 The Policy proposes the Council's enforcement action to be: (1) discussions with the leaseholder to resolve the issue, (2) formal and final written warning, and (3) pursuing legal action. Legal proceedings will only be considered if the points are met as stipulated in 7.4 of the Policy.

Selling the property (8.1 – 8.5)

- 1.29 This section provides leaseholders with guidance on how and what they must do if they wish to sell their property. The Council will take guidance and conduct itself in accordance with the 'Right to Buy: A Guide for Local Authorities' guidance provided by the Department of Levelling-Up, Housing and Communities.
- 1.30 The sale of Shared Ownership properties is covered separately by the Shared Ownership Policy.

DOVER DISTRICT COUNCIL

NON-KEY DECISION

EXECUTIVE

CABINET – 5 FEBRUARY 2024

EXCLUSION OF THE PRESS AND PUBLIC

Recommendation

That, in accordance with the provisions of the Local Authorities (Executive Arrangements) (Access to Information) (England) Regulations 2000, the public be excluded from the remainder of the meeting for the following item of business on the grounds that it involves the likely disclosure of exempt information as defined in the paragraph of Schedule 12A of the 1972 Act set out below:

<u>Item Report</u>	<u>Paragraph Exempt</u>	<u>Reason</u>
Purchase of New Affordable Housing at the Old Malthouse Site, Easole Street, Nonington	3	Information relating to the financial or business affairs of any particular person (including the authority holding that information)

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Agenda Item No 11

Document is Restricted