

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 \(dover.gov.uk\)](http://dover.gov.uk).

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			