

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.