

## Shared Ownership General Policy (Amended April 2018)

<b>Policy Implementation Checklist</b>	
Policy Guardian	Director of Housing and Community Empowerment
Policy Author	Housing Manager
Policy Title:	Shared Ownership General Policy
Approved by Chief Executive on:	18 April 2018
Approved by Management Committee on:	18 April 2018
Effective from:	18 January 2018
Due for Review on	18 January 2021
<p>Scottish Social Housing Charter: Outcome No.1</p> <p>Outcome Nos. 7,8 &amp; 9 <b>Access to housing and support</b></p>	<p><u>Equalities:</u> 'Every tenant and other customer has their individual needs recognised, is treated fairly and with respect, and receives fair access to housing and housing services'.</p> <p><u>Housing options:</u> Social landlords work together to ensure that:</p> <ol style="list-style-type: none"> <li>7. people looking for housing get information that helps them make informed choices and decisions about the range of housing options available to them</li> <li>8. tenants and people on housing lists can review their housing options</li> </ol> <p>Social landlords ensure that:</p> <ol style="list-style-type: none"> <li>9. people at risk of losing their homes get advice on preventing homelessness</li> </ol>
Policy Linkages:	<ul style="list-style-type: none"> <li>• Equalities Policy</li> <li>• LHA Buy-Back Policy on Shared Ownership</li> <li>• Factoring Policy</li> </ul>
Training Completed on:	
Posted on Website on:	
Staff Sign off as Read and Training Completed:	

Management Committee Sign off as Read and Training Completed:	
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## **Linthouse Housing Association Shared Ownership General Policy**

### **1. Introduction:**

- 1.1 Linthouse Housing Association (LHA) developed a number of shared ownership properties within its new build programme during the period from 1988 to 1992 when properties were developed in Holmfauld Road/Govan Road and then in 1996 with the development of Barnwell Terrace. Shared ownership was seen as a way of assisting people on low to moderate incomes who wanted to buy a new home but were unable to meet the full purchase price.
- 1.2 Shared Ownership was intended to help people who wished to buy their home, but did not have the means to buy a suitable property outright. Sharing Owners purchased a share in a property whilst paying rent to the Association for the remaining portion until the sharing owner could afford to purchase the whole property. They have exclusive occupancy of the property. Through a shared ownership scheme, they could buy a 25 per cent, 50 per cent or 75 per cent share in a house or flat owned by a housing association.
- 1.3 Shared Ownership allowed a potential sharing owner to buy a share of a property and pay an Occupancy Charge on the remainder to a housing association. An Occupancy Charge is an amount paid by a sharing owner to a housing association which allows them to occupy the whole property although technically it still owns a share. It does not include a cost for repairs to the property and like other home owners, sharing owners are responsible for all internal and external repairs and any ongoing maintenance costs.
- 1.4 This Policy is intended to update LHA's previous general policy on shared ownership and to take account of changes in Scottish Government policy on access to affordable home ownership. In January 2011, following the publication of evaluation of the Low Cost Initiative for First Time Buyers (LIFT), the Scottish Government took the decision to discontinue funding for new shared ownership and to allocate any future funding to the Open Market Shared Equity Scheme (OSSE) and New Supply Shared Equity Schemes (NSSE). This Evaluation commented on the relatively high subsidy levels required for shared ownership in comparison to other Scottish Government LIFT Schemes. (Source: HSGN 2012/10) (NB: There are currently no new shared ownership properties available in Scotland. Source: [Housing for Shared Ownership - Scottish Govt. Website](#)). This policy therefore deals with existing shared ownership properties within LHA's ownership.

### **2. Assessment Process and Allocation of Properties:**

2.1 The following groups have had equal priority for the allocation of Shared Ownership properties:

- first time buyers who would otherwise be unable to afford outright purchase of a property
- local authority or public sector tenants, housing association tenants
- applicants on council and housing association waiting lists
- members of the armed forces and veterans who have left the armed forces within the last year, widows, widowers and other partners of service personnel killed while serving in the armed forces
- households not able to access outright ownership
- existing or past owners requiring to move due to affordability concerns of their current accommodation (e.g. due to high costs of private or mid-market rent, mortgage arrears, difficulties covering mortgage costs due to a change in financial circumstances or difficulties meeting the cost of adequately repairing or improving their current home, or relationship breakdown).
- older people
- families on low incomes; and
- those with special needs unable to purchase outright a house suitable for their needs.

### 3. Aims and Objectives:

3.1 The principle objectives of this policy are to:

- establish a consistent framework for the management of Shared Ownership properties
- ensure that the management of Shared Ownership properties adheres to conditions contained within the Occupancy Agreement and relevant Co-operation Agreement
- ensure that the Management of Shared Ownership properties is consistent with other relevant Policies and Procedures already agreed
- to provide a high quality, responsive management service to Shared Owners.

### 4. Legal Framework:

4.1 It is important to have a clear understanding of the legal background to Shared Ownership as there are fairly rigid obligations and responsibilities imposed on both the Association and the individual Sharing Owner. The essence of this arrangement is that there is no landlord/tenant relationship between the Housing Association and a Sharing Owner. The relationship is essentially based on the two parties being joint owners of the property.

4.2 The formal legal framework within which LHA operates Shared Ownership is governed by the Scottish Government. The Occupancy Agreement and Co-operation Agreement are based on models approved by both the Scottish Government and the Scottish Federation of Housing Associations. The Scottish Government in conjunction with SFHA have produced a Shared Ownership Procedural Guide which was reviewed within SHGN 2000/15. The actual sale of the share, or tranche, of a property to a Sharing Owner is by the standard practice of disposition through missives.

4.3 When purchasing a Shared Ownership property the individual Sharing Owner is required to enter into an Occupancy Agreement as a condition of the sale of the share. The Occupancy Agreement sets out the rights and responsibilities for both the Sharing Owner and the Association during the period that the property remains in Shared Ownership. This Agreement details obligations including payment of occupancy charges and using or occupying the property as the main dwelling house.

4.4 Where the Sharing Owner is using a mortgage to finance the purchase of their share, LHA will enter into a Co-operation Agreement with the bank or building society involved. This Co-operation Agreement between LHA and the lender binds both parties to act together where a Sharing Owner is in default on mortgage payments, rent payments or both.

4.5 A copy of LHA's current list of shared ownership properties is attached at **Appendix 1**.

### 5. Re-Sales:

5.1 If the sharing owner wishes to move from the property, the Exclusive Occupancy Agreement makes provision for an Association to purchase the property.

The following options are available to the Association:

- direct sale on the open market from the existing sharing owner to a new sharing owner with the consent and approval of the Association. \*
- to purchase the shared ownership property with vacant possession and make it available for rent.
- to purchase the shared ownership property and make it available for rent to the former sharing owner subject to certain criteria.

Where the above is not possible, both parties can jointly sell the property on the open market, with the proceeds being split according to the ownership ratio. A separate policy on buying back shared ownership has been developed by the Association.

Section 3 (parag. 3.12) of the original Scottish Government Shared Ownership Procedures Guide (SHGN 2000/15) made provision for a registered social landlord to purchase a property, where the sharing owner wished to move from the property, and to re-sell the share on the basis of shared ownership. However, this was amended in May 2009 (ref: Guidance Note HIGN 2009/07) to allow the registered social landlord to buy back the share of the property and make it available for rent (if it wishes to do so)

5.2 Section 10.3 (Voluntary Removal) of the exclusive occupancy agreement between the sharing owner and the housing association which sets out rights and responsibilities, allows the sharing owner to move from the property (in the event that he/she wishes) and to serve notice on the Association to offer Association the following options:

- To purchase the sharing owners share
- To join with the sharing owner in the joint sale of the property
- To allow the sharing owner to sell his/her share on the open market subject to the consent and approval of the Association.

In these circumstances, LHA will not unreasonably withhold consent of the sale of a the sharing owners share to another prospective sharing owner and the criteria LHA will use to assess the housing need of the new sharing owner is detailed in **Appendix 2**.

## **6. Staircasing:**

6.1 After being in Occupancy for one year, the Sharing Owner can exercise their right to buy further shares, in multiples of either 10% or 25%. This involves a revaluation of the property, paid for by the Sharing Owner, with each party being responsible for its own legal costs. The Association receives an allowance to cover its costs including legal fees. Once a Sharing Owner has 'staircased' up to outright ownership then she/he is free to dispose of the property without any further recourse to the Association.

6.2 A sharing owner can buy further shares (in multiples of either 10% or 25%) in the property at any time after the first anniversary of the sale, at a cost calculated on the basis of the current market value. In this scenario, the sharing owner could be buying the property outright.

## **7. Exclusive Occupancy Agreement and 20 Year Expiry Rule:**

7.1 The sharing owner has the right to purchase the LHA's share in the property when they have reached 20 years occupancy within their home. In order to purchase the remaining share the sharing owner must write to the Association at least 3 months prior to the 20 year anniversary.

7.2 On receipt of the notification LHA shall instruct a valuation which must be paid for by the purchaser. The sharing owner must settle the purchase of the Association's share within 8 weeks of receiving the market valuation.

7.3 Shared Ownership Agreements expire 20 years from the date when the sharing owner took entry to the property unless terminated earlier. In exceptional circumstances LHA may consider extending the exclusive occupancy period. If a Sharing Owner would like to extend the occupancy period they must write to the Association no later than 3 months prior to the end of the period initially agreed setting out why the sharing owner would like us to extend the terms of the existing Agreement. The Association will consider the request and will respond to the request as soon as possible, in most cases within 28 days. If we do agree to the request, the sharing owner will be required to enter into a new Exclusive Occupancy Agreement and be liable for any associated legal costs.

## **8. Co-operation Agreement between the Association and the Lender:**

8.1 Under the terms of the Co-operation Agreement between LHA and the Sharing Owner's lender, each party is obliged to inform the other of problems with the payment of rent or mortgage. If the Sharing

Owner does not respond to advice or negotiation and does not keep to any agreed arrangements for paying rent arrears, then repossession action may be required to be instigated jointly by the Association and the lender. The Association can confirm that the sharing of such information is in accordance with the principles of the Data Protection Act 1998.

## **8.2 Exchange of Arrears Information between LHA and Mortgage Lender:**

8.2.1 Details of mortgage and rent payments will be known by both the Association and the lenders.

8.2.2 Details of the individual's accounts will be retained. These will include mortgage roll number and branch contact person.

8.2.3 Where a sharing owner fails to make payment of rent for 2 or more months then the Association should advise the lender likewise the lender should notify the Association if mortgage payments are 2 months in arrears.

## **8.3 Occupancy Charge Arrears:**

8.3.1 The Association has a separate Rent Arrears Policy for its tenants, although the principles of prevention can be applied to Sharing Owners. The key to the Association's Rent Arrears Policy is to take preventative and early action based on personal contact and knowledge of the individual circumstances. The principles and processes of the Arrears Policy will be applied to Occupancy Charge arrears cases. However, the procedure involved in pursuing Shared Ownership arrears cases, especially once court action is required is very complex.

8.3.2 Awareness of the availability of the Association's Welfare Rights Service, through Money Matters, to owners is raised through the LHA Owners Newsletters. This highlights that this Service is not just for tenants but for owners who may be experiencing financial issues such as finding it difficult to keep up with mortgage payments or simply experiencing issues organising their money.

8.3.2 Early discussions, which take place with Sharing Owners regarding arrears for occupancy charges (rent), need to:

- Ensure the Customer Service Officer (CST) has contacted the Sharing Owner once one month rent arrears is outstanding. Detailed file notes should be kept of all action taken. Emphasis to be on visits and personal contact.
- Ascertain whether the Sharing Owner wishes to continue to live in their home and assess their ability to pay ongoing rent, mortgage, and factoring charges with a view to making a realistic repayment arrangement to clear arrears.
- Identify and liaise with the mortgage lender over outstanding monies, re-payment arrangements and potential action to recover the property
- Highlight the importance for Sharing Owners to meet mortgage repayments to their individual lenders given the nature of the Co-operation Agreement between the Association and the individual mortgage lender.
- Once rent arrears reach 3 months outstanding contact the Association's solicitor with a view to serving a Notice of Default. A Notice cannot be requested unless authorised by the Customer Services Manager.
- Liaise closely with the solicitor and lender once a Notice has been issued.

8.3.3 Repossession action is initiated by the serving of a Notice of Default on the Sharing Owner by the Association and the mortgage lender. The Association's Solicitor issues the Notice on behalf of the Association. The Customer Services Manager must authorise the issuing of the Notice. In normal circumstances the LHA will seek to initiate such legal proceedings once three months' rent arrears have arisen.

8.3.4 Where the service of a Notice of Default has not resulted in an adequate improvement in payments and the Sharing Owner is not co-operating regarding other potential options such as resale, then LHA will seek to remove the Sharing Owner by seeking to repossess the property. Such action would

involve the case being entered in to the Sheriff Court on the basis that the Association would be acting with the mortgage lender (as prescribed by the Co-operation Agreement) to repossess the property under the terms of the lenders heritable security.

8.3.5 In cases where repossession action is being sought, it will be the Policy of LHA to expect each side to pay their own legal expenses up to the date of repossession.

8.3.6 Approval of the Management Committee will be sought prior to the Association implementing repossession action and recovering the property.

## **9. Management of Shared Ownership Properties:**

9.1 The Occupancy Agreement and Deed of Conditions set out the rights and responsibilities of the sharing owner and LHA. The following policy statements do not in any way alter the information contained within the Occupancy Agreement or Deed of Conditions and are for guidance only:

### 9.2 Occupancy Charges & Service Charges

9.2.1 LHA charges the occupancy and service charges on the first day of the month. These charges are subject to an annual review and we will give sharing owners four weeks' notice in advance of any changes to the charges.

9.2.2 LHA will encourage sharing owners to pay their charges by direct debit and will insist that this is paid monthly in advance, in line with the Occupancy Agreement.

### 9.3 Anti-Social Behaviour

9.3.1 LHA's ability to manage issues which affect more than one household such as neighbour disputes and anti-social behaviour is very limited. There is nothing in the Occupancy Agreement which allows the Association to consider court action or repossession action.

9.3.2 LHA will be pro-active in assisting with the resolution of any anti-social behaviour issues that may arise in accordance with our Anti-Social Behaviour Policy, such as referrals to mediation, liaison with the police or joint working with Glasgow City Council.

### 9.4 Subletting

9.4.1 In terms of the original Occupancy Agreement, the Sharing Owner agrees to use the property as their only or principle home. However, Scottish Government Guidance Note HSGN 2012/10 published an amendment to the original Shared Ownership Procedures Guide whereby if the sharing owner wishes to move from the property but is prevented from doing so because:

- the housing association elects not to exercise its option to buy-back the property
  - efforts to facilitate a direct sale from on sharing owner to another have been unsuccessful
  - efforts to sell the property on the open market have been unsuccessful
- or if the sharing owner temporarily wishes to move out of the property to, for example, work away from home.

In these circumstances, the housing association will not unreasonably withhold their written consent to the sharing owner's application to let the property subject to the required legal and financial formalities being in place. This consent may only be given subject to the following:

- the sharing owner must have the written agreement of the lender
- this will be for a period of no longer than 12 months
- the sharing owner must register as a private landlord



9.4.2 If it is clear that the sharing owner is unlikely to return to the property we will encourage them to sell their share.

9.4.3 During the sublet period, the Sharing Owner remains responsible for ensuring that the occupancy charges and factoring charges are paid and that the sub tenant keeps to the conditions of the occupancy agreement.

#### 9.5 Transfer of Title

9.5.1 A Transfer of Title is a legal way of signing over all the interests in the Sharing Owners property, (i.e. their ownership, rights and responsibilities, to someone else.) A Sharing Owner cannot legally do this without our permission and that of their lender.

9.5.2 The most common reason for a Transfer of Title is relationship breakdown and in these circumstances we will normally consent on condition that the new or remaining Sharing Owner enters into an Occupancy Agreement.

9.5.3 If the Association agrees to the transfer of title the sharing owner will be responsible for all legal costs associated with the transfer.

#### 9.6 Running a Business from Home

9.6.1 Requests to run a business from home should be made in writing. We will normally grant permission provided that:

- the running of the business will not cause nuisance, annoyance or danger to neighbours or damage to property
- there will be no breach of the Occupancy Agreement or Deed of Conditions
- the business does not require a change of use in respect of the building or lead to objections from statutory authorities

9.6.2 It is the Sharing Owner's responsibility to ensure that any necessary statutory consent (e.g. Planning Permission) is granted and that any conditions applying to such consents are fulfilled.

### **10. Factoring:**

10.1 The Association where possible will factor all Shared Ownership properties or developments, the management fee will be included within the Occupancy Charge for this purpose. Reference should be made to the Association's Factoring Policy.

### **11. Repairs and Maintenance:**

11.1 Sharing Owners like other home owners are normally responsible for all internal and external repairs for their property, and any ongoing maintenance costs. In addition, if you live in a tenement, you are liable for the maintenance and repair of the property's common parts like the roof, the entrance or stairs, and the back green including major works. Reference should be made to the Association's Maintenance Policy and Factoring Policy.

11.2 LHA currently owns 49 shared ownership properties (as at 14 September 2017) with sharing owners holding a range of ownership tranches from 35%; 50%; 75% tranches of ownership.

11.3 Of the 49 shared ownership properties in which LHA has part ownership, 35 sharing owners have an agreement whereby they are responsible for 35% of repairs and maintenance and the remaining 14 sharing owners have an occupancy agreement where they are responsible for 100%.

## **12. Complaints Procedure:**

**12.1** Any tenant/customer of LHA who feels aggrieved by their treatment under this policy can ask for a copy of LHA's Complaints Handling Procedure, which is available at the Association's Office. Appeals or complaints against our operation of this policy will be processed in line with the Complaints Handling Procedure.

## **13. Confidentiality:**

**13.1** All personal information provided to LHA during the course of processing a succession application will be treated with the strictest of confidence. Any applications referred to, or reported to, the Committee will be made anonymously.

**13.2** No personal details will be divulged to any other body or person other than those mandated by the tenant/customer or allowed under the Association's Data Protection Policy or the Data Protection Act.



**LHA List of Shared Ownership Properties**

**Appendix 1**

No of Beds	Property Type	Factored by LHA	Start date of Occupancy Agreement	Address	Location
2	House	Factored	08/04/1997	1 Barnwell Ter.	Main Door
2	1st Floor Tenement	Factored	10/04/1997	3 Barnwell Ter.	1/1
3	1st Floor Tenement	Factored	11/04/1997	3 Barnwell Ter.	1/2
2	1st Floor Tenement	Factored	31/03/2017	4 Barnwell Ter.	1/1
3	1st Floor Tenement	Factored	13/01/2006	4 Barnwell Ter.	1/2
1	'Four in a Block'	Factored	10/10/2016	5 Barnwell Ter.	Main Door
1	'Four in a Block'	Factored	27/02/1997	6 Barnwell Ter.	Main Door
2	'Four in a Block'	Factored	28/04/2000	7 Barnwell Ter.	Main Door
2	'Four in a Block'	Factored	14/04/2008	8 Barnwell Ter.	Main Door
2	1st Floor Tenement	Factored	06/05/2016	9 Barnwell Ter.	1/1
3	1st Floor Tenement	Factored	24/03/1997	9 Barnwell Ter.	1/2
2	1st Floor Tenement	Factored	04/11/2005	10 Barnwell Ter.	1/1
2	1st Floor Tenement	Factored	09/07/2004	10 Barnwell Ter.	1/2
1	'Four in a Block'	Factored	05/11/1999	11 Barnwell Ter.	Main Door
1	'Four in a Block'	Factored	02/05/2017	12 Barnwell Ter.	Main Door
2	'Four in a Block'	Factored	31/05/2013	13 Barnwell Ter.	Main Door
2	'Four in a Block'	Factored	13/01/2006	14 Barnwell Ter.	Main Door
2	1st Floor Tenement	Factored	27/07/2012	15 Barnwell Ter.	1/1
2	1st Floor Tenement	Factored	25/04/2016	16 Barnwell Ter.	1/1
3	1st Floor Tenement	Factored	24/01/1997	16 Barnwell Ter.	1/2
1	'Four in a Block'	Factored	19/03/1997	17 Barnwell Ter.	Main Door
1	'Four in a Block'	Factored	31/07/1998	18 Barnwell Ter.	Main Door
1	'Four in a Block'	Factored	11/08/1998	20 Barnwell Ter.	Main Door
2	1st Floor Tenement	Factored	06/09/2002	21 Barnwell Ter.	1/1
3	1st Floor Tenement	Factored	19/12/1996	21 Barnwell Ter.	1/2
2	1st Floor Tenement	Factored	16/12/1996	22 Barnwell Ter.	1/1
3	1st Floor Tenement	Factored	11/12/1996	22 Barnwell Ter.	1/2
2	'Four in a Block'	Factored	23/12/1996	23 Barnwell Ter.	Main Door
2	'Four in a Block'	Factored	20/05/1999	24 Barnwell Ter.	Main Door
1	'Four in a Block'	Factored	19/06/2008	25 Barnwell Ter.	Main Door
1	'Four in a Block'	Factored	20/12/2016	26 Barnwell Ter.	Main Door
2	1st Floor Tenement	Factored	22/04/2016	27 Barnwell Ter.	1/1
3	1st Floor Tenement	Factored	14/11/1996	27 Barnwell Ter.	1/2
2	1st Floor Tenement	Factored	11/09/2015	28 Barnwell Ter.	1/1
3	1st Floor Tenement	Factored	27/11/1996	28 Barnwell Ter.	1/2
2	'Four in a Block'	Factored	03/09/1999	29 Barnwell Ter.	Main Door
2	'Four in a Block'	Factored	28/06/2002	30 Barnwell Ter.	Main Door
1	'Four in a Block'	Factored	14/10/1996	31 Barnwell Ter.	Main Door
1	'Four in a Block'	Factored	12/10/2012	32 Barnwell Ter.	Main Door
2	1st Floor Tenement	Factored	19/06/2008	33 Barnwell Ter.	1/1
3	1st Floor Tenement	Factored	10/10/1996	33 Barnwell Ter.	1/2

2	1st Floor Tenement	Factored	01/11/1996	34 Barnwell Ter.	1/1
3	1st Floor Tenement	Factored	01/11/1996	34 Barnwell Ter.	1/2
2	'Four in a Block'	Factored	01/11/1996	35 Barnwell Ter.	Main Door
2	'Four in a Block'	Factored	01/03/2010	36 Barnwell Ter.	Main Door
1	3rd Floor Tenement	Factored	09/11/1992	1288 Govan Road	3/1
2	Ground Floor Tenement	Factored	18/12/2012	3 Holmfauld Road	0/1
2	1st Floor Tenement	Factored	19/06/1992	3 Holmfauld Road	1/1
Total 48					

**Groups LHA will consider for the Purchase of Shared Ownership Property where a sharing owner has agreement to re-sell their market share on the open market:**

- first time buyers who would otherwise be unable to afford outright purchase of a property
- local authority or public sector tenants, housing association tenants
- applicants on council and housing association waiting lists
- members of the armed forces and veterans who have left the armed forces within the last year, widows, widowers and other partners of service personnel killed while serving in the armed forces
- Households not able to access outright ownership
- Existing or past owners requiring to move due to affordability concerns of their current accommodation (e.g. due to high costs of private or mid-market rent, mortgage arrears, difficulties covering mortgage costs due to a change in financial circumstances or difficulties meeting the cost of adequately repairing or improving their current home, or relationship breakdown).
- older people
- families on low incomes;  
and
- those with special needs unable to purchase outright a house suitable for their needs.