



SHARED OWNERSHIP POLICY

Policy Reference: Policy/Housing Management/Shared Ownership Policy

Adopted By Management Committee: November 2004

Scheduled for Review by Management Committee: November 2007

The Scottish Housing Regulator Performance Standard GS 1.2

Section	Contents	Page No
1.	Introduction	2
2.	Equal Opportunities	2
3.	Relevant Legislation	2
4.	Occupancy Payment	3
5.	Staircasing (Intermediate and Final Shares)	3
6.	Buy Back and Re-Sale	4
7.	Sales on Default	5
8.	Factoring Policy	6
9.	Procedures	6
10.	Schedule 7 Allocations	6
11.	Information and Consultation	7
12.	Policy Review	7

1. INTRODUCTION

- 1.1 Shared Ownership forms part of the Housing Association's housing options to extend tenure choice.
- 1.2 It allows people to aspire to home ownership by enabling a person to purchase a share (tranche) in a property and to pay an occupancy payment to the Association to obtain exclusive occupancy of a tenancy.
- 1.3 Sharing Owners can then purchase further shares of the property, if they so wish and subsequently 'staircase' up to full ownership, if their financial circumstances allow this. There is no obligation for sharing owners to purchase further tranches.
- 1.4 In the current climate, it is unlikely that the Association will consider building further shared ownership properties (currently has 15), therefore this policy is aimed at existing properties.

2. EQUAL OPPORTUNITIES

In line with the Association's commitment to equal opportunities, this policy can be made available free of charge in a variety of formats, including large print, translated into another language or on audio tape.

3. RELEVANT LEGISLATION

- 3.1 The Housing (Scotland) Act 1988 that created The Scottish Housing Regulator sets out wide grant making and other powers in respect of promoting owner occupation especially for first time buyers.
- 3.2 A Shared Ownership agreement is defined at Section 106 (2) of the Housing Associations Act 1985 as amended by Paragraph 4 of Schedule 2 to the Housing (Scotland) Act 1986 and by Paragraph 9 of Schedule 9 to the Housing (Scotland) Act 1988.
- 3.3 The traditional type of Shared Ownership operated in Scotland falls within part (a) of the statutory definition under Section 48 of the Housing Act 1988.

4. OCCUPANCY PAYMENT

- 4.1 Cordale Housing Association sets an occupancy payment and comprises: -
- i. Basic payment calculated in accordance with the Associations approved rental policy.
 - ii. Management Fee (including buildings insurance)
- 4.2 Calculation of the occupancy payment takes into account the fact that the sharing owner is responsible for meeting the costs of all repairs and maintenance to the property.
- 4.3 The occupancy payment will be reviewed on an annual basis in line with the Association's rent policy.
- 4.4 If a sharing owner elects to buy a further share of the property, the occupancy payment will be re-calculated to reflect the reduction in the share owned by the Association.

5. STAIRCASING (INTERMEDIATE AND FINAL SHARES)

- 5.1 A sharing owner can buy further shares (in multiples of 25%) in the property at any time after the first anniversary of the sale of the initial share (only one staircasing transaction per year) at a cost calculated on the basis of the current market value. Under the terms of the Occupancy Agreement, the sharing owner is required to notify the Association in writing of such intention. The Association will instruct a professional valuer to determine the current market value of the property. Within seven days of receiving the valuation the Association should notify the sharing owner of the purchase price and valuation fee.
- 5.2 Where the sharing owner elects to staircase, the association will instruct its solicitors to convey a further share, or as the case may be, the remainder of the property.

6. BUY BACK AND RE-SALES

- 6.1 Cordale Housing Association will not buy back the share owned by the Sharing Owner.
- 6.2 The Association will assist the sharing owner in re-selling by carrying out the following: -
- a) Advertising in the Associations reception area
 - b) Notifying all existing residents within Associations stock
 - c) Maintaining a separate housing list (applicants must be over 18 to apply for a mortgage) for shared ownership focussing on targeting households not able to access outright home ownership eg: -
 - First time buyers
 - Existing or past owners facing particular difficulties and unable to sustain or move back to fill owner occupation (e.g. in cases of relationship breakdown)
 - Local authority or public sector tenants, housing association tenants or waiting list applicants
 - Older people
 - Families on low incomes; and
 - Those with special needs unable to purchase outright a house suitable for their needs
 - d) Ensuring the property is advertised on HOMES Internet site (currently free of charge). If a charge were implemented in the future, the Sharing Owner would be made to pay this, if the Sharing Owner decided to utilise this service.

- 6.3 The Sharing Owner is at liberty to market their share on the open market, however any prospective buyer should complete a shared ownership application, in order for the Association to approve their element of occupancy. It is important to not prioritise those in greatest need, but also assess the applications ability to afford the tenure.
- 6.4 The Sharing Owner is at liberty to contact the Association to request permission to market their share, along with the Association's share. Permission will not be withheld.
- 6.5 The property shall be sold with vacant possession on the open market for the relevant market value. The Sharing Owner will agree the entry date, with any prospective buyer.
- 6.6 The Association and Sharing Owner will meet their own legal costs. The fee for marketing the whole property will be split in line with percentage shared owned.
- 6.7 Any profit from the sale of the property will be split in line with percentage share owed.
- 6.8 If the Sharing Owner has made improvements to the property, the value of these improvements will be taken into account, at the time of resale and this value will be paid to the sharing owner. Sharing Owners must advise the Association of any improvements that they have made, as stated in the Occupancy Agreement.

7. SALES ON DEFAULT

- 7.1 In cases of default by the sharing owner (whether by non-payment of occupancy payment or mortgage or otherwise) the Association will advise the sharing owner of where they can obtain advice and debt counselling.
- 7.2 The Occupancy Agreement between the sharing owner and the Association sets out the obligations of each party. It covers the obligations of the sharing owner to pay the occupancy payment as well as other obligations such as maintenance and repair.

- 7.3 The Co-operation Agreement between the Association and lender sets out each party's obligations. The Association and lender should liaise closely in order to deal with default problems quickly and avoid misunderstandings. If the Occupancy payment is in arrears by more than two months the Association will inform the lender of the position. Non-payment of the occupancy payment is default under the lender's security.
- 7.4 The Co-operation Agreement requires the lender to notify the Association when the Sharing Owner is in default of the Standard Security in favour of the lender. In each case the lender and Association (and where possible the sharing owner) will agree the course of action to be followed.
- 7.5 Where the Association and lender find it necessary to take action to repossess property and sell it on the open market, the accrued arrears and any allowable costs, taking into account The Scottish Housing Regulator guidance, will be deducted from the gross proceeds of sale. The Association will ensure that the property is marketed at the earliest possible date so that accrued arrears are kept to a minimum.

8. FACTORING POLICY

- 8.1 Sharing Owners should also be familiar with the Associations Policy on factoring, in relation to future maintenance of the properties. Before any works commenced, sharing owners would be consulted. Sharing Owners are solely responsible for the costs of any cyclical works carried out e.g. gutter cleaning, window/door staining etc, as outlined in the occupancy agreement.

9. PROCEDURES

- 9.1 Procedures relating to all aspects of shared ownership are contained within the Housing Management Procedures Manual.

10. SCHEDULE 7 ALLOCATIONS

- 10.1 See the Association's Allocation Policy.

11. INFORMATION AND CONSULTATION

- 11.1 The Association will endeavour to keep sharing owners up to date with its activities and will ensure information leaflets are available regarding all aspects of this policy.

12. POLICY REVIEW

- 12.1 This policy will be reviewed by the Housing Management and Maintenance Sub-Committee every three years.