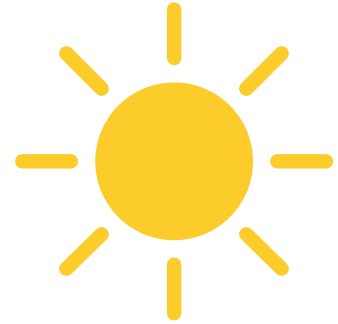


Plus Dane Housing



# Home Ownership Policy

July 2024  
HUB-POL-02-04



1 Policy Statement ..... 4

2 Policy Aims..... 4

3 Links to Corporate Plan:..... 4

4 Definitions..... 4

    4.1 Shared owner ..... 4

    4.2 Leaseholder ..... 4

    4.3 Freeholder ..... 4

    4.4 Staircasing ..... 4

    4.5 RICS Valuation ..... 5

    4.6 Eligibility Criteria ..... 5

    4.7 Affordability ..... 6

    4.8 Adverse Credit..... 6

    4.9 Allocations ..... 7

    4.10 Cash Purchasers ..... 7

    4.11 Outright Sale..... 8

    4.12 Older Persons Shared Ownership (OPSO)..... 8

    4.13 Discounts and Incentives ..... 9

5 Shared Ownership Staircasing ..... 9

    5.1 1% staircasing ..... 9

    5.2 All other staircasing transactions ..... 9

6 Downward Staircasing..... 10

    6.1 Who is eligible to apply for downward staircasing?..... 10

7 Shared ownership resales ..... 11

8 Property Buy Back..... 12

9 Rent to Homebuy and Rent to Buy..... 12

10 Lease Extension..... 13

11 Freehold Acquisition..... 13

12 Subletting ..... 13

13 Repairs ..... 14

    13.1 Repairing Obligations for the New Shared Ownership Model Lease .. 14

    13.2 Structural Repairs ..... 14

    13.3 General Repairs and Maintenance Allowance ..... 14

    13.4 Ending of the obligation ..... 15

    13.5 Who can carry out the work and payment of the work ..... 15

14 Pets ..... 15

15 Assurance ..... 16

16 Complaints ..... 16

17 Equality Impact Assessment ..... 16

18 Modern Slavery & Human Trafficking..... 16

19 Links Policy & Legislation ..... 16

## **1 Policy Statement**

Homeshub is a department within Plus Dane that sells, lets and manages the shared ownership, leasehold and rental properties which do not sit under the main social housing portfolio.

We are committed to helping people who are in housing need by offering a range of homeownership options including rent to buy, shared ownership and outright sale. We aim to have a high quality, equitable, customer-focused approach to low-cost ownership and recognise that this is a different type of customer with different needs.

This policy details our approach to home ownership and the policy decisions we will take. The policy sets out our responsibilities and those of our customers.

## **2 Policy Aims**

The aims and objectives of this policy are to:

- Achieve efficiency, accountability and equality of opportunity in delivering our low-cost home ownership (LCHO) offer
- Provide clear advice and information on low-cost home ownership and eligibility
- Ensure compliance with legislative, regulatory and funding requirements

## **3 Links to Corporate Plan:**

This policy will support the Corporate Plan in that it works to build thriving communities by providing residents with a safe and secure base.

## **4 Definitions**

### **4.1 Shared owner**

A shared owner is a leaseholder but owns less than 100% of the home (usually 25%-75%) under a shared ownership lease. A 10% share can be bought on homes where the New Shared Ownership Model Lease applies.

### **4.2 Leaseholder**

A leaseholder owns the property but not the land on which it is built. They will have acquired a long lease from us. A leaseholder will often pay a service charge to Plus Dane for maintaining the land and for other services depending on the nature of the property.

### **4.3 Freeholder**

The freeholder of a property owns it outright, including the land it's built on. A freeholder is responsible for maintaining the property and land. A shared owner who staircases to 100% could become a freeholder depending on property type.

### **4.4 Staircasing**

This is when a shared owner purchases additional shares in their home until they reach the maximum share. For those on older leases the shared owner

may purchase a minimum 10% share at a time. For the New Model Lease the shared owner can opt to purchase a 1% share annually for the first 15 years or a minimum 5% share.

**4.5 Household Income**

This is the total amount of income into the home from anyone over the age of 18 years old. Regardless of whether all persons are applicants.

**4.6 RICS Valuation**

Throughout the policy, we talk about the requirement for a Royal Institute of Chartered Surveyors (RICS) valuation. RICS develop and enforce leading international standards to protect consumers and businesses, ensuring the highest level of professionalism. This relates to Shared Ownership and Shared Equity homes.

**4.7 Eligibility Criteria**

Essential	Non-essential
<ul style="list-style-type: none"> <li>• Applicants must be over 18</li> <li>• Household income must be no more than £80,000</li> <li>• No other interest of any kind in land or property</li> <li>• British Citizen(s) or right to remain</li> <li>• Unable to afford to buy outright on the open market</li> <li>• Able to demonstrate the affordability of monthly outgoings</li> </ul>	<ul style="list-style-type: none"> <li>• First time buyer</li> </ul>

We may require them to supply evidence to substantiate any of the above.

Applicants may not qualify if any of the following applies:

- They have rent arrears during the last 12 months or are in breach of their current tenancy agreement (a landlords reference will be sought)
- They have adverse credit history

All applicants will need to fill out the Shared Ownership application form in order for us to assess their eligibility.

To avoid any conflict of interest, we ask all applicants, irrespective of the marketing route used, to confirm whether they are employed by Plus Dane or have close relatives who are employed by us. If a conflict is identified, the

colleague with the declared interest will have no input into the allocations process.

Colleague and Board member applications may be accepted in certain circumstances as long as all eligibility criteria and regulatory requirements are met. No preferential treatment or advantage will be given. Any offers to be made will be authorised by the Director of Development.

#### **4.8 Affordability**

The affordability of each applicant will be assessed, free of charge, by our chosen panel firm by means of a budget planner.

Applicants should have sufficient savings to meet the one-off costs of buying a shared ownership home such as deposits, valuations and survey fees, legal fees and moving expenses, and access to funds or a mortgage for their share of the purchase.

For a deposit every applicant is expected to be able to provide at least 5% of the share value from their own resources. A minimum £3000 deposit will be required. They will need to be able to provide evidence of the source of these funds where requested.

An applicant's income should not be enough to enable them to purchase a property outright. The household income should not be more than £80,000.

If an applicant is in receipt of benefits, such as housing benefit, they are not precluded from applying for LCHO products - subject to affordability and sustainability assessments.

We will encourage applicants to buy the maximum share they can afford and sustain. We will sell shares flexibly in accordance with the applicant's specific circumstances (e.g. not just to nearest 10%) and will not sell all properties in a scheme at the same share rate (e.g. all at 25%).

We cannot give mortgage advice or recommend lenders or mortgage products. Applicants are encouraged to use their own independent financial advisors or we will signpost them to a chosen panel firm if they do not have their own IFA.

To avoid the risk of repossession we will not approve sales to applicants who have obtained sub-prime mortgages.

#### **4.9 Adverse Credit**

Applicants may have or have had adverse credit such as historic bankruptcy, IVA, debt relief order, debt management plans, etc. When considering these with an application and their ability to sustain the mortgage and rent payments we take the following view:

- No CCJ's or Defaults that remain unsatisfied within last 2 years unless communication defaults
- No CCJ's or defaults within last 2yrs, satisfied or unsatisfied over £300

- No unsatisfied CCJ's or defaults of more than £1000, registered at any time,
- IVA's or Bankruptcy discharged 3yrs ago acceptable, or registered over 6 years ago and satisfied, with no further issues
- Debt management plans that have been repaid acceptable
- No mortgage arrears in last 12 months
- Previous repossession over 3yrs ago acceptable, provided no outstanding debt to lender and no other credit issue in last 3yrs. (requires letter from repo lender to confirm no outstanding debt)

#### **4.10 Allocations**

Priority will be given in order to:

- Serving military personnel
- Key workers
- First time buyers
- In the event that demand exceeds supply, allocations will be made on the basis of date order in which the application was received by us.

We may also, as part of joint working arrangements with local authorities and or other RPs, agree to criteria which may vary from our core procedures and will take precedence.

- Under section 106 schemes suitable nominations rights to the relevant local authority will be preserved.
- Any rural exception sites will follow local criteria and we will be guided by the Capital Funding Guide.

In order to be allocated a property, they need to complete a full sign off with our chosen panel firm. This will involve them providing all required documents, including a valid Agreement in Principle. Allocation process will be done in order of the customers completing a sign off. The panel firm can give them more detail around what documents need to be provided and how to do this.

#### **4.11 Cash Purchasers**

Cash purchasers are not precluded from accessing LCHO products. They must be able to demonstrate they are unable to buy a suitable property on the open market.

Credit files will be obtained on all cash buyers, irrespective of the reason. How we consider adverse credit will also be followed during the assessment. This includes partners/spouses of applicants who must also meet the adverse policy.

The reason for needing to be a cash buyer cannot be because they are unable to obtain a mortgage due to adverse credit from a non-high interest rate lender.

If buying cash due to age, the assessment also needs to take into account future income changes if still currently working as this will be changing imminently – hence the need to be a cash buyer

The budget planner must be completed on all cash buyers. For anyone buying less than a 25% share there needs to be a minimum of 20% net income remaining over. The budget planner must be based on the household composition and include realistic figures for all expenditure, backed up by bank statements where necessary.

The applicants' income must be considered sustainable. Outgoings must be realistic, ONS data for expenditure may be used in some instances.

#### 4.12 Outright Sale

Unless grant funded, part of section 106 or other local authority agreement, outright sale properties can be sold to all types of purchases and eligibility criteria is not necessary.

Properties will be sold on a first come, first served basis however priority will be given to chain free purchasers.

The purchaser should have sufficient savings to meet the one-off costs of buying a home such as deposits, valuations and survey fees, legal fees and moving expenses.

Proof of a mortgage offer will be required before taking a reservation. Plus Dane cannot give mortgage advice or recommend lenders or mortgage products. Purchasers are encouraged to use independent financial advisers.

To avoid the risk of repossession Plus Dane will not approve to sell to purchases who have obtained sub-prime mortgages.

#### 4.13 Older Persons Shared Ownership (OPSO)

Applicants must meet Homes England's [standard eligibility criteria](#), however the following exceptions and additions should be followed:

- OPSO is only available for people aged 55 or over;
- If the applicant currently owns a property, they will need to sell this before buying using OPSO

When determining eligibility, we must take into account the level of equity available from the sale of any existing property along with any additional savings. If the applicant has sufficient equity to be able to purchase a suitable property on the open market, they will not be assessed as eligible.

OPSO applicants may need to retain a higher level of savings or investments than other applicants to provide ongoing income, in which case it should be taken account of in the headline eligibility check. This may be to cover ongoing living and care costs. We will make a judgement on this on a case-by-case basis, according to their individual circumstances, but the overall expectation remains that they will use the majority of their capital to fund the purchase of the property.

#### 4.14 Discounts and Incentives

We will instruct an RICS valuer to provide a valuation no more than three months prior to the date of marketing the home. No home will be sold at less than the market value provided without written approval from a Director.

Incentives (cash or otherwise) can be offered however they will need approval, in writing, as follows:

- Value of £1,000 or less – to be approved by Head of Service
- Value of £1,000 to £5,000 – to be approved by a Director
- Value of £5,000 or more - to be approved by an Executive Director.

An incentive should never exceed 5% of the total market value and all incentives will be documented on the Council of Mortgage Lenders (CML) disclosure of Incentives form.

### 5 Shared Ownership Staircasing

All shared owners have the right to staircase and requests for staircasing cannot be refused.

#### 5.1 1% staircasing

We will let all applicants know whether they are eligible for 1% staircasing when they purchase their home. Eligible homes are those which are grant funded by Homes England in the 2021-26 programme or those who have purchased through Rent to Buy.

Applicants will be able to staircase by 1% every year for a period of 15 years. If they sell their home the 15-year period will reset and start again with the new owner.

Every year we will notify the shared owner of what the new valuation is using Land Registry's House Price Index. The valuation will be valid for three months, during which time you will chose whether to purchase the 1% share. Rent on the unsold amount will be recalculated and applied to their rent account.

#### 5.2 All other staircasing transactions

The lease will determine what the minimum and maximum staircasing transaction can be. We will inform the shared owner of this when they contact us to enquiry about staircasing.

The shared owner must provide a RICS valuation for the property. We do not accept estate agent valuations. The valuation will be valid for 3 months. If the timescale has expired, we will request a new valuation. The shared owner is responsible for their own legal costs.

We will make the shared owner aware if they have restricted staircasing (can only buy up to a certain share level, less than 100%).

We cannot give mortgage advice or recommend lenders or mortgage products for staircasing. We encourage shared owners to use independent financial advisers.



We will calculate the new rent if the shared owner has not staircased to the maximum percentage.

We will advise the shared owner if they will be liable for any service charge once they have staircased to 100%.

We will advise if the freehold or leasehold interest of your home transfers to you once you have bought 100% of the shares.

## **6 Downward Staircasing**

Downward staircasing is the repurchase of equity by Plus Dane from a shared owner in difficulty, but not necessarily in arrears, with their mortgage repayments. In the case of OPSO the repurchase of equity is allowable to pay for essential repairs or maintenance if the customer cannot afford to pay for the work

Downward staircasing is a priority use of the Recycled Capital Grant Fund (RCGF). It is a 'safety-net' to enable a shared owner to remain in their home, despite changes in their financial circumstances, and is an option of last resort where the leaseholder has got into or is about to get into mortgage arrears and is at risk of losing their home.

Where the homes has not been built using grant funding RCGF cannot be used to fund any downward staircasing; Plus Dane must fully fund the equity purchase.

Downward staircasing is not a right; it is offered solely at our discretion; Plus Dane will make a decision on an individual basis considering the circumstances of the individual and the affordability to the business. An Executive Director will be responsible for approving any equity purchases.

The priority will be to make sure that downward staircasing is at a level that the shared owner can afford and sustain and must be line with our charitable objectives. In exceptional circumstances it may mean that they relinquish all ownership and become a tenant.

Equity repurchase should be at a level at which the shared owner can afford the lower payments. This can include repurchasing sufficient equity to clear the mortgage and reduce payments to nil.

If the home is staircased to 100% or been taken into possession by the lender, downward staircasing ceases to be an option.

### **6.1 Who is eligible to apply for downward staircasing?**

The key principles are the shared owner must:

- Own less than 100% of the home
- Retain no less than a 25% ownership share
- Evidence that they have explored and exhausted all other options. With that, they must produce evidence to prove their difficulty with the mortgage repayments, although they need not be in arrears

- Show that other short and long-term options have been exhausted, such as loan rescheduling or selling the home
- Work with Plus Dane's Financial Inclusion Team to assess their ability to meet future liabilities including increased rent and repairs and maintenance. If required advice should be sought from an independent debt counselling agency and should include consideration of Housing Benefit eligibility and involvement of lenders
- Obtain a RICS valuation to determine the value of the property. This valuation cannot be older than 3 months

For any form of equity repurchase we are required to ensure that any offer is acceptable to the lender and then our own lender(s).

If we agree to purchase some equity we will do so in blocks of 10% shares where the home was built with grant funding. Where the home was not built grant funding 'own build' the % downward staircase will be determined by both the financial need of the customer and the affordability of increases in rent.

The shared owner will not gain from the sale and the money must not be used to pay off credit cards, unsecured debt or any other debt and must only be used to pay off some or the whole of the mortgage.

If there is equity in the home, we will seek to recommend other options available.

## **7 Shared ownership resales**

If a shared owner decides to sell their home, it is their responsibility to market it. They are only able to advertise the current share value that they own e.g. if 50% is owned then this is what can be marketed.

We can assist with the marketing by advertising the home on our website and on our social media platforms. We will direct applicants to the estate agent being used. We will not advertise a home for sale unless there is an estate agent acting.

It is the shared owner's responsibility to provide us with a RICS valuation for the home. The home can be sold for more or less than the RICS valuation however any profit or loss will be given or taken from the % owned by them. The value of Plus Dane's % will be as stipulated in the RICS valuation.

The shared owner will be liable for any legal costs including our legal costs when selling their share. We will also charge an administration fee which is in line with their lease. We will provide the shared owner with the costs at the first point of contact.

We will inform the shared owner if there are any restrictions on the lease that they need to be aware of when selling the home.

Eligibility and affordability of any applications for shared ownership resales will be assessed in the same way as First Tranche sales applicants.

We will consider requests from applicants who wish to buy a larger share than what the current shared owner is selling (if this is financially viable and in line with the lease).

If the home has been on the market for over six months we will consider requests to sell the property at 100% of the maximum shares, (back-to-back staircasing), if financially viable. This is assessed on a case-by-case basis.

We cannot stop a shared owner from selling their home.

Any arrears will be collected on completion however during any sales process, the shared owner must still pay the rent on the home and Plus Dane will continue its income collection processes to ensure this.

If there is a sinking fund payment payable on exit, this will be taken on completion. We will inform them of the calculated sum prior to completion.

## **8 Property Buy Back**

As a general principle when a customer has purchased 100% and owns the property outright, we will not consider flexible tenure or buy back unless there is an exceptional business case to do so. We will typically not purchase properties from homeowners, even if we sold the property. However, we will offer signposting advice for those who are struggling to keep up mortgage payments on their home.

A business case for a buy back must be approved by the Executive Management Team.

## **9 Rent to Homebuy and Rent to Buy**

Both Rent to Homebuy and Rent to Buy are LCHO products which over short-term tenancies to those with an aspiration to buy. As such, the homes are let on a short-term basis at an intermediate rent. For Rent to Buy this is for a maximum of five years. The criteria for letting these homes is dealt with in the Homeshub Lettings Policy.

During the five years, the tenant can purchase their home outright or through [shared ownership](#), in line with this policy.

At the end of the five years if the tenant has not bought the home or bought a share in it, there are three options under the Capital Funding Guide:

- Continue offering the property as Rent to Buy
- Sell the home on an outright basis with the tenant being given the right of first refusal
- Retain and convert the home as rented housing on either an affordable or market rent basis

At the end of the five-year period, Plus Dane will assess the circumstances of the tenant. If there has been no detrimental financial change in circumstances, the home will remain as a Rent to Buy property. If there has been an adverse financial change and the home is unaffordable in its current form, Plus Dane will convert the tenancy to an affordable rent property with a more secure form of tenancy offered to the tenant.

**10 Lease Extension**

All leaseholders and shared owners have a right to extend their lease once. They must have owned their property for more than two years. The existing lease must have more than 21 years remaining thus qualifying it as a long lease. The application can follow the statutory or informal route.

If the customer lives in a flat the lease can be extended for up to a further 90 years, which will be added to the existing term remaining. If there is any ground rent payable this will revert to a peppercorn rent.

If there is a headlease in place which has a remaining term less than the remaining term of the underlease plus 90 years then the freeholder will conduct the lease extension.

Where there is an application pending for collective enfranchisement any request for a lease extension will be refused.

If the customer lives in a house the lease can be extended for up to a further 50 years, which will be added to the existing term remaining.

All customers will be responsible for paying all valuation, Landlord's legal and surveying fees.

**11 Freehold Acquisition**

For most of our shared ownership leases for houses, when the shared owner completes final staircasing the freehold title will transfer to their ownership.

Where this does not happen, if the leaseholder wishes to buy the freehold they can progress this via the formal route or informal route.

The leaseholder would be liable for the valuation and Landlord's legal fees.

**12 Subletting**

Any shared owner or leaseholder can make an application to sublet their home however before any request is made the resident is advised to read through their lease to understand what their obligations are. Tenants are not permitted to sublet their home.

Shared owners are advised that, in the main, subletting is not permitted under the terms of their lease. The reason being is that shared ownership properties are developed to provide homes for people who are unable to purchase at full market value. By customers sub-letting them for commercial gain this does not allow the homes to become available for the next purchaser.

In some extreme cases, for example where a shared owner is having to move for work, we will permit subletting of the home however this will be for no longer than 12 months. Any customer will need to advise us of why they wish to sublet and will be required to provide evidence. We do review each case on an individual basis.

For leaseholders who own 100% of their home they will be able to sublet unless their lease states differently. Their lease will determine whether they are required to gain our permission.

In order to gain our permission, they will need to complete and return:

- Declaration
- Details of sub-letting
- Payment of the administration fee

During the time the home is being sublet they will be responsible for payment of any rent or service charge. We will not formally communicate with their tenant therefore any keys, fobs or any other requests will need to be made by the shared owner or leaseholder. If we need to notify the customer of any works to the development, contact will be made directly to them. They will be expected to keep us updated with your contact details.

### **13 Repairs**

All shared owners and leaseholders will be on a full repairing lease.

For those who own a house they are responsible for the upkeep and maintenance to all aspects of the property.

For those who own a flat, they are responsible for the upkeep and maintenance of the internal parts of the property. Plus Dane, or an alternative Managing Agent, will be responsible for the maintenance of any communal areas and structure however the full cost of these repairs will be recovered from the service charge.

The exceptions to this are repairs that arise as a result of deliberate, malicious, criminal or accidental damage cause by the resident or visitors of such resident. In these cases the resident will be responsible for the cost of the repair. Please see the separate Rechargeable Repairs Policy.

#### **13.1 Repairing Obligations for the New Shared Ownership Model Lease**

Shared owners who have the New Shared Ownership Model Lease (2021-26 funding programme) will have differing repairing obligations for the first 10 years.

For those Shared Owners who bought the home through shared ownership, the 10-year period will start from the date of their lease. For the Shared Owners who accessed shared ownership through Rent to Buy or Right to Shared Ownership, the 10-year period starts at the date of the Building Warranty Certificate.

#### **13.2 Structural Repairs**

For the initial 10 years from the date of the lease, Plus Dane will be responsible for all repairs and cost of excess should any claim be made against the Building Warranty or Insurance Policy. This is subject to the Shared Owner complying with their covenants under the terms of their lease.

#### **13.3 General Repairs and Maintenance Allowance**

A contribution is made towards the costs of any qualifying general repairs and maintenance works. This is up to a value of £500 per year.

What can be claimed for:

- Repairs which are required to the installations in the property for the supply of water, gas and electricity and for sanitation (including basins, sinks, baths and sanitary conveniences but not other fixtures, fittings and appliances for making use of the supply of water, gas or electricity)
- Repairs which are required to the installations for space heating and heating water

What cannot be claimed for:

- Any work that is covered under a warranty, insurance policy or guarantee, although any insurance excess payable for qualifying general repairs and maintenance works may be claimed
- Normal cyclical health and safety requirement such as gas servicing or electrical testing
- Decoration work which is the Shared Owner's responsibility under the terms of the lease
- Improvement works
- Any work which is required as a result of a breach of the obligations of the Shared Owner under the terms of the lease

### **13.4 Ending of the obligation**

If the Shared Owner buys all of the remaining shares to their home within the initial 10-year period, Plus Dane will no longer be liable for the repairs to the home nor the contribution to any qualifying general repairs and maintenance works.

On the 10<sup>th</sup> Anniversary all repairing obligations then passes solely to the Shared Owner where the home is a house. Where the home is a flat the responsibility for repair will remain with Plus Dane, or an alternative Managing Agent, however the cost will be met collectively by residents through the service charge.

### **13.5 Who can carry out the work and payment of the work**

As homeowners we would expect Shared Owners to self-serve as much as possible. In order to support them we will direct them to the Trustmark website [www.trustmark.org.uk](http://www.trustmark.org.uk) where they can access a wealth of contractors. Once the work is complete they can submit their invoice to us and we will refund them the value up to the £500 limit (per annum)

If the Shared Owner is unable to self-serve Plus Dane's partnered contractor will carry out the work. In order for work to commence payment in full would have to be made by the Shared Owners.

## **14 Pets**

We will allow certain pets within the homes such as cats, dogs, fish, birds. Should the resident wish to keep a pet they must seek our permission and complete a pet form.

**15 Assurance**

Services within the Homeshub team are monitored through Plus Dane's approach to business assurance. This is supported by the Risk Management Framework.

A quarterly report to Executive and Board details sales performance.

**16 Complaints**

An applicant who wishes to make a complaint about the level of service they have received from us may register a complaint under our Customer Complaint and Feedback Policy.

**17 Equality Impact Assessment**

Full EIA is not required.

**18 Modern Slavery & Human Trafficking**

All applicants are required to complete a Shared Ownership application. We review and assess the information provided. By doing these checks we do all we can to mitigate the risk to the business of providing anyone at risk of modern slavery and human trafficking with a Homeshub property.

**19 Links Policy & Legislation**

The policy is delivered in line with the Leasehold Reform Housing and Urban Development Act 1993 and Homes England's Capital Funding Guide.

- Anti-Fraud
- Customer Feedback
- Income Management
- Service Charge
- Conflicts of Interest
- Homeshub Lettings Policy
- Repairs & Maintenance
- Anti Money Laundering