



## Cloch Housing Association

# Shared Ownership Policy

<b>Policy Name</b>	Shared Ownership Policy
<b>Policy Category</b>	HM
<b>Policy Number</b>	043
<b>Date Adopted</b>	01/11/98
<b>Last Review</b>	29/05/18
<b>This Review</b>	25/05/21
<b>Next Review</b>	May 2026
<b>Equalities Impact Assessment Required</b>	No
<b>Link to other policies</b>	Factoring, Rent Setting, Service Charge Setting, Rent Arrears
<b>Consultation</b>	Internal only
<b>Need for Procedure</b>	No

## **1 INTRODUCTION**

- 1.1 Shared Ownership is a form of tenure that is intended to help people who wish to buy their home but either do not have the means to buy a suitable property outright or choose to use a smaller amount of their own borrowings. Sharing Owners purchase a share in the property whilst paying an occupancy charge to the Association for the remaining portion until they can afford to purchase the whole property. They have exclusive occupancy of the property. Sharing Owners require to sign an Exclusive Occupancy Agreement which sets out the terms of their occupancy of the property.
- 1.2 Shared Ownership offers applicants a form of low cost home ownership (LCHO) and access to another tenure, although it should be noted that the Scottish Government's preferred LCHO method is now Shared Equity, therefore it is unlikely that any new shared ownership developments will be provided by the Association. This policy does not therefore cover the allocation of shared ownership properties but only criteria to be applied when shares change hand. Whilst Cloch will not actively seek to dispose of shared ownership properties, it will not always seek to retain them when a sharing owner chooses to move on.
- 1.3 This Policy and associated procedures will take into account relevant legislation and follows best practice including Scottish Federation of Housing Association guidance and Scottish Social Housing Charter Outcomes 7,8 and 9 related to access to housing.

## **2 AIMS AND OBJECTIVES**

2.1 We will ensure that:

- Those being considered for Shared Ownership fully understand the costs involved in purchasing a property.
- We take the appropriate action against Sharing Owners in breach of their occupancy agreement. Eviction will always be used as a last resort.
- Cloch will carry out its obligations to sharing owners in line with the Occupancy Agreement and Scottish Government guidance. We will endeavour to ensure that Sharing owners are aware of their rights, obligations and options
- Cloch will manage and administer any shared owners' requests to buy back, to increase their share size or to sell, promptly, fairly and impartially
- We will collect the occupancy agreement charge and any other charges and carry out arrears processes in accordance with the sharing owners' Exclusive Occupancy Agreement and its Arrears Policy
- We provide a high quality, responsive management service to Shared Owners.

### **3 LEGAL FRAMEWORK**

The formal legal framework within which the Association operates Shared Ownership is governed by the Scottish Government. The Exclusive Occupancy Agreement and Co-operation Agreement are based on models approved by both the Scottish Government and the Scottish Federation of Housing Associations.

### **4 RESALES**

- 4.1 The Association will offer general advice and assistance to sharing owners but ultimately will pass any information to our solicitors to deal with these transactions on our behalf.
- 4.2 It is the Association's Policy not to buy back sharing owners' shares
- 4.3 In the case of resales the sharing owner will be responsible for the sale of their share on the Open Market and our solicitors will act on our behalf.
- 4.4 All legal costs associated with these transactions, including those of the Association, are the responsibility of the existing sharing owner.
- 4.5 All disposals such as sales and shared ownership share increases(staircasing) require General Consent from The Scottish Government in accordance Section 107 of the Housing (Scotland) Act 2010 (formerly Section 66 of the Housing (Scotland) Act 2001).

### **5 VACANT POSSESSION SALES**

- 5.1 Vacant possession sales will occur when the Association and the mortgage lender have taken action to repossess a shared ownership property.
- 5.2 An initial dialogue will be arranged between the Association and the lender in order to agree the Marketing Strategy. The division of responsibilities regarding the ongoing insurance and maintenance of the vacant property will also be agreed at this stage.
- 5.3 The costs of this marketing will be divided pro-rata between both parties depending on the share owned.

## **6 STAIRCASING**

- 6.1 After being in occupancy for one year, the sharing owner can exercise their right to buy further shares, always in multiples of 25%. This involves a revaluation of the property, paid for by the sharing owner, with each party being responsible for its own legal costs.
- 6.2 The Association may receive 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.
- 6.3 The sharing owner will be required to meet the costs of valuing the property.
- 6.4 The Association will amend the occupancy payments according to the new percentage owned.

## **7 DEATH OF SHARING OWNER**

The Occupancy Agreement terminates immediately on the death of the Sharing Owner. Cloch will enter with the Executors in a joint sale of the property or allow them to sell their share on the open market. The occupancy charges and any other costs incurred during the period in between the sharing owners death and the sale of the share will be met from their estate at the conclusion of the sale.

## **8 ANNIVERSARY NOTICES (20 YEAR EXPIRY RULE)**

- 8.1 The process for notifying sharing owners of the procedure at the 20 year anniversary is contained within their Exclusive Occupancy Agreement and within current Scottish Government Guidance.
- 8.2 It is the Associations' policy to offer a new Exclusive Occupancy Agreement for a further 20 years to those sharing owners with an Exclusive Occupancy Agreement.
- 8.3 Notices will be issued to sharing owners on a regular basis to remind them of their right to increase their share (staircasing), the expiry date of their agreement and the options available to them.

## **9 ARREARS POLICY**

- 9.1 The Association will pursue Occupancy and Service Charge arrears relating to sharing owners in line with the (Rent) Arrears Policy.
- 9.2 Notices of Default will be served as the initial stage of instigating the forced sale of the share. The Association recognises its obligations under the Co-operation Agreements and will work closely with its solicitors to ensure appropriate action is taken and the lending body is notified accordingly where appropriate.

## **10 SUB-LETTING**

The Associations' policy is not to unreasonably refuse an application by a sharing-owner to sub-let their property in line with the Sub-Letting Policy relating to rented properties.

## **11 MANAGEMENT OF SHARED OWNERSHIP PROPERTIES**

- 11.1 All existing and prospective sharing owners will have been given clear advice about the services the Associations will provide under the terms of the Exclusive Occupancy Agreement. This will take the form of advice from their solicitors, the Associations' solicitors, Shared Ownership Policy and related information. It is also essential they are made aware of other legal documents such as the Deed of Conditions, Co-operation Agreement, Factoring Written Statement and their responsibility for payment of Council Tax.
- 11.2 The Association will consult on proposed service charges for the following financial year in accordance with the Service Charge Setting Policy and Factoring Policy.

## **12 OCCUPANCY CHARGE & SERVICE CHARGES**

- 12.1 The occupancy charge is set in accordance with Cloch's rent policy and the applicable Scottish Government guidance and is payable in advance.
- 12.2 Disputes and appeals about occupancy charges will be handled in accordance with the occupancy agreement and Scottish Government guidance with reference to an independent value where appropriate.

### **13 FACTORING SERVICES**

- 13.1 The Association where possible will factor all Shared Ownership properties or developments and the management fee will be included within the Occupancy Charge for this purpose. Reference should be made to the Association's Factoring Policy.
- 13.2 Information on the services provided will be contained in the sharing owners' Written Statement of Services.

### **14 INSURANCE**

- 14.1 The Association will provide buildings insurance for all shared ownership properties and will insure the property through the block policy. All new sharing owners will receive a copy of the insurance certificate from the Association. The Management Fee relating to this will be included in the monthly occupancy charge payment. Any claims are made direct to the insurance company and not through the Association.

### **15 REPAIRS, MAINTENANCE AND ENVIROMENTAL ISSUES**

- 15.1 Sharing owners are not provided with a repairs service and this is reflected in the calculation of the Occupancy Charge.
- 15.2 Maintenance and cleaning services of common areas including the general environment around sharing owner's properties, will be organised by the Association and the full cost associated with these will be recharged to the Service Charge and/or via Factoring Invoices.
- 15.3 However, in line with the Exclusive Occupancy Agreement, the Association will exercise its rights to organise common reactive repairs and programmed work on behalf of sharing owners; this is administered by the Property Services Section and further information detailing this can be found in the Factoring Policy.

### **16 POLICY REPORTING**

- 16.1 Shared ownership statistics detailing the number of ownership changes and number of properties repossessed will be reported as required but at least annually to the Board.

- 16.2 A register will be retained of all staircasing/share increases, resales and outright sales and will be reported on an annual basis as part of the Scottish Social Housing Charter Return (ARC) to The Scottish Government (The Scottish Housing Regulator).

## **17 COMPLAINTS PROCEDURE AND APPEALS**

Any tenant/customer of the Association who feels aggrieved by their treatment under this policy can ask for a copy of the Association'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.

## **18 CONFIDENTIALITY**

Cloch Housing Association has a Fair Processing Notice, this will be available to each Sharing Owner at the commencement of their occupancy. The Fair Processing Notice states how Cloch treat your personal data, in line with the General Data Protection Regulations 2015.

## **19 EQUALITIES COMMITMENT**

- 19.1 Cloch Housing Association Limited is committed to tackling discrimination on the grounds of sex or marital status, racial grounds or grounds of disability, age, sexual orientation, language, social origin, or of other personal attributes, including beliefs or opinions, such as religious beliefs or political opinions.
- 19.2 Cloch Housing Association seeks to embrace diversity, promote equal opportunities for all and eliminate any unlawful discrimination in all areas of our work.

## **20 POLICY REVIEW AND MONITORING**

This Policy and associated procedures will be reviewed every 5 years or more frequently if required. This will ensure that the experience gained from allocating and selling shared ownership properties can be properly analysed and used to improve the Policy and associated procedures. In addition, this policy will be monitored and its impact reviewed at regular intervals within the formal review period.

## **21 POLICY AVAILABILITY**

This policy can also be provided in large print, braille, audio or other non-written format and in a variety of languages on request.