



North Devon Homes

Shared Ownership Policy

Contents

Page

1	Purpose	2
2	Principles	2
3	Review	3
4	Responsibilities	3
5	Scope	4
6	Policy Statement	
6.1	Sales and Marketing	4
6.2	Allocation and rent setting	5
6.3	Management (including collection of rents and service charges)	9
6.4	Communication	10
6.5	Dealing with shared owner requests to the Landlord	11
7	Consultation	14
8	Equality Impact Assessment	14

1. Purpose

This policy sets out the principles North Devon Homes ("The Company") will apply in marketing, allocating and managing properties developed for shared ownership and any similar shared equity schemes that promote affordable home ownership.

The Company's commitment to working with the local housing authority and other partners to provide properties under different forms of tenure and capacity to deliver is set out in the Company's Development Strategy.

The principles set out in this Policy seek to ensure that, through careful marketing, allocation and appropriate ongoing management, shared ownership properties:

- are allocated fairly and in accordance with local authority and national government requirements
- meet local need for affordable home ownership
- are sustainable in the long term
- provide quality affordable housing to those whose own financial resources are insufficient to acquire property on the open market suitable for their needs, but who can afford to buy on a shared ownership basis at a sustainable level, in line with the Company's charitable objectives.

The policy has regard to relevant legislation and regulatory guidance on the provision of shared ownership properties; relevant national and local planning restrictions; relevant Charities Commission obligations on allocation; and statutory law and regulation relating to the general management of leasehold properties.

Shared owners are also leaseholders unless and until they own a 100% freehold share in their home. They should therefore check our Leasehold Policy for full details on more general leaseholder issues, including compliance with lease terms, consent for improvements and service charges.

2. Principles

The following principles will apply to this policy:

- It will be open, fair and transparent

- It will reflect the current regulatory standards and legislative requirements, and will be reviewed whenever industry standards, legislation or guidelines change
- It will promote consistency in the approach to allocating and managing shared ownership properties
- It will reflect the Company's staff, customer and Board members' views
- It will be realistic, achievable and provide value for money for both the Company and successive customers

3. Review

We will review this policy, procedures and staff training needs at least once every three years to ensure that the Company continues to operate within best practice, achieves measurable results, and achieves continuous service improvement.

Additionally, the policy and all associated procedures will be reviewed immediately following any relevant change to government policy, regulation, legislation and funding conditions.

4. Responsibilities

This policy sets out the Company's responsibilities and obligations in respect of the allocation of shared ownership properties and their ongoing management under the relevant lease terms.

The Executive Team will approve this policy under delegated authority from the Board.

The Group Development Director and Development Manager will be responsible for ensuring that policy reviews are undertaken, that appropriate consultation takes place and that revisions are reported to the Executive Team for approval.

The Development Manager will ensure that this policy is communicated, implemented and made openly available for third party review. Detailed procedures will be developed and maintained by the Commercial Officer in line with this policy to provide further guidance during delivery of the shared ownership service.

The Development Manager will provide training for relevant staff to ensure that they fully understand the wider issues surrounding this policy and the procedure.

5. Scope

This policy applies to North Devon Homes, including any of its subsidiary companies (collectively referred to as the 'Company'). The policy covers all shared ownership properties developed or acquired by the Group, including those funded on grant funded schemes or delivered through Section 106 Planning Gain sites.

In May 2021 Homes England updated the model shared ownership leases to be used for schemes funded by the Affordable Homes Programme (AHP) 2021 – 2026 and for shared ownership homes required by new Section 106 agreements for schemes with Planning Consent granted after 28 December 2021, referred to jointly as 'new model' shared ownership leases. This policy covers both those existing leases already granted and the new model shared ownership lease.

6. Policy Statement

6.1 Sales and Marketing

We are committed to undertaking early and comprehensive marketing of newly completed shared ownership properties to give them full exposure to as many prospective buyers as possible and to achieve sales as soon as possible after practical completion, whilst ensuring that buyers meet with the charity's beneficiaries criteria.

The Company will market shared ownership properties fairly, robustly and efficiently to ensure all properties are sold to suitably eligible applicants, as soon as possible after practical completion. Any marketing will be carried out in accordance with GDPR principles.

The Company will use information on interested applicants, , to assess the demand for shared ownership products at the time of the original assessment of the viability of new schemes.

A marketing scheme and timetable will be set up at the earliest possible time, working back from the date of practical completion. Schemes will be

posted on the North Devon Homes website as early as possible, firstly on a 'soon to be available' and secondly on an 'actual availability' basis, when the scheme is proceeding and marketing has commenced.

The Company will use a number of media to advertise properties, dependent on the size of the development, anticipated demand and the current housing market, including:

- Advertisement via local estate agent (new builds only), including publication on RightMove (or similar marketing platforms)
- Social media e.g. Facebook, Instagram and LinkedIn - marketing of individual properties and occasional promotion of the shared ownership scheme in general
- The Company's website – dedicated page for shared ownership giving a general overview of the scheme and listings of available shared ownership properties
- Blogging/Vlogging – Providing details of upcoming developments and new shared ownership opportunities
- Company publications, including Home News and newsletters
- By providing knowledge and information to our Customer Care, Income and Neighbourhood Services teams who have daily contact with customers, so that the scheme is well known and understood, which can then be promoted to customers, where appropriate

In our advertising material, we try to explain as clearly as we can the eligibility criteria for the scheme in question, including local planning requirements. All marketing will be subject to the terms for allocation and disposal of any agreement related to a scheme including, but not limited to, the Section 106 legal agreement, Planning Consent conditions and capital funding requirements. Such terms will include local occupation and eligibility criteria, advertising periods and relevant cascades to adjoining areas where purchasers are not found from the initial or subsequent cascade tiers as the case may be.

Subject to North Devon Council approval, the Company may promote shared ownership to existing customers, offering flexibility on the initial share value to be sold, to make the property more affordable for lower income households. The reduction of percentage share to be purchased by existing North Devon Homes customers will be reviewed on a case by case basis, with limitation on the level of overall reduced shares offered on each scheme, to ensure viability, whilst ensuring compliance with the associated Section 106 Agreement, the model leases and other relevant scheme criteria.

6.2 Allocations and rent setting

We are committed to applying a rigorous but fair and transparent process in the allocation of shared ownership properties to ensure their long-term viability. We will make allocations and set rents in accordance with our business plan parameters which help meet local needs for affordable housing; comply with relevant planning agreements and other statutory and contractual requirements; ensure rent review policies are fair, non-discriminatory and transparent and which seek to ensure that the product is affordable and that buyers are able to meet their housing cost commitments into the long term, and are within the parameters of relevant legislation and regulatory guidance.

6.2.1 Allocations

Allocations will be made in accordance with the government's qualification criteria and its priorities for the allocation of shared ownership homes. We will also take into account:

- any local planning authority requirements
- any funding requirements from Home England as may apply to a grant funded scheme
- any relevant nominations agreement with the local housing authority
- any restrictions defined within the Section 106 Agreement for a development scheme where applicable

As a registered charity North Devon Homes will ensure that the proposed shared owners also meet with the charity's beneficiaries criteria, as set out below:

- All relevant factors of a potential shared ownership customer must be reviewed to include a review of the suitability of their present accommodation, and whether this is adequate for their situation.
- To ascertain if shared ownership is the most appropriate product for the customer by conducting detailed financial review of a customer's income and expenditure, and any potential future changes that could affect their long-term viability.
- Allocation to those whose own financial resources are insufficient to relieve their current housing need, but who can afford to purchase on a shared ownership basis without excessive hardship both in the interim and long term.
- Detailed financial review to ensure that the customer meets long term

viability and is not met with excessive hardship following completion of their purchase.

- To review all circumstances of the customer to include an understanding of medical needs and whether the accommodation suits their long-term needs and requirements or is capable of being adapted to do so.

In addition to the above where providing suitable shared ownership accommodation targeted to the following groups, North Devon Homes will ensure that such applicants meet with the criteria for charitable beneficiaries as outlined by Homes England and the Charities Commission:

- Elderly or disabled
- Key worker housing – to include, but not be limited to, health care workers and teachers – on the basis that:
 - There is a need for the charitable service that the key worker will provide; and
 - There is a shortage of such workers due to difficulties in recruiting and retaining key workers and;
 - Those difficulties can be overcome by enabling suitable people to afford appropriate accommodation in the area

The Charity Commission's definition for key workers is as follows:

"...those persons (and their dependants living with them) who have need of such accommodation by virtue of their employment in the public or voluntary sectors or in a relevant employment in the locality in such manner or capacity as to advance education, relieve sickness, promote public health, relieve charitable need, protect human life and property, promote the sound administration of the law, or advance any other charitable purposes for the general benefit of the community, to include the maintenance for the benefit of the community of its infrastructure e.g. supplies of gas, water electricity and food, or transport and other means of communication, of telecommunication information and information technology services and emergency services".

During the allocation process, we will try to explain as clearly as possible, all the necessary eligibility requirements and how allocations will be prioritised.

To assist existing North Devon Homes' customers (current tenants), flexibility on the initial share level can be reviewed for new build shared ownership homes. Allowing for an initial lower percentage share to be offered, making the property more affordable for lower income households, subject to

approval by the Local Authority, which will be reviewed on a case by case basis. There will be limits on the number of reduced percentage shares that can be sold per development to ensure scheme viability on terms agreed with the Local Authority. Such flexibility will be preceded by any Section 106 Legal Agreement, grant funding agreement, Planning Condition or governing legislation as applicable.

We will require from prospective buyers full and clear evidence of their finances to assess their suitability as potential shared owners. We will then complete an Affordability Assessment to assess financial viability. Prior to proceeding with any application North Devon Homes will establish eligibility for the scheme to include gathering evidence of proof of identity and residence.

We will make every effort to ensure that applicants can afford and are suited to acquiring and owning property on a shared ownership basis. This will include face-to-face interviews and help for applicants in working out their net income and likely expenditure as a shared owner which will be further supported through stress testing by the high street lender.

In making allocations to shared ownership properties, we will have regard to our Equality and Diversity Policy to ensure that all applicants receive equal consideration regardless of their age, disability, sex, sexual identity, race, religion, colour or nationality.

6.2.2 Rent setting

We are committed to ensuring that all rents and service charges are rigorously and efficiently collected as they become due, but also recognise that flexible payment options should be available to shared owners who have difficulty in paying service charge bills.

Shared owners pay rent on the equity share of their home which is still owned by North Devon Homes. This rent will reduce as owners buy larger shares.

We will set shared ownership rents having regard to:

- current government and regulatory guidelines
- consultation with the local housing authority about what are considered to be sustainable, affordable rents in the local housing market

- what levels of rent are acceptable to us and our customers to make each development scheme financially viable and affordable given the local market conditions
- rent level restrictions set by Homes England, where by rent levels should not exceed 2.75%
- Any initial or subsequent disposal terms within any Section 106 Agreement for a scheme as applicable

Rents will be reviewed annually in accordance with terms of the relevant shared ownership lease and will rise in accordance with the provisions of the lease. Where rent review guidelines or regulatory principles change, North Devon Homes will review existing shared ownership leases to ensure that a consistent and fair approach is taken to rent increases for all shared owners. Typically, rent increases have been set based on RPI plus 0.5%, however as of 12 October 2023 the regulator has amended model leases and policy is now set at CPI plus 1% for new leases granted on developments which commenced after this date. Older shared ownership model leases will remain in place, and North Devon Homes will review the level of rent increases against both new and old rent review terms in determining annual increases.

6.3 Management (including collection of rents and service charges)

We will seek to provide a high quality, responsive and efficient management service which will ensure that:

- Services are proportionate, fairly allocated, and that service quality and delivery is appropriate for the scheme
- Customer care and response to enquiries will be in accordance with our service standards
- All rents and service charges payable are collected promptly and efficiently, but also ensure that procedures and assistance is in place to address situations where leaseholders have difficulties in meeting their financial obligations.
- Deal promptly with applications to remortgage or obtain further advances, to staircase up and to carry out improvements.
- Shared ownership leaseholders comply with their lease obligations in maintaining their properties and not causing nuisance to neighbouring residents.

The Company will regularly review and adhere to the established service charge and debt collection procedures.

These procedures will seek to ensure compliance with all relevant

legislation, regulations and known good practice having regard to:

- the provisions of individual leases
- statutory timescales for the service of relevant notices and demands
- prescribed information which must be included in and provided with service charge statements
- timescales for payment
- procedures for pursuing and writing off arrears and criteria for taking legal action in respect of unpaid service charges

We will ensure that payment of all rent and service charge debt is rigorously and efficiently pursued and collected, but we also recognise that some shared owners may have difficulty in meeting rent service charge bills.

The Commercial Officer in consultation with the Income Manager can agree temporary lower payments, deferred payments and instalment arrangements with shared owners who are experiencing genuine financial difficulties.

We will also encourage and assist shared owners to ensure that they obtain benefit assistance where this is available for low earners or in the case of unemployment.

This can include:

- Mortgage interest payments (but not capital payments)
- Rent due under the lease
- Service charges

Where shared owners are in severe financial difficulties we will consider other forms of assistance such as:

- temporary permission to sublet, provided this complies with the terms of any grant funding conditions relating to the lease, and Homes England guidance
- the purchase of the shared owner's full equity stake in the property at the prevailing valuation (determined via a third-party valuer)
- the purchase of part or parts of the shared owner's equity stake ('staircasing down') at the prevailing rate.
- the placement of a legal charge against the property for the sum of the debt plus accruing interest
- Assistance in the sale of the shared owner's full equity stake in the property if requested

Applications for such help will be considered on their merits and will be subject to the shared owner assisting the Company in undertaking a full financial assessment of his/her situation and cooperation with the associated processes.

Applications will be considered and subject to the approval of the Company's Executive Team; the availability of funds in the case of repurchase by the Company and consultation with the shared owner's lender.

Forfeiture of the shared owner's lease will only be undertaken as a last resort where no other options are feasible or viable. Such action will be pursued by our solicitors in compliance with current legal requirements and best practice.

6.4 Communication

We are committed to consult shared owners on all matters that affect them as required by statute and as a matter of good practice and to establish good working relations

We will communicate and consult effectively with shared ownership leaseholders, as required by law in respect of works or services for which service charges are payable and in general in respect of issues affecting leaseholders and the estates upon which they live.

The Company will consult shared owners individually and, where appropriate/required, in groups with assured tenants and with leasehold owners who have bought their properties under the Right to Buy or Right to Acquire.

Consultation will include matters such as repair, maintenance and management issues relating to the estate on which they live.

Shared owners (in particular those who live in flats and maisonettes) will be consulted on major works and long-term agreements to provide works or services in accordance with the relevant legislation and the Leasehold Management Policy and associated procedures.

To help shared owners better understand the law and regulation relating to their form of ownership, we will:

- Keep up to date and provide the Leasehold Handbook
- Ensure that shared owners are provided with detailed advice on selling an equity share
- Ensure shared owners are provided with detailed advice on staircasing

6.5 Dealing with shared owner requests to the landlord

We are committed to dealing with shared owner requests under their leases promptly, consistently and fairly

Shared owners may make the following request to North Devon Homes, as their landlord including:

- consent to re-mortgage their properties
- consent to further advances from their lenders
- consent to carry out improvements
- notification on intention to staircase up under the terms of their lease
- notification of intention to assign their lease (sell their equity share)

6.5.1 Remortgaging

North Devon Homes recognises that shared owners may wish to re-mortgage to obtain more favourable terms. Provided that the proposed new loan is equal to or less than the existing loan and there are no serious debt issues relating to the leaseholder's account, North Devon Homes will consent to applications to remortgage.

6.5.2 Further Advances

North Devon Homes will not consent to further borrowing by the shared owner, if this is to cover or consolidate personal debt. North Devon Homes' Executive Team will consider applications for consent for further advances, and approval may be given where the further advance is necessary to undertake urgent or essential repairs to the property. Any further advance must be in line with the percentage share owned based on a current valuation and cannot exceed this.

6.5.3 Staircasing (the buying of additional equity shares by shared owners)

In order to ensure that the Company complies fully with the detailed requirements set out in shared ownership leases, the Commercial Officer will Review and keep updated our detailed procedures on the staircasing process.

All applications to staircase will be dealt with in strict accordance with the procedures contained within shared ownership leases, to meet legal and associated planning requirements and to deal fairly and consistently with all

requests to staircase. All applications to staircase must be within the terms of the lease agreement, typically a minimum of 10% for each transaction.

For those leases granted under the new model shared ownership lease agreement this can be as low as 5%, and each leaseholder (both on initial and resales) will benefit from a 15-year period where they may staircase in 1% increments (known as micro-staircasing). North Devon Homes will discharge its duties in line with the new model shared ownership lease in relation to micro-staircasing where applicable and including the issue of an annual Additional Percentage Value Notice in line with the review period, providing a new value for a 1% share which will be valid for three months.

The UK House Price Index (HPI) will be used to determine the value of this share in line with the formula contained in the new model lease. A shared owner under the new model lease can request a new valuation any time an Additional Percentage Value Notice is older than 3 months. Micro-staircasing will not be subject to any administration fees due to North Devon Homes but the applicant must meet the cost of their own valuation should they wish to challenge the value in the Additional Percentage Value Notice, and any associated costs in financing any purchase of additional shares.

Any application to staircase will be subject to any legally preceding document governing a scheme which may limit the terms or maximum share that can be staircased including any Section 106 agreement, Planning Conditions or grant funding agreement.

The standard lease contains no provisions for staircasing down and this will be allowed in exceptional circumstances only and at the Company's discretion – see above.

6.5.4 Assignment (the sale of the shared owner's equity share of the property)

Where shared owners wish to sell their full equity interest by assigning their lease, the Company will where possible, nominate a purchaser or buy the interest itself. Allocation of shared ownership properties for resale will follow the same criteria set out in 6.2 above.

The Company will comply with the time limits for nominating a buyer or exercising its right to buy within the time-limits set out in the lease.

The Company will only buy the shared equity owner's share where it is satisfied that it is financially viable to do so.

6.5.5 Improvements

We will deal with requests for our consent to carry out improvements fairly and consistently by following the process and criteria set out in our Leasehold Policy.

6.5.6 Essential Repairs

Where a shared ownership lease has been granted using the new model lease agreement and is subject to an "Initial Repair Period Schedule" (the terms of the individual lease will ascertain whether this is applicable) NDH will discharge its duties as Landlord as per the new model shared ownership lease.

7. Consultation

The following have been consulted in developing this policy:

Date	Consultation methodology	Challenge / impact / result
TBC	CBP	TBC
TBC	NDH Internal Teams	

8. Equality Impact Assessment

We are committed to providing opportunities to become a shared owner to as many people as possible on a fair and equal basis and to manage shared ownership properties according to clear and fair procedures

Allocations

Properties have to be allocated according to share owners' ability to meet local and national qualification criteria and their ability to meet the financial and other obligations under the relevant lease.

Subject to these constraints we wish to make properties available to all regardless of race, colour, gender, religious beliefs, age, disability, sexual orientation, marital status or appearance.

We will use different media to advertise our properties to reach as many prospective buyers as possible and we will assist less well-off applicants to buy low percentage shares where these can be counter-balanced by other buyers buying higher percentage shares to retain overall scheme viability, subject to approval by the local council

We apply strict selection procedures to ensure people are judged only by those criteria which we are obliged by law and regulation to apply.

Management

By setting out clear criteria and procedures to support this Policy and the Leaseholder Policy, the Company will treat all shared owners in a fair and transparent way. The Company will offer different payment options to assist in sustaining home ownership and will, within Policy and legal constraints, consider requests for landlord's consent having regard to the individual circumstances of the shared owner.

Potential impact on each of the diversity "groups":

Strand	No impact	Negative impact	Positive impact	Comments / evidence (if negative impact, how does the policy address this)?
Race			✓	
Disability			✓	
Gender			✓	
Gender Reassignment	✓			
Sexual orientation	✓			
Religion or belief	✓			
Age			✓	
Rural issues			✓	
Social Inclusion issues			✓	
Pregnancy and maternity	✓			
Marriage and civil partnership	✓			

Next review date:	Responsible Officers
October 2026	Tim Hamilton-Miller Group Development Director Paul Scovell Development Manager
Authors	Related Documents