

<b>Shared Ownership Policy</b>	
<b>Document Owner:</b> Director of Development	<b>Document No:</b> DR-PL-001
<b>Date Approved:</b> October 2024	<b>Review Date:</b> October 2027

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### 1.0 Introduction

- 1.1 Beyond Housing has a development and regeneration strategic plan which includes delivery of shared ownership homes.
- 1.2 This policy sets out Beyond Housing’s approach for the allocation, reservation, sale and management of shared ownership homes.
- 1.3 Where shared ownership homes are being developed with funding from Homes England (HE) the requirements and procedures of the capital funding guide (CFG) relevant at grant approval stage and any fundings conditions will be met. Where shared ownership is not being developed with funding from HE the capital funding guidance will be used as a framework for our approach to delivery. Specific requirements applied by the local authority and through planning obligations will also be considered.

### 2.0 Policy objectives, key performance indicators (KPI) and reporting

- 2.1 The objective of the shared ownership policy is to set out Beyond Housing’s position for;
  - Assessment of customer eligibility for the shared ownership scheme
  - Assessment of existing customer eligibility applying for the right to shared ownership of an affordable rented home provided with HE funding under the 2021-2026 affordable housing programme
  - Assessment of customers applying to purchase further shares or wishing to sell their share
- 2.2 Performance of annual operational KPI’s will be reported to operational performance

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meetings, development committee and board.

- 2.3 Performance of annual management KPI’s will be reported to the departmental KPI review meeting.

### 3.0 Definitions

- 3.1 For the purpose of this policy please refer to the following definitions:
- 3.2 **Shared owner** – a person who has purchased shares in a shared ownership home and been granted a shared ownership lease (leaseholder)
- 3.3 **Landlord** – Beyond Housing
- 3.4 **Staircasing** – the purchase of further shares
- 3.5 **Memorandum of sale** – written confirmation of an agreed sale
- 3.6 **RICS** – Royal Institute of Chartered Surveyors
- 3.7 **Advisor** – suitably qualified and experienced advisor that is regulated to give mortgage advice

### 4.0 Legislative, regulatory and strategic alignment

- 4.1 A strategic objective of Beyond Housing is to ‘build new homes and maintain our existing homes to a high standard which we deliver by building new homes of different tenures meeting a range of needs’.
- 4.2 This policy supports the delivery of the development and regeneration strategic plan to be a home provider of choice, to deliver new homes, offering customer choice endeavoring to include a percentage of shared ownership homes within any new development and by working closely with private developers to provide shared ownership homes under planning obligations.
- 4.3 As a registered provider with the regulator of social housing, Beyond Housing is able to own and manage shared ownership homes.
- 4.4 Prior to an eligible application from employees or board directors of Beyond Housing or those with a close connection being accepted, approval will be sought in accordance with relevant sections of the probity policy.
- 4.5 Legal advice confirms an increase in lease term does not impact on the fundamental clauses in the lease therefore consent from the Social Housing Regulator is not required to agreement of a lease extension.

### 5.0 Responsibilities

- 5.1 The director responsible for development will be responsible for the delivery of this policy and that any related procedures are followed, with contributions from the

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director responsible for housing (tenancy management, rental collection and arrears) and the director responsible for asset management (calculation of service charges and estate management) appropriate to relevant sections of the policy. The policy author is the development manager – sales and performance.

- 5.2 Beyond Housing will ensure that the development team are trained to understand the policy and procedures relating to shared ownership. Other colleagues of Beyond Housing have a responsibility to ensure that their work is carried out in line with this policy and related procedures.
- 5.3 Beyond Housing will publish and provide clear information to customers enquiring about shared ownership, including a summary of the shared ownership lease, available in a number of formats and translation into other languages will be made available on request.
- 5.4 Shared ownership homes will be managed in line with the shared ownership lease, relevant policies and procedures.
- 5.5 Beyond Housing will engage with shared ownership customers to ensure that they are consulted on any change to policy that will affect the management of their home.
- 5.6 Shared ownership homes being purchased on the 21-26 shared ownership lease include;
- a 10-year period when the costs of essential repairs will be met by Beyond Housing, all other repairs, including gas safety checks, are the responsibility of the shared owner
  - Initial shares available from 10%
  - Staircasing shares available from 1%
  - 990-year term – earlier leases were granted a 99-year or 125-year term. A request for a lease extension will not be unreasonably withheld with the leaseholder paying all (including Beyond Housing’s) legal, valuation and reasonable administration costs.
  - Lease extensions up to a period of 990 years consistent with the current model lease will be considered
  - No premium charge will apply
  - Leases issued for unsold homes delivered under the 16-21 program will be amended to include a 990-year term
- 5.7 Annual rent review – in line with revised Homes England policy guidance, unless by policy exemption, a change from the Retail Price Index (RPI) to the Consumer Price Index (CPI) as the basis of the annual rent review will take effect for new shared ownership leases for schemes receiving grant funding from 12 October 2023. Homes purchased through a

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Section 106 planning obligation will also be on the CPI lease where the planning approval is dated after 12 October 2023. The reforms will also apply to leases of new shared owners who purchase a leasehold interest through the Right to Shared Ownership or Rent to Buy schemes on or after 12 October 2023.

- 5.8 Where grant has been received prior to 12 October 2023, or where homes purchased through a Section 106 planning obligation have planning approval dated prior to 12 October 2023, but sales are yet to complete, a CPI based lease will be issued.
- 5.9 Beyond Housing will be under no obligation to repurchase all or part of a shared owners share of their home.

## 6.0 Policy delivery

### Initial sales

- 6.1 Customers and advisors will be signposted to the policy and guidance which is published on the Viola Homes website.
- 6.2 Customers will be asked to complete a Beyond Housing application form. Applications will be assessed against eligibility criteria and will not be refused without valid reason.
- 6.3 Customers will be financially assessed by an advisor.

#### First come first served

- 6.4 Where there is an under supply of homes, homes will be available on a first come first served basis to the first eligible customer to meet application and financial assessment requirements. The exception to this is for qualifying Armed Forces personnel and in certain rural locations and sites where local connection criteria may apply.

A plot to applicant ratio of 3:1 at the eligibility stage will apply.

#### Adverse credit

- 6.5 Customers are required to manage their financial commitments set out in the lease, the following will apply at application and financial assessment stage;

Missed mortgage/rent arrears Unsecured arrears	The advisor will carry out a financial assessment and make a recommendation to Beyond Housing
County Court judgments or registered defaults	None in the last 36 months and any historic defaults must be satisfied prior to the

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	<p>mortgage application. The following exceptions may be acceptable where;</p> <ul style="list-style-type: none"> <li>• All CCJs/defaults were registered more than three years ago and satisfied prior to mortgage application</li> <li>• All CCJs/defaults were satisfied more than 12 months prior to application regardless of date of registration</li> <li>• The CCJs/defaults in aggregate amount to less than £300, regardless of date of registration, and were satisfied prior to mortgage application</li> </ul>
Debt management plans	Applications may be acceptable where debt management plans have been repaid in full for at least 12 months, with a satisfactory credit record demonstrated since that time
Individual voluntary arrangement (IVA) and discharged bankrupts	IVA/bankrupts who have been discharged over three years ago and who have no residual debt may be acceptable on recommendation by the advisor
Repossession of previously owned property	Applications will not be accepted.

#### Minimum surplus income

- 6.6 An affordability assessment will be undertaken by the advisor to determine a suitable share amount which the customer can comfortably afford. A customer will be required to have a minimum monthly surplus income (gross income remaining after financial commitments) of 10%. Where the initial share purchase is below 25%, the minimum surplus income requirement is 20%.

An example of the surplus income calculation is shown below;

Item	Explanatory notes
(A) Gross household income	<ul style="list-style-type: none"> <li>• Gross monthly pay to include the relevant amount of any overtime, commission or bonus as determined by the advisor</li> <li>• Any Universal Credit or benefit income</li> <li>• Any guaranteed maintenance payments</li> </ul>
(B) Deductions from gross	<ul style="list-style-type: none"> <li>• Income tax</li> <li>• National Insurance</li> </ul>

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household income	<ul style="list-style-type: none"> <li>• Pension contribution</li> <li>• Student loan</li> <li>• Other payslip deductions</li> </ul>
(C) Commitments	<ul style="list-style-type: none"> <li>• Credit commitments to include personal loans, personal contract purchase, hire purchase etc</li> <li>• Credit and store cards</li> <li>• Childcare costs</li> <li>• Care costs</li> </ul>
(D) Housing costs (excluding mortgage)	<ul style="list-style-type: none"> <li>• Stress tested shared ownership rental figure</li> <li>• Service charge</li> </ul>
(E) Net income for mortgage purposes	$(A-B-C-D) = E$
(F) Indicative mortgage cost	The indicative mortgage cost as determined by the advisor. The mortgage cost (F) should not exceed 30% of E. This threshold may be exceeded in cases where the advisor confirms that there is a justification for doing so and where the customer is able to satisfy this policy
(G) Other essential expenditure	<ul style="list-style-type: none"> <li>• Council Tax</li> <li>• Utilities</li> <li>• Food</li> <li>• Fuel and Travel</li> <li>• Insurances</li> <li>• Other</li> </ul>
(H) Minimum surplus income	$(E-F-G) = H$ This figure should be at least 10% of A (gross income)

6.7 Beyond Housing will accept applicants who wish to purchase their share in cash if they are unable to obtain a mortgage but have sufficient savings or where no suitable mortgage is available. Exceptions would be if mortgage products are not available due to adverse credit history.

6.8 Beyond Housing will take a reservation fee which will be deducted from the price of the home when the applicant proceeds to purchase. Beyond Housing reserve the right to refund the reservation fee in the event of the sale not progressing subject to costs incurred.

6.9 Beyond Housing will encourage sustainable home ownership by encouraging customers

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to purchase as large a share as suitable based on individual circumstances and affordability.

- 6.10 Shared owners will be managed in accordance with relevant sections of the income management and tenancy management policies.
- 6.11 Rents and service charges will be set in accordance with capital funding guidance.
- 6.12 Beyond Housing will charge a rent equal to 2.75% of unsold equity reserving the right to charge up to a maximum of 3%.
- 6.13 Beyond Housing will insure the home (building) and will collect premiums due through service charge until the shared ownership progresses to 100% ownership (with the exception of flats).

#### **Staircasing**

- 6.14 Customers may increase their percentage share of the home at any time during the term of the shared ownership lease.

#### **Re-sales**

- 6.15 Beyond Housing will reserve the right to nominate a purchaser within four weeks of notification of share of sale.
- 6.16 Customers will be advised to seek independent advice prior to participating in the shared ownership scheme.

#### **Right to shared ownership**

- 6.17 Beyond Housing will check that the property is eligible prior to confirming eligibility for the customer to participate in the shared ownership scheme.

### **7.0 Controls and reporting**

<b>First line control</b>	<b>Responsible (Job role)</b>	<b>Reported to:</b>
Gateway 1 approval – new business/concept opportunities	New business manager (with Development manager sign off)	Development appraisal group (DAG)

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Gateway 2 approval – feasibility stage Includes; strategic and business plan compliance financial hurdle rates compliance policy compliance rent setting and property categorisation compliance	Project Managers (with Development manager sign off)	Development appraisal group and if over £5m (or outside delegated criteria) to development committee
Gateway 3 approval – land banking	Project Managers(with Development manager sign off)	Development appraisal group and if over £5m (or outside delegated criteria) to development committee
Gateway 4 - contract	Project Managers (with Development manager sign off)	Development appraisal group and if over £5m (or outside delegated criteria) to development committee
Gateway 5 – committed programme monitoring (KPI’s)	Development manager with development director sign off)	Development committee. KPI’s to senior leadership team operational meetings
<b>Committed programme - Rent setting</b>		
Rents sent to finance for checking and approval before being entered onto Housing Management System	Development Support Manager/Head of Finance	Proposed rents are checked and approved by Finance team
Report from sequel to monitor valuation dates to ensure these are valid and updated promptly when required	Standard system report	Development Support Manager

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Report from Sequel to validate rents entered into the system	Standard system report	Development Support Manager
<b>Committed programme - Financial control</b>		
Monthly income and expenditure monitored and reforecast from board approved level to actuals	Finance – capital accountant	Development Director
Gateway 6 – post scheme evaluation	Project Managers (with Development manager sign off)	Development appraisal group and customer voice annually to development committee.

## 8.0 Consultation

- 8.1 In reviewing this policy, consultation has taken place with the Director of Assets & Sustainability, Director of Property & Commercial and the Director of Customer Service.

## 9.0 Approval

- 9.1 This policy will be subject to review every 3 years, or in response to a change in legislation or best practice, whichever happens sooner.

<b>Accountable:</b>	Chief Executive
<b>Responsible:</b>	Director of Development
<b>Approval body:</b>	Development committee

Version no.	Revision date	Reason for revision
3	July 2023	To reflect updated guidance issued by Homes England
3	February 2024	Partial review - to include policy detail for lease extensions and Homes England policy change to annual rent review, and addition of lines of control

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4	October 2024	To reflect updated guidance by Homes England for the requirement of first come first served adverse credit and surplus income policies and non-material amendments to text and formatting
4	January 2025	Partial review – to add Board decision to move to a CPI based rent increase and CPI based lease at section 5.8
4	February 2026	Partial review – to revert Board decision from January 2025, removal of section 5.8 (Board decision 29 January 2026)