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## PO40 Shared Ownership Policy

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### Approval

Approved by Tenants' Forum	DATE 18 March 2010
Approved by Board	DATE March 2010
Due for Review	DATE March 2013

### Review undertaken

Resident involvement <i>As agreed with Tenants' Forum</i>	Shared Owners' email Focus Group in September 2009. Shared owners' focus group are designing the shared ownership handbook 2010.
Equality Impact Assessment	February 2010
Other consultation	Soha's Senior Management Team

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## **1.0 Scope of policy**

This policy sets out Soha's approach to selling shared ownership housing. Shared ownership is a part-buy and part-rent scheme to buy a home in stages and take the first step on the housing ladder. Soha develops and buys shared ownership housing, often using public money, to provide home ownership opportunities for those who could not otherwise have access to them.

## **2.0 Aim**

2.1 Soha aims to sell our shared ownership properties as quickly as possible to minimise the length of any vacancies and loss of income.

2.2 Soha aims to identify and provide applicants in housing need who are unable to purchase a property in the open market and to provide a range of good quality affordable housing for Shared Ownership to help those people become or remain homeowners.

2.3 We will apply this policy consistently and fairly and will not discriminate against any person on grounds of their race, colour, ethnic or national origins, religion, sexual orientation, disability, gender, age or any other matter which may cause us to treat a person unfairly.

## **3.0 Policy Statement**

3.1 Soha is a charitable housing association and will provide shared ownership housing to qualifying groups in accordance with its charitable objectives.

3.2 The decision as to whether any shared ownership scheme or part of a scheme is to be for charitable purposes will be made provisionally at the scheme development approval stage. The decision will be reviewed once Soha has identified applicants for the scheme. If the substantial majority of a scheme is considered to be charitable then the whole scheme will be deemed to be charitable.

3.3 A shared ownership property will be considered charitable if it is sold to and will meet the needs of one the following specific groups of people:

- Key Workers.
- Council & Housing Association Tenants.
- Those in housing need.
- Elderly or disabled people

3.4 In addition a sale will also be considered as charitable if the purchaser's household annual income is below a guide figure reviewed annually by Soha (taking into account any published guidance) (£40,000 as at February 2010 and) OR

If their income is more than the guide figure and they are assessed as financially strong and can sustain the costs of home ownership but whose circumstances mean that they cannot afford to buy or rent suitable homes

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in the private sector to meet the reasonable needs of themselves and families. This may include:

- People with a local connection particularly where a scheme aims to attract local applicants
- First time buyers
- Applicants on the Local Authority or Homebuy Zone Agents waiting lists

3.5 Soha will have robust procedures which set out our approach to marketing and letting our shared ownership homes.

3.6 Soha will assess applicants financially to ensure that they can meet the ongoing costs of home ownership under our schemes. This may include a financial agency check. Soha may interview potential buyers to assess their current housing and financial circumstances.

3.7 Non-charitable Shared Ownership properties will be provided through Soha In Business Limited.

#### **4.0 Implementation**

##### **4.1 Marketing Shared Ownership Properties for Sale**

Soha will devise a marketing strategy for developments to include where required, working closely with local authorities and local homebuy zone agents (or their successors) to ensure that we reach potential buyers to promote effective and efficient sales to minimise standing stock. This will include advertising new shared ownership homes on Choice Based Lettings websites and on homebuy zone agents' web sites in advance of their completion. We will advertise all new shared ownership schemes on Soha Housing's website and give information about where and how to apply for these properties. This information is also available in the shared ownership leaflet and scheme sales brochures.

4.2 Where we have no relevant eligible nominations from the local authority Soha will market the properties directly or use an approved internet property website. Where these options fail to find any buyers Soha will appoint a qualified local estate agent to advertise the scheme. This agent may take on viewing and selling the properties on Soha's behalf.

4.3 Soha actively reviews sales results and will implement alternative strategies albeit temporarily to achieve minimal standing stock levels, e.g. Rent to Buy or market renting as appropriate.

##### **5.0 Eligibility Criteria**

Soha housing will only be able to sell to buyers who meet the minimum requirements of our eligibility policy. These are that:

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- Applicants must be at least 18 years of age.
  - Applicants should not be able to afford housing to meet their reasonable needs and preferences at current local market prices.
  - Applicants should have sufficient savings to meet the one off costs of buying a shared ownership home and access to capital or a mortgage to fund their share of the purchase.
  - Applicants must be able to afford the total monthly outgoings of rent, mortgage and service charges required under shared ownership.
  - In most circumstances applicants must not have been in rent arrears over the last 12 months. Due to standard mortgage evaluation checks it is likely that individuals with low credit ratings will be unable to proceed.
  - In some schemes we may extend the eligibility criteria to include arrangements which are linked to the planning or funding of these schemes such as disability or age specific schemes
- 5.1 If, after applying, there are still more eligible applicants than there are properties, we will make our decision to make an offer of accommodation based on need and the ability to proceed.
- 5.2 Soha will usually sell, 50% shares of the property, although this can be reviewed depending on the market conditions. The remaining percentage share belongs to Soha and the buyer pays a subsidised rent.
- 5.3 After the initial purchase, shared owners will usually have the opportunity to 'staircase' buying a minimum of 10% at a time to outright ownership (there maybe different conditions on some rural schemes, Soha Housing will advise you if this applies). Shares will be sold based on the market value of the property at the time and the rent will be reduced accordingly based on this additional purchase. Should a 100% of a house be purchased the freehold will be transferred from Soha to the owner.

## **6. Moving On**

When a shared owner decides to sell their home they would normally give Soha the opportunity to buy the share back. Soha will respond by:

- i. Accepting the offer to buy back the property share.
- ii. Decline the offer but nominate a purchaser to buy the property.
- iii. Advise that Soha is unable to nominate a purchaser, therefore the seller is free to sell their share of the property on the open market.

If a former shared owner has had the freehold transferred following a 100% purchase and wishes to sell within 21 years, they must offer Soha first option to buy the house back into shared ownership. Soha may either accept or decline this offer.

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**7. Resident Involvement**

We will consult with a shared owners' focus group on each review of this policy to ensure that it meets customers' expectations. We will also consult shared owners where there are other proposed major changes to policy or practice, which will affect the management of their homes.

We met with shared owners to agree on the content and design of the shared owners' handbook.

**8. Appeals**

Applicants have a right of appeal under Soha's Complaints Policy if they feel that Soha has not treated them fairly.

**9. Responsibility**

The Director of Property & Development is responsible for the effective implementation of this policy.

**10. Monitoring and review**

This policy will reflect good practice and meet legal requirements at all times. We will continually monitor good practice and statutory requirements.

We will continue to survey shared owners and use their feedback to monitor and improve the services we provide.

A review will take place in 3 years time or earlier if required

**11. Context**

Soha Shared Owners Handbook  
HCA Capital Funding Guide