



## Shared Equity Policy

<b>POLICY IMPLEMENTATION CHECKLIST</b>	
Policy Guardian:	Director of Customer Services
Author:	Regional Manager
Version number:	1.0
Approved by Caledonia and Cordale HA Governing Bodies:	December 2019
Effective from:	December 2019
Due for review on:	December 2024
Diversity compliant:	Yes
Equality Impact Assessment required:	No
Data Protection compliant:	Yes
Health & Safety compliant:	Yes
Procedure implemented:	Yes
QL system changes made:	Yes
KPIs / reporting arrangements implemented:	Yes
Training Completed:	TBA
Posted on intranet:	Yes
Posted on website:	Yes
Publicity material issued:	

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

## 1. **Statement of Intent**

Caledonia Group members Caledonia and Cordale Housing Associations (“the Associations”) administer the Scottish Government’s Shared Equity Scheme and as such are committed to help people on low incomes who wish to be homeowners but whose financial resources are insufficient to meet their needs because of local housing market prices.

The Associations will aim to ensure that its practices and procedures relating to shared ownership complies with all legal and regulatory requirements and will continue to develop its service in line with developing good practice and guidance notes issued by the Scottish Government’s Housing Investment Department.

Shared Equity is a form of low cost home ownership (LCHO) and is the Scottish Government’s preferred method of delivering new LCHO homes.

It allows qualifying applicants and access to another tenure, through the purchase of an equity share of a property provided by the Associations.

Any remaining share is owned by the Scottish Ministers.

## 2. **Services for Prospective and Current Shared Equity Owners**

All existing and prospective shared equity owners will have been given clear advice about the services the Associations will provide under the terms of their Deeds of Conditions. This will take the form of advice from their solicitors, the Association’s solicitors, Shared Ownership Handbook and related information leaflets and office interviews. It is also essential they are made aware of other legal documents such as the Factoring Terms and Conditions and their responsibility for payment of Council Tax.

The Associations’ Factoring Officers will organise annual meetings to discuss services provided and consult on proposed service charges for the following financial year. Detailed annual service charge statements will be provided.

## 3. **Marketing and Allocations**

For all new shared equity developments the Associations will determine a marketing strategy and set qualifying criteria in partnership with the Scottish Government and Local Authority that prospective shared equity owners must meet in order to be considered for the properties. These may include:-

- First time buyers
- Existing or previous owners unable to sustain or move back into home ownership due to a significant change in their household circumstances
- Older people – amenity properties (over 50 years of age or who require this type of property e.g. medical reasons)
- Those with particular needs unable to purchase a house suitable for their needs

Prospective shared equity owners will be identified following an initial ‘passport’ stage to ensure they meet the criteria. A full application form will then be issued and information regarding additional documentation required. Following receipt of a fully completed application form the properties will be on a ‘first come first served’ basis.

The full administrative process can be found in the Shared Equity Procedure:

<https://www.gov.scot/publications/new-supply-shared-equity-scheme-administrative-procedures/>.

#### 4. **Resale of Shares, Change of Lender, Solicitor, Household Circumstances and Tranching-up etc**

In any of the above circumstances the Associations will give general advice and assistance as set out in the Scottish Government After Sales Shared Equity Procedures:

<https://www.gov.scot/publications/sale-shared-equity-procedures/>

There are 2 different categories of shared equity owner – those with a golden share and those without.

##### **No golden share**

At any time a shared equity owner may increase their stake by at least 5% up to 100% (and if any previous increase brought the stake over 90% any further increase must take the stake up to 100%).

##### **With golden share**

At any time a shared equity owner may increase their stake by at least 5% up to 80%. The balance of 20% is however always held by Scottish Government.

All legal costs associated with these transactions and/or change of circumstances are the responsibility of the existing shared equity owner.

#### 5. **Buy Backs**

It is the Associations' policy not to 'buy back' shared equity properties.

#### 6. **Sub-letting**

The Associations will give general advice and assistance as set out in the Scottish Government After Sales Shared Equity Procedures:

<https://www.gov.scot/publications/sale-shared-equity-procedures/>

#### 7. **Factoring Charges Arrears**

The Associations will pursue Factoring Charges arrears relating to shared equity owners in line with the Debt Recovery process as set out in our Terms and Conditions.

#### 8. **Anniversary Notices**

The Associations have shared equity owners in 2 distinct categories – original 'Homestake' developments and more recent 'New Supply Shared Equity (NSSE)' developments.

The Redemption of Heritable Securities (Excluded Securities) (Scotland) Order 2018 came into effect on 15 February 2019 and removed the right to redeem securities after 20 years for the NSSE schemes.

However, the 2018 Order provides that, in relation to the original Homestake scheme, the right to redeem will only be removed in relation to standard securities granted for the purposes of those schemes **after** the date when the 2018 Order came into force - i.e. 15 February 2019, and any standard securities granted for the purposes of those schemes **before** that date in relation to the relevant shared equity schemes will still be capable of redemption after 20 years.

Shared equity arrangements at these developments expire after 19 years, after which provisions for extension may be available. Within the last year (Year 19) the Associations must advise shared equity owners of their options to extend the agreement.

The process for notifying shared equity owners of the procedure at the 20 year anniversary is held in the 'Shared Equity Owners Provisions at 20 Year Anniversary' Procedure.

Notices will also be issued to sharing owners on the 5<sup>th</sup>, 10<sup>th</sup> and 15<sup>th</sup> anniversaries of their agreement to remind them of their right to tranche-up, the expiry date of their agreement and the options available to them.

## **9. Maintenance and Environmental Services**

Maintenance and cleaning services of common areas including the general environment around shared equity owned properties, may be organised by the Associations as set out in the Factoring Terms and Conditions and recharged to the Service Charge.

This is administered by the Factoring Officer and further information detailing this can be found in the Factoring Policy.

## **10. Appeals Process**

Any applicant unhappy about a decision relating to a shared equity transaction must submit a written appeal to the Regional Manager within 28 days of receiving the decision. The Regional Manager will review the decision and may reverse any aspect that is felt to be unfair or contrary to this policy.

If the decision remains the same, the applicant will be given written reasons for this. If the applicant is still dissatisfied they may revert to the Caledonia Group's formal complaints procedure, which is available at any of our offices.

## **11. Risk Management**

Risk arises from the Associations' Shared Equity Policy in a number of respects:

- Lack of success with shared equity sales resulting in financial loss and damage to the Associations' reputation

The management of these risks will be achieved through the cyclical review of the Associations' policies and procedures, including shared equity, to ensure compliance with all legislative requirements and regulatory and best practice guidance.

## **12. Equalities**

The Caledonia Group's Equality and Diversity Policy provides information on our commitment to ensuring equality of opportunity, including our approach to meeting legal requirements and regulatory expectations, and promoting best practice. The Associations will act to provide all services in such a way that every individual is treated fairly regardless of their personal characteristics. Through this Shared Equity Policy the Associations aim to operate a fair and accessible system of allocation shared equity properties.

In providing services to shared equity owners we will also aim, as far as practically possible, to identify and meet the particular needs of individuals.

## **13. Financial Risk**

There are no financial risk issues in the implementation of the Associations' Shared Equity Policy other than those referred to in section 11 above.

## **14. Review**

This policy will be reviewed 5 years from the date of implementation.

# CALEDONIA HA AND CORDALE HA SHARED EQUITY PROVISIONS AT 20 YEAR ANNIVERSARY PROCEDURE

## 1. Introduction

The Associations administer the Scottish Government's Shared Equity Schemes and require to comply with the Scottish Government's After Sale Procedures and other guidance issued by the Scottish Government – see 4 below.

This procedure describes the Associations' arrangements for dealing with shared equity owners who live in 'Homestake' developments, and whose ownership is about to reach its 20 year anniversary.

This procedure complies with guidance from the Scottish Government and legal advice provided to the Associations.

## 2. 20 Year Anniversary

At these developments the 20 year security rule will apply. Relevant shared equity transactions will be identified and monitored, and individual shared equity agreements checked, to see whether they address the point by triggering a "payment event" in year 19 of the shared equity arrangement unless the owner grants a new standard security at that time. If this requirement applies, it should be flagged to the shared equity owner as year 19 of the shared equity arrangement is reached, and arrangements made to have a replacement standard security granted and registered, in order to avoid triggering the "payment event".

## 3. Prior to 20 Year anniversary date

The Association should contact Homestake shared equity owners 12 months prior to the 20 year anniversary with a copy of their agreement and a reminder of the date it is due to expire.

The Association should also contact shared equity owners around the 5<sup>th</sup>, 10<sup>th</sup> and 15<sup>th</sup> anniversaries of their agreement to remind them of their right to tranche up, the expiry date of their agreement and the options available to them.

## 4. Administrative Procedure

The Associations will:-

- maintain records on QL of all shared equity owners with dates of entry
- set up an alert system on QL for monitoring anniversary dates
- issue the 5<sup>th</sup>, 10<sup>th</sup> and 15<sup>th</sup> year anniversary letters following appropriate alert
- on receipt of written intimation from a shared equity owner, arrange to meet and discuss options with them depending on which type of shared equity owner they are
- follow Scottish Government's Housing Supply Guidance Note

<https://www.gov.scot/publications/sale-shared-equity-procedures/>

## 5. Anniversary Notices and new Exclusive Occupancy Agreement

The following links should be used for the relevant paperwork:-

[H:\TEST STRUCTURE\OPERATIONS\SHARED EQUITY\ANNIVERSARY LETTERS](#)

## **6. Monitor and Review**

The Regional Manager is responsible for ensuring this procedure is implemented.

The Regional Manager will ensure that this procedure is reviewed at least every 5 years and following any updates/new guidance produced by the Scottish Government.