



Shared Ownership Policy

POLICY IMPLEMENTATION CHECKLIST	
Policy Guardian:	Director of Customer Services
Author:	Regional Manager
Version number:	1.0
Approved by Caledonia HA 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 HA and Cordale HA (the Associations) will aim to ensure that their practices and procedures for provision of services offered to sharing owners comply with all legal and regulatory requirements. The Associations will continue to develop their services in line with developing good practice and guidance notes issued by the Scottish Government's Housing Investment Department.

The Associations will use the Scottish Government's Model Exclusive Occupancy Agreement for sharing owners as the contractual basis for providing services for sharing owners.

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 Associations.

2. Services for Prospective and Current Sharing Owners

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 Handbook and related information leaflets and office interviews. It is also essential they are made aware of other legal documents such as the Deed of Conditions, Co-operation Agreement, the Minute of Agreement 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 ownership housing developments the Associations will determine a marketing strategy that may include a Local Lettings Plan if it is in a pressurised area. The Associations, in partnership with the Scottish Government, will set qualifying criteria that prospective sharing owners must meet in order to be considered for the shared ownership properties. These may include:-

- First time buyers
- Owners in financial difficulties
- Public sector tenants, housing association tenants or applicants
- Older people – amenity properties (over 50 years of age or who require this type of property e.g. medical reasons)
- Families on low incomes
- Ex-service personnel

Prospective sharing owners will be identified on a 'first come first served' basis.

4. Resale of Shares and Tranching-up

The Associations will offer general advice and assistance to sharing owners but ultimately will pass any information to our solicitors to deal with these transactions on their behalf.

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.

The same qualifying criteria apply to resales with regards to the amenity properties.

All legal costs associated with these transactions, including those of the Association, are the responsibility of the existing sharing owner.

5. Buy Backs

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

6. 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 Estate Management Policy relating to rented properties.

7. Occupancy Payment Arrears

Each Association will pursue Occupancy and Service Charge arrears relating to sharing owners in line with the Group Arrears Management Policy.

Notices of Default will be served as the initial stage of instigating the forced sale of the share.

Each Association recognises its obligations under the Co-operation and Ranking Agreements and will work closely with its solicitors to ensure appropriate action is taken and the lending body is notified accordingly.

8. Anniversary Notices

The Associations have sharing owners with 2 different versions of the Exclusive Occupancy Agreement – pre-2000 and post-2000.

The process for notifying sharing owners of the procedure at the 20 year anniversary is held in the 'Shared Ownership Termination Provisions at 20 Year Anniversary' Procedure.

It is the Associations' policy to offer a new Exclusive Occupancy Agreement for a further 20 years to those sharing owners with either a pre or post-2000 Exclusive Occupancy Agreement.

Notices will be issued to sharing owners on the 5th, 10th and 15th 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 Issues

Sharing owners are not provided with a repairs service and this is reflected in the calculation of the Occupancy Charge.

Maintenance and cleaning services of common areas including the general environment around sharing owners properties, will be organised by the Association and the full cost associated with these will be recharged to the Service Charge - see Section 2 of this policy.

However, in line with the Exclusive Occupancy Agreement, each Association will exercise its rights to organise common reactive repairs and programmed work on behalf of sharing owners – 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 ownership purchase 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 which 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 Associations' formal complaints procedure, which is available at any of our offices.

11. Risk Management

Risk arises from this Shared Ownership Policy in a number of respects:

- Lack of success with shared ownership sales and resales resulting in aggrieved residents, financial loss and damage to the Association's reputation
- Illegal/defective occupancy agreements

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

12. Equalities

The Group 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 the Shared Ownership Policy the Associations aim to operate a fair and accessible system of allocation of shared ownership properties.

In providing services to sharing 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 this Shared Ownership 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 HOUSING ASSOCIATION AND CORDALE HOUSING ASSOCIATION
SHARED OWNERSHIP TERMINATION PROVISIONS AT 20 YEAR ANNIVERSARY
PROCEDURE

1. Introduction

This procedure describes the Associations' arrangements for dealing with sharing owners whose exclusive occupancy agreement is about to reach its 20 year anniversary.

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

2. 20 Year Anniversary

There are 2 different exclusive occupancy agreements held by the Associations' sharing owners depending on the date of purchase. These are pre-2000 agreements and post-2000 agreements.

PRE-2000 AGREEMENTS

If a pre-2000 agreement has run for 20 years (or extended period if the sharing owner has tranching up and extended the original 20 year term) and neither the Association nor the sharing owner has given notice of termination the agreement continues on a month to month basis. The Association will be able to review the occupancy payment (or specified rent) at the end of the 20 year term and annually thereafter and matters will continue between the Association and the sharing owner as before until such time as a notice of termination or other notice that results in the agreement being terminated is given. The notice period is 28 days.

If notice of termination is given by the sharing owner this is to be treated as equivalent to a notice to purchase the Association's share in the property. This is unlikely to be used given the other alternatives open to the sharing owner. These are:

1. The sharing owner may give notice that they wish to remove from the property and require the Association to either buy back their share or join with them in a joint sale on the open market; or
2. The sharing owner, with the consent of the Association, may dispose of or transfer their interest in the property and the agreement to a third party.

If notice of termination is given by the Association, the Association is entitled to exercise such rights as are competent to it at common law. If the parties cannot reach agreement the Association may force a sale of the property and the removal of the sharing owner.

POST-2000 AGREEMENTS

The post-2000 agreement states that it runs for 20 years unless extended by mutual agreement or by the sharing owner buying the property outright. There is no month to month continuation and no extension to the 20 year period on a tranching-up.

Therefore at the end of the 20 year the options are:-

1. the sharing owner purchases the Association's share (3 months' notice is required) or
2. the Association buys back the sharing owner's share

if neither of the above options are exercised

3. the parties must jointly sell the property

The post-2000 agreement also provides that if the sharing owner wishes to remove from the property voluntarily (at any time up to expiry of the agreement) the Association has 3 options:-

1. to purchase the sharing owner's share
2. to join with the sharing owner in a sale on the open market
3. to allow the sharing owner to sell their share on the open market

If a post-2000 agreement runs for 20 years and neither party gives notice of termination, neither party is to purchase the other's interest and the sharing owner is not to sell their interest, the options are:

1. The parties agree an extension of the occupancy period or
2. The parties proceed with a joint sale of the property.

One of these options must be exercised.

3. Prior to 20 year anniversary date

The Association should contact sharing 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 sharing owners around the 5th, 10th and 15th 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.

If the sharing owner wishes to leave the property and there is no buy back and no resale by the sharing owner permission may be granted by the Association to allow them to sub-let the property for a maximum of 6 months.

4. Administrative Procedure by the Associations

The Associations will:

- maintain records on QL of all its sharing owners with dates of entry and details of tranche-ups
- set up an alert system on QL for monitoring anniversary dates
- issue the 5th, 10th and 15th and 20th year anniversary letters following appropriate alert
- on receipt of written intimation from a sharing owner, arrange to meet and discuss options with them
- agree policy on extending for further 20 years
- instruct their solicitors to draw up the appropriate new exclusive occupancy agreement (the sharing owner being responsible for the Association's costs)

5. Anniversary Notices and new Exclusive Occupancy Agreement

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

20 year notices – (P/word/housing services/shared ownership/20 year anniversary) – Appendix 1

5, 10 and 15 year notices – (P/word/housing services/shared ownership/ 5, 10, 15 year anniversary) – Appendix 2

Style of new exclusive occupancy agreement – Appendix 3

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 or on revised guidance being issued by the Scottish Government.