



## Shared Equity Policy

<b>POLICY IMPLEMENTATION CHECKLIST</b>	
Policy Guardian:	Operations Director
Author:	Housing Manager (West)
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Approved by Chief Executive on:	22 October 2013
Approved by Management Board on:	29 October 2013
Effective from:	30 October 2013
Due for review on:	October 2018
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:	30 October 2013
Posted on website:	
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Business Services – Implementation Review:	

## **1. Statement of Intent**

Caledonia Housing Association (CHA) administers the Scottish Government's Shared Equity Scheme and as such is 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.

CHA will aim to ensure that its practices and procedures relating to shared ownership complies with all legal and regulatory requirements. CHA 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 offers applicants a form of low cost home ownership and access to another tenure.

## **2. Background to Shared Equity Scheme**

Shared Equity is a low cost home ownership scheme which allows qualifying applicants to purchase an equity share of a property provided by CHA.

There are 2 different types of Shared Equity – with a Golden Share and without a Golden Share.

With Golden Share – purchaser can buy 60-80% but the initial purchaser can never own the property 100%. These are generally in pressured areas (Perth & Kinross) or adapted properties.

Without Golden Share – original purchaser could buy no less than 60% but could buy 100%. In special circumstances and with Scottish Ministers approval the purchaser may have been allowed to purchase 51%.

In both instances any remaining share remains in the ownership of the Scottish Ministers.

## **3. Strategic and Local Housing Need Context**

At the time a new development is proposed discussion will take place with the relevant local authority to establish the strategic and local housing context. Reference will be made to that Council's Local Housing Strategy and evidence of local housing needs.

## **4. Marketing and Allocations**

For all new shared equity developments CHA will determine a marketing strategy and set qualifying criteria in partnership with the Scottish Government and Local Authority which 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.

## **5. Resale of Shares, Change of Lender, Solicitor, Household Circs, Sub-letting and Tranching-up etc**

In any of the above circumstances CHA will give general advice and assistance and work with the Scottish Ministers in following the Scottish Government Housing Supply Division Guidance Note HSGN 2013/01.

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

## **6. Buy Backs**

It is CHA policy not to 'buy back' shared equity properties should the shared equity owner be experiencing either financial or other circumstances which makes their continuing occupation not viable.

## **7. 5, 10, 15 and 20 Year Anniversary Notices**

CHA must issue notices prior to the 5<sup>th</sup>, 10<sup>th</sup>, 15<sup>th</sup> and 20<sup>th</sup> anniversary date of the shared equity owner taking up residence.

The procedure for notifying shared equity owners prior to the anniversary dates is held in the 'Shared Equity Provisions on Anniversary Dates' Procedure.

## **8. Factoring Service - Maintenance and Environmental Services**

Maintenance and cleaning services of common areas including the general environment around shared equity owned properties, may be organised by CHA and recharged to the Service Charge.

However, in line with the Factoring Agreement, CHA will exercise its rights to organise common reactive repairs and programmed work on behalf of shared equity 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 equity transaction must submit a written appeal to the Housing Manager within 28 days of receiving the

decision. The Housing 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 Caledonia's formal complaints procedure, which is available at any of our offices.

## **11. Risk Management**

Risk arises from CHA's Shared Equity Policy in a number of respects:

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

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

## **12. Equalities**

CHA'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. CHA will act to provide all services in such a way that every individual is treated fairly regardless of their personal characteristics. Through the Shared Equity Policy CHA aims 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 Association's 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 HOUSING ASSOCIATION LIMITED (“CHA”)

## SHARED EQUITY PROVISIONS ON ANNIVERSARY DATES

### PROCEDURE

#### 1. Introduction

CHA administers the Scottish Government’s Shared Equity Schemes and requires to comply with the Scottish Government’s After Sale Procedures and other guidance issued by the Scottish Government – see 4 below.

This procedure describes CHA’s arrangements for dealing with shared equity owners who are reaching the 5<sup>th</sup>, 10<sup>th</sup> or 15<sup>th</sup> anniversary of their date of entry. All shared equity arrangements expire after 19 years after which provisions for extension may be available. Further guidance will be issued by the Scottish Government in due course. Shared equity owners may increase their equity stake at any time after acquiring the property and the Scottish Government require CHA to contact shared equity owners on a 5 yearly cycle to enquire if they wish to increase their shared equity proportion. Within the last year CHA must advise shared equity owners of their options to extend the agreement. This requirement will not come into effect until 2024.

#### 2. Background

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 held by Scottish Government.

#### 3. Prior to 5<sup>th</sup>, 10<sup>th</sup>, and 15<sup>th</sup> anniversary dates

CHA should contact shared equity owners prior to the relevant anniversary date to remind them of their right to buy further stakes in the property and the expiry date of their Agreement.

#### 4. Administrative Procedure

Letters will be sent to shared equity owners on the 5<sup>th</sup>, 10<sup>th</sup> and 15<sup>th</sup> anniversaries of the date of entry and in due course also in the final (19<sup>th</sup>) year of the Agreement.

There are 2 different standard letters to be used –

see P/Word/HousingServices/SharedEquity/ANNIVERSARY LETTERS-one for golden share schemes and one for non-golden share schemes.

CHA 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 – HSGN 2013/01 and the After Sale Shared Equity Procedures ("ASSEP" see
- <http://www.scotland.gov.uk/Topics/Built-Environment/Housing/BuyingSelling/lift/assep>

## **5. Monitor and Review**

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

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