

NEW FOREST DISTRICT COUNCIL SHARED OWNERSHIP POLICY

1. INTRODUCTION

1.1 Purpose

This Policy sets out New Forest District Council's ("the Council's) approach to the marketing, selling (including re-sales) and the management of its shared ownership properties.

In developing this Policy, the Council has had regard to:

- Local issues of affordability;
- Council housing policy as set out in its Housing Strategy and Allocations Policy;
- Statutory provisions and guidance, and in particular, the following:
 - Leasehold Reform Act 1967
 - Housing and Regeneration Act 2008
 - The Housing (Shared Ownership Leases) (Exclusion from Leasehold Reform Act 1967) (England) Regulations 2009
 - The Housing (Right to Enfranchise)(Designated Protected Areas) England Order 2009
 - Homes England – Capital Funding Guide for Shared Ownership

1.2 Policy Statement

The Council is committed to providing a variety of affordable housing options to residents within the District. The Council's Shared Ownership Scheme will assist those households who wish to get on the property ladder but are unable to afford to buy a property on the open market due to high prices. The Council will align its shared ownership scheme to the Homes England model to ensure that all first and subsequent re-sales, are recognisable and acceptable to the market and mortgage lenders.

1.3 Aims and Objectives of the Council's Shared Ownership Scheme

- To provide locally connected households in affordable housing need greater housing choice through the development of shared ownership properties;
- To ensure that shared ownership properties are marketable and that prospective buyers can access mortgage finance;
- That the sale of shared ownership properties will be responsive to local demand and affordability levels, whilst contributing to the creation of viable development schemes and sustainable local communities.
- That the process of purchasing, staircasing and re-selling a shared ownership home is clear, transparent and complies with legislative and regulatory requirements.

2. PROCESSES AND PROCEDURES

2.1 ELIGIBILITY

To qualify for the Council's Shared Ownership Scheme, applicants must meet the eligibility criteria set out in this Policy

Criteria	
Age	18 years or over and resident in the UK
Income	Have a household income of less than £80,000 (national criteria requirement)
Local Connection	DISTRICT The applicant has been resident in the District for a continuous period of 2 years at the time of application, or the applicant has been resident in the District for 10 years or more in the past, or the applicant has been employed for a least 2 years within the District.
	RURAL PARISHES Applicants will be required to meet the eligibility criteria for rural parishes as set out in the Council's Housing Allocation Policy. Please see section 2.4 below.
	RURAL EXCEPTION SITES There may be additional requirements for local connection and cascades defined in a legal planning agreement accompanying planning consent.
General	Applicants who do not already own a home nor are named on an existing mortgage, unless they are an existing owner of: (a) A shared ownership property, or (b) In exceptional circumstances to be approved by the Executive Head of Governance and Housing in consultation with the Housing Services Portfolio Holder, if they meet the criteria in this Policy and they will have sold or will sell their property at the time as buying a shared ownership property.
	Applicant is unable to buy a home on the open market

	Applicant is able to demonstrate that they have a sufficient deposit, can afford to purchase a share in the property and can sustain home ownership in the longer term.
	If applicable, they must not be in rent arrears or in breach of their current tenancy agreement at the time of application.

2.2 THE LEASE

The Council will adopt the Homes England standard model leases for Shared Ownership with any appropriate adaptations considered necessary by the Executive Head of Governance and Housing.

Length

The Council will normally grant an initial lease term of 125 years at first sale. If a lease length for a shorter period is proposed, an assessment of the impact on the value of the property and its acceptability to mortgage lenders will be completed and included within the initial scheme appraisal.

Staircasing

Shared owners will be able to increase the share that they own at any time during the term of the shared ownership lease. This process is known as staircasing. The price paid, procedure for and the associated costs will be set out in the shared ownership lease.

Re-sales

The shared owner is required to notify the Council of their intention to re-sale the property. The process and procedure for re-selling, including any nomination and pre-emption rights will be contained in the lease (Note on a resale, there will be a right for the Council to re-acquire the property).

Additional Borrowing

The shared ownership lease will specify the circumstances in which additional borrowing can be secured against the share of the property. In each case the Council's written approval will be required.

Subletting

A shared owner will not be permitted to sublet part or all of the property; however, they will be entitled to have a lodger/paying guest.

Supplemental Lease Clauses

Additional nuisance clauses will be included within a shared ownership lease where appropriate or necessary for neighbourhood management reasons or to comply with property title or planning requirements.

2.3 REGISTERING AND APPLYING FOR SHARED OWNERSHIP HOMES

2.3.1 Registration

The existing Help to Buy Agent (Help to Buy South) already manages and administers the principal register of eligible households interested in shared ownership for the New Forest District. Households interested in purchasing a shared ownership home will be required to register with the Help to Buy agent to assess and confirm they are eligible (see section 2.4) and can afford a shared ownership home. The Council will advertise its shared ownership homes and accept applications through the local Help to Buy agent

In addition to the Help to Buy shared ownership register, the Council will hold and administer a list of households who have contacted the Council with an interest in shared ownership (Register of Interest). The list will be managed by the Housing Strategy and Development Team and will be for the purposes of shared ownership marketing.

2.3.2 Application Process for Purchasing a Property

Applicants wishing to purchase a shared-ownership home with the Council will be required to complete an online shared ownership application form, providing details of the property they wish to purchase, confirmation of their registration with the Help to Buy Agent, and all supporting information e.g. local connection status.

The District Council will review the application and confirm in writing;

- If the application meets the New Forest District Council eligibility requirements;
- If further information or supporting evidence is required;
- If the application does not meet the eligibility requirements for the scheme.

Prior to agreeing a shared-ownership sale, all applicants will be required to undertake and meet the requirements of an independent financial assessment by an appropriate body nominated by the Council. A detailed assessment of affordability and sustainability will be completed by the independent financial organisation. The applicant will need to consent for a copy of the assessment to be sent to the Council to review.

Applicants will be expected to proceed to exchange of contract within 10 weeks from the date of agreement to purchase.

2.3.3 Assessing affordability

Applicants must be able to afford not just the initial cost of purchase but the ongoing costs of their home. After the financial check has been completed in accordance with section 2.3.2 above, the Council will review and confirm that an applicant can afford to purchase the property and the ongoing rent and mortgage payments.

2.3.4 Reservation fees

To secure their interest in a shared ownership home an applicant will be required to pay a reservation fee of £500 for new build properties. The reservation fee will be payable once their application for the property has been received and the Council has formally confirmed the application has been accepted.

The fee will be held by the Council and will be deducted from the final balance of payment on the completion of the sale, including any interest (based on the standard rate at the time) accrued in that time.

Where an applicant withdraws their application, or the Council withdraws from the sale of a shared ownership the reservation fee will be refunded in full.

2.3.5 Withdrawing a shared ownership application

Applicant Withdrawal

If an applicant wishes to withdraw their application for a shared ownership property this must be confirmed to the Council in writing, setting out the reasons for their withdrawal.

Council Withdrawal

Where an applicant fails to progress the purchase of their shared ownership home within the agreed timescale, the Council reserves the right to withdraw from the sale. Before doing so, the Council will send a notice of its intention to withdraw from the sale and give the applicant a final opportunity to complete the sale within the agreed timescale.

2.4 ALLOCATION AND PRIORITISATION

2.4.1 The first sale of all new build shared ownership homes developed by the Council will be prioritised for households with a local connection to the New Forest District.

- Shared ownership homes within larger settlement areas will be prioritised for those with a District connection.
- Shared ownership homes developed in rural parishes will be prioritised in line with the Rural Parish Connection criteria and a time-based cascade giving priority to the Rural Parish, adjoining Parishes, and thereafter the rest of the District.
- Shared Ownership homes forming part of Rural Exception Sites will be prioritised according to the requirements set out in site specific legal planning agreements.
- The Council reserves the right to exercise its discretion to allow an allocation outside these rules. The exercise of such a discretion is reserved to the Executive Head of Governance and Housing in consultation with the Portfolio Holder for housing.

Areas with a District Connection

AREA
Ashley
Blackfield & Langley
Calmore
Calshot
Dibden & Dibden Purlieu
Eling
Fawley
Fordingbridge
Holbury & Hardley
Hythe
Lymington
Marchwood
New Milton
Pennington
Ringwood
Totton
Walkford

Areas with a Rural Parish Connection

RURAL PARISH
Ashurst/Colbury
Beaulieu
Boldre/Pilley/Norley Wood
Bransgore/Sopley
Breamore
Brockenhurst
Brook/Bramshaw
Burley
Copythorne/Bartley
Damerham
Denny Lodge
East Boldre/East End
Ellingham/Harbridge/Ibsley
Exbury/Lepe
Godshill
Hale
Hordle
Hyde
Lyndhurst
Martin
Milford
Minstead
Netley Marsh/Woodlands
Rockbourne
Sandleheath
Sway
Whitsbury
Woodgreen

2.4.2 Prioritisation of Applications:

(a) District

Properties will be sold on a first come, first serve basis to the first applicant who is able to proceed with the purchase.

(b) Rural Parishes

In the first instance applications for properties situated in a rural parish will be available for a time limited basis (such time limit to be determined by the Executive Head of Governance and Housing in consultation with the Portfolio Holder for Housing Services) to applicants who satisfy a rural connection band as defined in the Council's Housing Allocation Policy and as set out in the table below. Properties will be sold to the first applicant who satisfies any of the rural connection bands for that rural parish and who is able to proceed with the purchase.

If there are two or more such applicants who are both ready to proceed with the purchase, the Property will be sold to the applicant with the highest rural connection band to that rural parish as defined in the Council's Allocation Policy.

RURAL CONNECTION BAND	CRITERIA
Band A	Applicants who live or are in Employment in the Rural Parish and have been so for longer than 10 years or who have lived in the Rural Parish for longer than 10 years previously or a designated key-worker performing an essential service for the Rural Parish community where there is an established need for the Applicant to be rehoused to maintain the service.
Band B	Applicants who live or are in Employment in the Rural Parish and have done so for longer than 5 years, or who have lived in the Rural Parish for more than 5 years within the last 15 years, or whose parents, siblings or adult children live in the Rural Parish and have done so for 10 years or longer.
Band C	Applicants who live or are in Employment in the Rural Parish and have done so for longer than 2 years, or who have lived in the Rural Parish for more than 2 years within the last 15 years or whose parents, siblings or adult children live in the Rural Parish and have done so for 5 years or more.

If no applications are received from an applicant with a rural connection band within the time specified, the Council will allow applications from neighbouring Parishes for a further time limited basis (such time limit to be determined by the Executive Head of Governance and Housing in conjunction with the Portfolio Holder or Housing Services). Applications may then be extended to the district if no eligible applications are received at the end of this period.

(c) Rural Exception Sites

Prioritisation will be in accordance with any conditional requirements which may apply as defined in a legal planning agreement accompanying planning consent.

(d) Prioritisation following Withdrawal

If a sale does not proceed because either the Council or the applicant has withdrawn in accordance with section 2.3.5 above, save for rural parish and rural exception sites, the Council will re-open the sale of the property to the next person who is ready to proceed with the sale from the list of initial applicants. For rural exception and rural parishes, the sale of the property will be re-opened in accordance with the provisions set out at sections 2.4.2(b) and (c) above.

2.4 MARKETING AND SELLING

2.4.1 Local Sales Plans

Local Sales Plans will be prepared for each development, in which the scheme specific marketing strategy and sales objectives will be set out. The Local Sales Plan will be reviewed throughout the development and sales period, being amended as necessary to respond to changing local circumstances and changes in the market or national policy.

2.4.2 Marketing and Show Homes

The Council will market shared ownership homes through the Help to Buy Agent's shared ownership register, the Council's own Home Ownership Interest List and local communities where the shared ownership homes are being developed. Applicants on the Council's Social Housing Register who have expressed interest in shared-ownership will also be provided with marketing information.

Shared ownership homes will be advertised on the Help to Buy Agents website and the Council's website. Adverts will be accompanied with high quality images, property details, the value of the property and the cost of the minimum share, expected rents and services charges. Shared ownership homes will be advertised on additional platforms, including local papers, through open days, site signboards and through the direct and digital marketing to potential buyers.

For schemes including five or more shared ownership homes a shared ownership show home may be provided, subject to local sales conditions (costs to be set out and agreed as part of the Local Sales Plan).

2.4.3 Viewings

All property viewings will be attended by a representative of the Council. Viewings will be carried out at reasonable times and at times convenient to the applicant

3. SCHEME MANAGEMENT

3.1 VALUATION AND SALES

3.1.1 Purchase Price

Shared ownership sales valuations will be prepared by independent RIC's valuation surveyors in line with industry best practice and Homes England shared ownership regulations. Valuations will be valid for a period of 3 months. Where the sale of a property does not complete within 3 months from the date of the valuation the Council will arrange for the valuation to be updated.

3.1.2 Initial Percentage Sells

In line with the national shared ownership model prospective buyers will be permitted to purchase a share of not less than 25% and no more than 75% of their shared ownership home at initial sale.

The percentage share sold will be the maximum the prospective purchasers can afford and sustain.

3.1.3 Shared Ownership Specifications

Shared ownership homes will be fitted with

- Carpets;
- Suitable flooring in wet areas (kitchens and bathrooms); and
- Integrated cookers and extractor hobs will also be fitted in all homes.

3.2 RENTS AND SERVICE CHARGES

3.2.1 Rents at First Sale

In setting shared ownership rents, the Council will have regard to the total affordability of the shared ownership home, including mortgage and service charge costs. However, the rent at first sale will be charged at no more than 2.75% of the value of the unsold equity, in line with typical rental charges for this tenure and recommendations by Homes England.

Once the initial rent has been confirmed it will be clearly identified in the marketing of the shared ownership home. The initial sale will be clearly incorporated within the shared ownership lease.

3.2.2 Rent Reviews

Shared ownership rents will be reviewed on the same date each year. The date will be clearly specified in the shared ownership lease. The leaseholder will be notified in writing of the new rent.

Annual rent increases will not exceed requirements specified within the Homes England Standard Lease.

3.2.3 Service Charge and Sinking Fund

Within apartment blocks the Council will manage, repair and maintain all common areas of the building and property and will retain overall responsibility for the building.

Where applicable service charges and sinking funds will be clearly identified and scheduled in the shared ownership lease.

Services charges and sinking funds will be reviewed and completed on an annual basis in accordance with the shared ownership lease.

3.3 RESPONSIBILITIES

3.3.1 The respective responsibilities of the Council and the shared owner will be set out in the shared ownership lease.

3.3.2 Within the Council the following services will be responsible for the management of the shared ownership scheme as follows:

SERVICE	RESPONSIBILITY
Housing Strategy and Development Team	<ul style="list-style-type: none">Marketing and initial sales; including management of the Register of Interest;Staircasing and re-sales
Housing Estates Management Team	<ul style="list-style-type: none">Management of the leasehold, including rent, service charge and sinking fund collection
Housing Maintenance Team	<ul style="list-style-type: none">Maintenance and repairs of communal areas and elements of the buildings for which the Council has responsibility

3.4 DISCRETION

The Council reserves the right to exercise its discretion in relation to any aspect of this Policy where it is deemed necessary and appropriate and in particular to ensure compliance with its statutory duties, including under the Equality Act 2010. The exercise of discretion is reserved to the Executive Head of Governance and Housing in consultation with the Portfolio Holder for Housing.

3.5 DATA PROTECTION

In accordance with the Council's statutory obligations under the Data Protection Act 2018 and the General Data Protection Regulations, all applicants will be made aware of how their personal information will be processed. Information recorded on the Council's system and on the Applicant's file will be shared with partner landlords and other agencies as necessary. Consent from the Applicant for information sharing will be sought in all cases. For a copy of the Council's Housing Services Privacy Notice please visit: <http://www.newforest.gov.uk/article/18331/Housing-Services-privacy-notice>.

3.6 EQUALITIES AND DIVERSITY

The Council is subject to the general public sector equality duty as set out at s.149 of the Equality Act 2010. The Council and its partner landlords are committed to providing equality of opportunity to all individuals who apply for housing. Monitoring of applications and allocations may take place to ensure that everyone is being treated fairly.

All applicants may be asked to provide details of age, gender, ethnic origin, religion and sexual orientation. This is to allow the Council to monitor who is applying and being allocated housing and to ensure that properties are being offered and allocated fairly.

3.7 POLICY REVIEW AND AMENDMENTS

This Policy will be reviewed every 2 years, or if required sooner due to regulatory or market changes. The Executive Head of Governance and Housing in consultation with the Portfolio Holder for Housing can amend any aspect of this scheme at any time as may be considered necessary or appropriate for the effective delivery of the Council's Shared Ownership Scheme.