

shared ownership sales policy

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1. Policy statement

- 1.1. believe housing is committed to providing a range of affordable housing options for customers. Shared ownership is one of these options, consistent with our vision of life without barriers and our values of doing the right thing: for our colleagues; for our customers; for our business.
- 1.2. This policy sets out believe housing's approach to shared ownership homes, it is supported by our shared ownership procedure document and is set within the context of, and in line with the requirements of, government guidance on shared ownership in Homes England's Capital Funding Guide, as well as other relevant statutory and regulatory frameworks including land and property legislation, consumer protection and planning requirements.
- 1.3. This policy alongside the procedure document is for internal use by colleagues of believe housing and/or their sales agent to establish our aims and approach to shared ownership sales.
- 1.4. This policy reflects the Homes England's Capital Funding Guide requirements on shared ownership and how believe housing will implement it in respect of its own shared ownership homes. It is not intended to override or supersede any aspect of the Capital Funding Guide which will, in all cases, take precedence over this policy.
- 1.5. The allocation of homes offered for shared ownership will be on a first come, first served basis in line with the requirements of Homes England's Capital Funding Guide, providing applicants meet the relevant eligibility and affordability criteria. The only exception to this is when Armed Forces personnel apply, where priority goes to serving military personnel and former members of the British Armed Forces who have been discharged in the last two years.
- 1.6. It is recognised that for some developments, the relevant local authority may stipulate their own eligibility requirements for nominations/allocations as part of a formal Nominations Agreement. In such circumstances, these requirements will be followed ahead of Homes England's requirements for a set period, but consideration of any such Nomination Agreement should complement the funding provided.
- 1.7. A lease is agreed between believe housing and a shared ownership customer on completion of their purchase. This lease is a legally binding contract between the shared owner (also known as a leaseholder) and believe housing and governs the relationship between the shared owner and believe housing.
- 1.8. Affordability assessments will be completed for all shared ownership applicants including cash buyers, with a 'Surplus Monthly Income Assessment' completed in line with requirements set out in Homes England's Capital Funding Guide.

1.9. believe housing will manage personal data in line with our data protection policy.

1.10. This policy, alongside our shared ownership procedure document, is for use by all colleagues in believe housing and is also for internal and external audit purposes, with this policy providing clear guidance for auditors reviewing new developments from the approval of this updated policy.

2. Policy aims

2.1. The aims of our Shared Ownership Policy are to:

- i) help local people get a foot on the property ladder through shared ownership. The homes will be initially offered for sale on the open market with customers able to buy a share of between 10% and 75% of the full market value of the property based upon what is affordable and sustainable for them
- ii) set out how believe housing will approach the preparation of the marketing and sale of shared ownership homes and the post occupation requirements, including our approach to the Right to Shared Ownership
- iii) ensure that the sales and marketing of believe housing's properties for sale through shared ownership are dealt with in a cost-efficient way, maximising the value of our disposals and managing associated market sales risks
- iv) ensure customer service standards are clear and transparent, particularly with the information provided to shared ownership buyers, enabling them to make informed decisions. Ensuring we publish clear information and policies about how believe housing consider shared ownership applications, and the key factors we consider in our decision-making process
- v) ensure compliance with Homes England's Capital Funding Guide and any other statutory and regulatory requirements, including data protection and anti-money laundering regulations
- vi) comply with our Equality, Diversity and Inclusion Policy, ensuring all shared ownership applications are treated impartially, equitably and consistently in accordance with Homes England's guidance.

3. Scope

3.1. This policy applies to all shared ownership homes developed, sold and managed by believe housing, except those set out in paragraph 3.4 below.

- 3.2. All shared ownership homes will be managed in accordance with the requirements set out in Homes England's Capital Funding Guide. This is not just for homes funded through the current Affordable Homes Programme but also shared ownership homes funded through earlier programmes or through other sources of funding.
- 3.3. The policy also applies to properties developed with the Right to Shared Ownership, where customers can exercise the right to shared ownership and purchase a share in their home, as set out in the Capital Funding Guide.
- 3.4. This policy does not apply to shared ownership properties built, acquired or in the management of believe housing before 1 April 2021. These properties will be managed according to the provisions of the relevant leases.

4. Shared Ownership Policy

- 4.1. Shared ownership is when believe housing agrees to sell a share of a property to a purchaser who then becomes a leaseholder, paying rent to believe housing on the share of the property that they don't own. believe housing and the shared owner enter into a lease agreement that sets out the rights and responsibilities of both parties. The shared owner (also known as a leaseholder) usually, but not necessarily, funds the initial purchase through savings and a mortgage.
- 4.2. Shared ownership is designed to enable purchasers to get onto the property ladder who would otherwise not be able to. Purchasers can buy an initial share of between 10% and 75% of the full market value that is affordable and sustainable for them and that is assessed by a suitably qualified and regulated mortgage advisor or financial advisor appointed by believe housing or their sales agent.
- 4.3. It is expected that shared ownership homes will be sold across a range of equity shares. It is not unreasonable to expect that we will set a 'target' average equity share across shared ownership properties, but this must not exclude those only able to afford lower shares.
- 4.4. The shared owner will pay a mortgage, rent and any associated service charges. Rents and service charges must be reasonable and consistent with those agreed as part of any Homes England grant award and in compliance with the Regulator of Social Housing's standards. The total initial rent must not exceed 3% of the capital value of the unsold equity at the point of initial sale, although it is encouraged to not set total rents that average more than 2.75% of the value of the unsold equity at the point of initial sale.
- 4.5. Homes England expect believe housing to make decisions regarding eligibility and affordability in a fair and consistent manner.

- 4.6. The shared owner is responsible for general repair, maintenance, and improvement of the property. Repairs and improvements by the shared owner require the permission of believe housing.
- 4.7. The shared owner can purchase additional shares in the property, called 'staircasing'. The rent payment on the remaining share is then adjusted downwards, considering the purchase of a larger share of the property.
- 4.8. The purchase price will be based on the market value of the property, as determined by an independent RICS Red Book valuation (undertaken by an independent valuer external to the organisation).
- 4.9. Where no validity period is given for the valuation, it will be assumed that the independent RICS valuation is valid for three months. When an offer is made on a property by a purchaser, the valuation current at the time of the offer will be assumed valid for three months from the date of the offer. Homes cannot be sold where the valuation is older than the expiry of the valuation until an updated valuation is obtained.
- 4.10. We will use the government's model leases for all shared ownership homes, which include 'Key information documents' for shared owners that landlords are required to provide to purchasers. These are provided to help shared owners understand what they are purchasing. It is a condition of grant funding that these documents are completed and provided to the customer no later than at reservation stage. The completed documents should be sent to the buyer's solicitor along with the Memorandum of Sale, with believe housing to obtain confirmation from the buyer's solicitor that these have been provided to the customer.

5. Model lease

- 5.1 A national model lease has been in use for all shared ownership homes since 1 April 2021. This includes all shared ownership homes delivered under Section 106 planning agreements, effective from 28 June 2021.
- 5.2 The key features of the model lease include:
 - a minimum initial purchase share of 10% (reduced from 25%)
 - new shared owners can buy additional shares in their home in 1% increments for up to 15 years, with heavily reduced fees. The price of the 1% share each year is determined from a calculation based on the initial sold value and increasing by the housing price index for the area. If a new valuation is undertaken on the property by the customer for staircasing or selling, then the new valuation applies with the same annual formula applied based on the new valuation. It is possible

to staircase in larger increments with the minimum additional share purchase now 5% (reduced from 10%)

- believe housing is responsible for essential repairs and maintenance for the first 10 years from practical completion of the property or until the shared ownership leaseholder staircases to 100% ownership, where work is not covered under the new build guarantee warranty. Essential repairs relate to the composition of the building and external structural parts where the landlord is the owner this include internal structural repairs to floors, stairs, walls and ceilings
- any other internal works are the responsibility of the shared owner/leaseholder, however, they will be able to reclaim costs from the landlord for essential repairs and maintenance up to £500 per year (for the first 10 years from practical completion) carrying forward any unused money to the following year
- the nomination period and pre-emption clause for believe housing to exclusively market a property and find a suitable buyer for shared ownership on a resale; for example, a pre-owned shared ownership home, is now four weeks (reduced from eight weeks).
- the minimum shared ownership lease term is 990 years (extended from 99 years). A lease term shorter than 990 years is only permissible where no suitable alternative home with a longer lease is available. There will be an expectation on believe housing to fully explain the implications of a shorter lease to the customer and highlight the potential costs of a lease extension.

6. The Right to Shared Ownership

- 6.1 On 17 October 2019, the government announced a new Right to Shared Ownership.
- 6.2 Eligible customers in eligible social or affordable rented homes have the right to buy a minimum 10% share of their home, with the ability to buy further shares over time, as set out in the Capital Funding Guide.

7. Eligibility for initial purchase

- 7.1 Eligibility for shared ownership is determined by government and set out in the Capital Funding Guide.
- 7.2 The following criteria must be satisfied to be eligible for a shared ownership home:
- Be at least 18 years old.
 - Have a gross household income of less than £80,000 per annum (outside London).
 - Demonstrate they would otherwise be unable to purchase a property suitable to meet their housing needs on the open market.

- Demonstrate they can afford and sustain the purchase.
- Not own another home in the UK or abroad or be party to a mortgage.

7.3 Existing homeowners may also be eligible for a shared ownership home, subject to the following conditions being met:

- They meet the general eligibility criteria for the scheme, their annual household income is no more than £80,000, and they are otherwise unable to afford to purchase a suitable home to meet their needs without assistance.
- They must have already sold their property or be able to sell their property at the same time as buying a shared ownership property, which includes applicants who are already a shared ownership leaseholder.
- Existing shared owners can purchase either a newly built shared ownership home or can purchase an existing shared ownership resale home.

7.4 All shared ownership homes provided by believe housing (either new build or offered for resale, having been pre-owned) will be sold on a first come, first served basis with only Armed Forces personnel having priority.

7.5 If a shared ownership property has been acquired under a Section 106 planning agreement and requires an initial marketing period for local connections, then applicants with a local connection will have an initial period in which to reserve a property. These will be treated on a first come, first served basis.

7.6 Applicants are invited to apply for shared ownership home as either a sole or joint applicant. If applying as joint applicants, both applicants must meet the eligibility criteria and affordability will be assessed on the financial circumstances of both applicants. They will become joint owners of the home. Applications can be made by just one member of a household, and they will be assessed individually for eligibility and affordability, and they will be the sole owner of the home. The only exception is that the financial eligibility assessment will be made on joint household income, which must be less than £80,000.

7.7 Applicants expressing an interest in shared ownership will be signposted to believe housing and/or their sales agent to complete an initial 'Stage 1' eligibility assessment. A full 'Stage 2' assessment will then be referred to an appointed, regulated and suitably qualified mortgage advisor for sign-off, whose decision will be considered full and final. The two-stage assessment will be undertaken free of charge in line with the Capital Funding Guide.

7.8 To be appointed, mortgage advisors must be:

- regulated and qualified to give mortgage advice

- have a good working knowledge of shared ownership
- have access to a suitable range of shared ownership mortgage lenders in order to give an accurate assessment of mortgage availability
- have read and understood the eligibility and affordability guidance of the Capital Funding Guide, as well as believe housing's policies, which may apply to the assessment of an applicant's eligibility and affordability.

7.9 Once applicants have passed the eligibility and affordability assessments, they will be able to reserve a home. This will be done on a 'first come, first served' basis, depending on completion of the assessment process, not the date on which the first expression of interest was made. The only exception will be where there is an under-supply of shared ownership homes, when priority will be given to serving military personnel or applicants discharged from military service in the previous two years.

7.10 Once applicants have passed the eligibility and affordability assessments and are notified, they are able to reserve a home. They must secure their interest in the shared ownership property upon payment of a reservation fee of £300.

7.11 Potential purchasers will be encouraged to purchase the maximum share that is affordable, in accordance with the Capital Funding Guide. The minimum initial purchase is 10% and the maximum is 75%. believe housing will endeavour to sell shares flexibly, considering individual circumstances and affordability. While applicants are expected to use any savings, assets or investments in their purchase, this does not mean that they are not permitted to retain a level of savings. When undertaking an assessment, this should consider the requirements of believe housing's 'minimum surplus income' requirements (see section 10) and the individual circumstances of the applicant. There is no prescribed level of savings that an applicant can retain as this will vary according to individual circumstances, such as an emergency fund, savings to buy furniture, or to keep money aside for future events which are acceptable.

7.12 Shared ownership leases will be based on the appropriate Homes England model lease, containing the relevant fundamental clauses and additional clauses setting out believe housing's approach to shared ownership and any relevant local or scheme requirements. The duration of leases will be 990 years except in limited circumstances allowed by the Capital Funding Guide.

7.13 Shared owners are able to take in lodgers but are not permitted to sublet their homes without the permission of believe housing.

8. Eligibility requirements for military personnel

8.1 Ministry of Defence personnel will be prioritised for shared ownership homes where:

- they have completed their basic (phase 1) training, and they are one of the following,
 - regular service personnel (including Navy, Army, and Air Force)
 - clinical staff (except for doctors and dentists)
 - Ministry of Defence police officers
 - Uniformed staff in the Defence Fire Service.
- they are ex-regular service personnel who have served in the Armed Forces for a minimum of six years and can produce a certificate of discharge (or similar documentation) as proof, where they apply within two years (24 months) of the date of discharge from service.
- they are the surviving partners of regular service personnel who have died in service, where they apply within two years (24 months) of the date of being bereaved.

8.2 There will be some service personnel, such as the Ghurkhas and those from foreign and Commonwealth countries, that qualify under the criteria but do not have indefinite leave to remain in the UK. A Ghurkha is guaranteed indefinite leave to remain on completion of their term of service, but no such guarantee applies to Foreign and Commonwealth Office personnel. Immigration status should be considered in deciding whether an applicant can sustain the costs of home ownership, with this highlighted in relevant marketing materials to manage the expectations of groups without indefinite leave to remain.

9. Purchaser priority

- 9.1 The demand for our shared ownership homes may often outstrip supply. It is therefore imperative that we are clear about how we allocate and offer our shared ownership homes to prospective eligible customers.
- 9.2 In all circumstances, we follow current regulatory guidance and offer our shared ownership homes on a first come, first served basis. This will be based the applicant who is first to pass the affordability assessment stages (undertaken by an appointed regulated and suitably qualified mortgage advisor) and who pays the required reservation fee once approved. We will ensure all prospective customers are aware of our policy approach when offering them a shared ownership home, ensuring they are aware of the process prior to expending any costs.
- 9.4 The only exception to this is when Armed Forces personnel apply, and in circumstances of under-supply, priority must continue to go to serving military personnel and former members of the British Armed Forces discharged in the last two years.

- 9.5 Within certain planning obligations under section local authorities have discretion to apply additional eligibility criteria for shared ownership homes. Where this applies, there will be an initial marketing period to ensure these criteria are met, which is usually for people with local connections to have the first opportunity to buy. In this initial period, we will market to local people and will not take reservations from anyone not meeting the planning requirement until the initial marketing period has ended. In this instance we will still allocate on a first come, first served basis.
- 9.6 believe housing reserve the right to hold a property for a limited time if an applicant requires special consideration and cannot complete the assessment process in the usual timeframe.
- 9.7 Any properties developed and offered as 'retirement living' can be held or reserved prior to full assessment as an external care procedure is required, which may take differing periods of time for each applicant due to factors outside of their, or believe housing's, control.
- 9.8 In all circumstances, believe housing and their sales agent staff are not qualified to provide financial advice and will always advise applicants to obtain advice from a suitably qualified mortgage advisor.

10. Monthly minimum surplus income

- 10.1 believe housing and their sales agent will work with regulated and suitably qualified mortgage advisors who specialise in shared ownership mortgages to qualify and financially assess each applicant prior to them reserving a shared ownership home to ensure the share bought is affordable and sustainable.
- 10.2 In addition, believe housing follow Homes England's guidelines to ensure any potential purchaser has a safety net of surplus income and is not over-reaching in their purchase and putting themselves in financial risk.
- 10.3 In line with regulative guidance, we require purchasers to have a minimum surplus of 10% of their gross monthly income as a surplus.

11. Mortgages

- 11.1 A regulated and suitably qualified appointed mortgage advisor will provide the 'Stage 2' affordability assessment for applicants and discuss mortgage options as part of their assessment. This advice is provided without any obligation, however the mortgage advisor will know the customer's personal circumstances and goals and have the documents needed for lenders to enable them to act quickly and source a mortgage if required.

- 11.2 Purchasers are also free to seek advice and apply for a mortgage from other sources; however they must provide a mortgage illustration and agreement in principle from their mortgage advisor within five days of reservation. This will be reviewed by the appointed mortgage advisor to ensure it is a shared ownership mortgage.
- 11.3 The purchaser must achieve exchange of contracts through their solicitor within 28 days of reservation, setting the completion date if the build is complete, or if the property is being reserved off-plan, on a 10-day notice of completion.
- 11.4 Once the mortgage offer has been issued, a copy should be sent to believe housing immediately to avoid delays in the purchase as believe housing need to approve the mortgage offer. To ensure that the mortgage is approved quickly and does not cause delay it must meet the following criteria:
- No 100% mortgages will be accepted (for example, minimum 5% deposit required).
 - Mortgage fees that are added to the loan will only be accepted up to £1,500.
 - Only repayment mortgages will be accepted.
 - It must state that it is for a shared ownership property.
 - No loans must be added to the mortgage.
 - No guarantor mortgages will be accepted.
 - Must mention borrower is liable for specified rent subject to annual review.

12. Cash buyers

- 12.1 In line with regulative guidance, believe housing will consider cash buyers in the following instances where a customer is unable to obtain a mortgage because of:
- religion – cash purchases are often used in the Islamic religion, as it is forbidden in Sharia law to make money from money and goes against Islamic finance beliefs
 - disability – through the Home Ownership for People with Long-term Disabilities (HOLD) scheme
 - older persons – through the Older Persons Shared Ownership (OPSO) scheme, often many older people are downsizing their property, which could release equity
 - age – where the applicant has limited time left to work to enable a mortgage to be obtained at a level that would meet affordability and sustainability and meet believe housing's 'minimum surplus income' requirements but where the applicant has substantial savings
 - relationship breakdown – in some circumstances, the family home may need to be sold with the equity split, or a court may order financial support is provided to support

children with housing. If the applicant has mortgageable income, they may be able to secure a small mortgage

- where the applicant(s) has low income that can afford the rent and service charge but not a mortgage
- where the applicant has care responsibilities for a family member and the benefits they receive cover the rent and service charge but not a mortgage.

12.2 Customers wishing to purchase a shared ownership home with cash will still need to complete the two stage affordability assessment process to be able to demonstrate that they fall into one of the above categories and will be able to afford and sustain the long-term costs of ownership; for example, monthly rent and service charges. This must meet believe housing's 'minimum surplus income' requirements (see section 10).

13. Adverse credit

13.1 Adverse credit refers to any missed or non-payment on an individual's credit report. The following types of adverse credit will show up on a customer's report:

- Bankruptcy – a legal proceeding involving a person or business that is unable to repay outstanding debts.
- County Court Judgements (CCJs) – an order from the County Court instructing a debt is to be repaid.
- Individual Voluntary Arrangements (IVAs) – a formal agreement between an applicant and their creditors, which helps them to repay what they can afford towards debts.
- Credit Account Information Sharing (CAIS) – late payment history or higher percentage of debt on cards/loans.

13.2 A credit report for each customer will be required to be sent to the appointed mortgage advisor as part of the Stage 2 Full Assessment.

13.3 Having adverse credit may limit an applicant(s) mortgage availability and the amount of deposit the customer will need. The interest rates may also be higher. For a customer to be approved with adverse credit, they will need to be able to secure a mortgage, be approved by our appointed mortgage advisor and meet our 'minimum surplus income' requirements (see section 10).

13.4 All shared ownership applicants will need to meet the following criteria:

- No missed mortgage/rent arrears within the last 12 months.

- Bankruptcy that has been discharged over three years ago (subject to individual assessment).
- No unsatisfied County Court Judgements (CCJs) within the last 36 months. If there are any unsatisfied CCJs, they must be satisfied prior to the mortgage application.
- Individual Voluntary Arrangements (IVAs) that have been discharged over three years ago and who have no residual debt (subject to individual assessment).
- No late payments in the last six months.

13.5 believe housing reserve the right to decline an application based upon the type of adverse credit, the number of registered occurrences, the total financial amount, and when the adverse credit was registered.

14. Variants to the shared ownership product

14.1 The following variations are also permitted under shared ownership and may be provided using grant funding from Homes England and in line with the Capital Funding Guide:

- Home Ownership for people with Long Term Disabilities (HOLD).
- Older Persons Shared Ownership (OPSO).
- Rural schemes.
- Protected Area schemes (part of the rural programme framework).
- Self-build.

15. Shared ownership after sales

15.1 In line with the Capital Funding Guide, believe housing can opt to charge a fee for any after sales services provided but these must be fair, proportionate and within the income means of shared owners.

15.2 We reserve the right to consider implementing such fees under this policy, however any such fee must be explained in full to both existing and prospective shared owners prior to a sale being agreed. Fees will not be levied retrospectively.

16. Staircasing

16.1 Shared owners may increase the percentage share of the equity that they own at any time during the term of their shared ownership lease, subject to the restrictions set out in the fundamental clauses within their lease. This process is known as 'staircasing'.

- 16.2 Shared owners will be able to staircase over time to 100% ownership except where specific restrictions apply, such as Older Persons Shared Ownership, rural restricted staircasing and Designated Protected Area schemes.
- 16.3 There are separate staircasing arrangements dependent on which Homes England affordable homes programme a shared ownership home was funded:
- For homes provided through the Shared Ownership and Affordable Homes Programme (2016 to 2021) and previous programmes, the minimum staircasing transaction is 10%. This includes shared ownership homes that are completed after 1 April 2021.
 - For homes funded through Homes England's Affordable Homes Programme (2021 to 2026), the minimum staircasing transaction has reduced from 10% to 5%. Additionally, shared owners have the option of purchasing an additional share of 1% per year for the first 15 years.
 - These provisions apply equally to the resale of shared ownership homes funded through the Affordable Homes Programme (2021 to 2026).
- 16.4 Staircasing purchases of 5% or more are carried out based upon an independent RICS valuation. Purchasers have three months from the date of the valuation to complete their purchase, though believe housing will reserve the right to extend this to six months if there have been delays outside the control of the purchaser.
- 16.5 Shared owners also have the option to buy 1% each year under a property built with grant funding under the Affordable Homes Programme (2021 to 2026) where the following will apply:
- The price of each 1% share is based upon an estimated valuation linked to the original purchase price, adjusted each year upwards or downwards in line with local House Price Index in the month of request.
 - believe housing will not charge administration fees on shares bought as part of this gradual staircasing model.
 - It is limited to 1% a year for the first 15 years. This cannot be rolled over from one year to the next and there is no compulsion to buy the 1% each year. A new 15-year period is provided to new shared owners on resale.
 - believe housing will provide shared owners with an updated valuation (for the purposes of 1% gradual staircasing only) at least once per year, and at any other point the shared owner requests to purchase an additional 1%.
- 16.6 The rent on the remaining share is adjusted following each staircasing transaction, including 1% staircasing, to take into account the acquired percentage.

16.7. believe housing will not consider 'reverse staircasing' or seek to use recycled capital grant funding or new grant funding to assist shared owners in mortgage difficulties except in exceptional circumstances, and if it is considered to be the best option for both parties.

17. Resales – the sale of a shared ownership property

17.1 When a shared owner has not staircased to 100% and wishes to sell their share, the lease requires them to offer the property initially to believe housing to nominate a qualifying buyer to assign the lease or nominate to buy back the property.

17.2 The nomination period that believe housing should find a buyer depends on the terms of the lease. The new model lease determines this nomination period as four weeks.

17.3 believe housing can decide to impose the marketing nomination period or waive it where the share is high, the property is in a less desirable area or where demand is low. If believe housing does not nominate, or waives the nomination period, then the shared owner can, subject to believe housing's consent, market and sell their home through an estate agent at the RICS valuation.

17.4 It is not believe housing's intention to manage a waiting list of prospective purchasers nor buy back shared ownership properties except in exceptional circumstances.

17.5 If a shared ownership property were to be bought back by believe housing, however, the same principles set out in the Capital Funding Guide for new sales would be followed (for example, offering the optimum share a new buyer can afford) with the same eligibility criteria and eligibility assessments used to qualify applicants, and applicants considered on a first come, first served basis (unless there is another reason for prioritising an application, such as a Section 106 planning requirement or military personnel, as set out in this policy).

17.5 The sale price will be determined by an independent RICS valuer, paid for by the shared owner, with the prospective buyer asked to buy at least the share owned by the seller, up to a maximum of 75%. We would take the professional advice of a qualified advisor, experienced in shared ownership and who is regulated to give mortgage advice, to confirm if this is affordable and in the interest of the applicant, or if they are able to buy a larger share in the home than is being sold. If this is not achievable, a degree of flexibility will need to be given to applicants to ensure existing shared owners are not restricted in terms of potential purchasers and we do not cause any barriers to existing shared owners being able to sell their homes.

17.5 The buyer will take over the existing lease from the seller and buy the remaining term of the lease from the lease commencement date. The buyer will be informed of the

term remaining and advised of how to extend the lease if the term remaining is nearing the 'short' lease status, that being 80 years or less.

- 17.6 The rent payable will be calculated based upon the rent paid by the seller which will increase annually based upon the terms of the lease. Any service charges payable will be the amount paid by the seller. The buyer will also be informed of any planned maintenance or large expenditure scheduled, that the rent and service charges will be reviewed annually and effective from 1 April each year.
- 17.7 Upon sale there will be an administration fee payable to believe housing to recover our costs associated with the sales process.
- 17.8 There is also the provision for believe housing to be offered the right of first refusal when shared owners have staircased up to 100% and own the property outright. It is not the intention of believe housing to take up this offer of purchase but we will consider, at our discretion, the purchase of properties from shared owners in exceptional circumstances.

18. Rent and service charges

- 18.1 Rent is set at the initial purchase point based on the percentage of the property that remains in the ownership of believe housing. believe housing will set rents at a maximum of 3% of the initial market valuation.
- 18.2 Upon resale, the rent level charged to the new owner stays at the same level as that charged to the previous owner. It is not re-based according to the value that is achieved at resale.
- 18.3 On 12 October 2023, the model leases were updated so annual rent increases are made by reference to the Consumer Price Index (CPI) + 1.0% instead of the Retail Price Index (RPI) plus 0.5%. This change was announced by the then Department for Levelling Up, Housing and Communities – see shared ownership rent reform. In either case the calculation is based upon the relevant index's figure for a specified month, which is published annually.
- 18.4 When the index figure for the specified month is nil, any rent increase will be limited to a maximum of 0.5% (where the RPI-based model lease applies to a scheme), or 1.0% (where the CPI-based model lease applies). Where an index figure for the specified month is negative the following applies:
- a) For RPI-based model leases, any rent increase will be limited to a maximum of 0.5%.

- b) For CPI-based model leases, where an index figure is between 0% and minus 1.0% then CPI + 1.0% applies; where an index figure is minus 1.0% or below then a maximum 0% rent increase applies.

18.5 The annual rent increase will apply from the first Monday in April each year and will be communicated to owners 30 days in advance. Rents will not decrease, even if there is a negative rate of RPI.

18.6 The rent charged to the owner will be adjusted at each staircasing event to reflect the additional percentage purchased.

18.7 Service charges will be made where applicable and these will be set out in individual leases. Irrespective of the equity percentage of the shared owner, they are liable for 100% of the applicable service charges. In some circumstances, there will be provision for establishing a sinking fund; for example, for shared ownership of flats. This will be established at the initial purchase and be included in the terms of the lease. Sinking funds will not be used to fund any works, expected or unexpected, in the first ten years after the property is built.

18.8 Arrears will be managed in accordance with our arrears procedure and the requirements set out in the lease agreement.

19. Repairs and maintenance

19.1 The responsibility for general repair, maintenance and improvement of the property is as follows:

- believe housing will be responsible for essential repairs and maintenance for the first 10 years from practical completion, or until the shared ownership leaseholder staircases to 100% ownership before 10 years, where work is not covered under the new build guarantee warranty.
- Essential repairs relate to the composition of the building and external structural parts where believe housing is the owner. This includes internal structural repairs to floors, stairs, walls and ceilings. Any item covered by a warranty is not covered; for example, white goods.
- Works required inside the property are a shared owner's responsibility; however, they will be able to reclaim costs from believe housing for essential repairs and maintenance up to £500 per year carrying forward any unused money to the following year.

19.2 The details of respective repairs and maintenance responsibilities will be contained within the lease.

- 19.3 Any portion of repair and maintenance costs over and above £500 will be the responsibility of the shared owner. A maximum of £500 worth of unused repairs expenditure can be rolled over into a following year, but not subsequent years. The accumulated allowance will be transferred on a transfer of ownership (resale). After each repair claim is paid, we will provide a statement showing the updated remaining repair allowance.
- 19.4 believe housing is responsible for assessing whether repairs claimed are essential and genuine and can inspect the property if it is deemed necessary. believe housing is not liable for repairs where there has been a breach of lease such as deliberate or avoidable damage or would not arise if the shared owner fulfilled their obligations to carry out general repairs and maintenance works. Normal health and safety requirements (for example, gas servicing, electrical testing) are the responsibility of the shared owner.
- 19.5 Shared owners are permitted to use any Trustmark approved tradesperson as well as the repairs team at believe housing. Shared owners must submit details of planned repairs and believe housing will accept or reject these claims within seven days, providing we have been supplied with sufficient supporting information and evidence. Fast track processes will be available for emergency work. Agreed repair work costs will be reimbursed within 21 days and shared owners will be provided with an updated statement of the repairs allowance following the claim.
- 19.6 If a claim is declined, we will set out why in writing within seven days from receiving supporting information of the claim, advising of the right to dispute the decisions, and setting out the complaints handling process. Claims for work carried out by contractors who are not Trustmark approved are not likely to be accepted except in exceptional circumstances and then only with prior agreement. Costs incurred as part of DIY work will not be paid. Improvement works are not eligible, nor are replacements to a higher specification, unless this is unavoidable and has our prior agreement.

20. Roles and responsibilities

- 20.1 The Director of Development is responsible for the development and initial sale of shared ownership homes. The Director of Development is also responsible for valuations, staircasing, and the resale process.
- 20.2 The Director of Finance is responsible for monitoring the income and expenditure of each development against the scheme financial appraisal. The setting of rents and service charge and other fees.
- 20.3 The Director of Corporate Strategy and Assurance is responsible for leases and conveyancing associated with shared ownership homes.

20.4 The Director of Neighbourhoods and Customer Experience is responsible for the management of shared ownership tenancy breaches and any associated tenancy management actions that may be required.

20.5 The Director of Property Repairs is responsible for the delivery of the repairs function for shared ownership homes, including approval and checking of repair claims, reimbursements of costs and updating of the shared owner's repair allowance.

20.6 The Director of Assets and Compliance is responsible for the approval of improvements and alterations to shared ownership homes, as well as any actions that may be required for a breach of a shared ownership lease.

21. Monitoring and review

21.1 Monitoring is done by the Director of Development and with the progress on shared ownership sales and resale reported to the Development and Investment Committee. This will include the number of customers who exercise their right to shared ownership.

21.2 Any minor amends identified from customer feedback or complaints would be approved by the believe housing Executive Management Team.

21.3 A full review of the policy will be undertaken every three years for Board consideration unless there is any significant change in regulation or legal requirements, or any significant issue identified with the policy that requires an earlier review.

22. Equality, diversity, and inclusion statement

22.1 believe housing is committed to valuing and promoting equality and diversity. We recognise that we have a duty to eliminate unfair treatment and discrimination in the services we provide and to promote and value respect in everything we do. We expect our colleagues to share these values and treat all customers with fairness and respect.

23. Links to other policies and procedures

23.1 The document should also be read in conjunction with:

- Leaseholder Management Policy.
- Shared ownership procedure document.
- Tenancy Policy.
- Tenancy Management Policy.
- Rent and Service Charge Policy.
- Repairs Policy.
- Rent to Buy Policy

- Data Protection Policy.
- Anti-Money Laundering Policy.
- Antisocial Behaviour Policy.
- Complaints Policy.