



WILLOW TREE

HOUSING PARTNERSHIP

Shared Ownership Policy on Sales, Staircasing and Subletting

Version:	v2
Responsibility for the Policy	Head of Housing and Customer Experience
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Date approved by Board (if applicable)	TBC
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1. Statement of Intent

Willow Tree Housing Partnership (WTHP) will ensure that the sale, marketing, allocation and management of properties developed for shared ownership is undertaken in a fair and efficient manner.

2. Policy Objectives

We will ensure:

- All properties are sold to eligible applicants.
- Compliance with all relevant legal, statutory and regulatory requirements.
- Shared owners comply with the obligations of their lease agreements.

2.1. Sales and marketing

We will provide shared ownership housing to qualifying groups in accordance with the eligibility criteria detailed in the Homes England Capital Funding Guide (see section 4 below).

In doing this we will:

- Maintain robust procedures setting out our approach to the sales and marketing of our shared ownership homes.
- Adopt the model lease agreement recommended by the Regulator to ensure properties are acceptable to mortgage lenders.
- Assess applicants both for general eligibility and financial affordability, to ensure that they can meet the ongoing costs of home ownership.
- Market developments to promote effective and timely sales to minimise standing stock. This will include advertising new shared ownership homes in advance of their completion.
- Advertise all new shared ownership schemes and give information about where and how to apply for these properties.
- Actively review sales results and consider alternative marketing strategies where appropriate to achieve minimal standing stock level.

2.1.1. Allocations

Allocations shall be made in line with the requirements of the Capital Funding Guide.

Where shared ownership properties are being delivered on a rural exception site the priority for allocations will be set out in section 106 agreement agreed between the local planning authority and developer/registered provider.

2.1.2. Resales

The shared ownership lease generally allows WTHP a nomination period of 6-12 weeks (refer to the lease for applicable nomination period) to find a purchaser. During this period, we have the sole right to sell the shared ownership property.

We will market shared ownership property using a variety of methods, including:

- On the website and social media
- On the Share to Buy website or other appropriate sites or platforms

If we are unable to identify a suitable purchaser within the nomination period, the shared owner may instruct an estate agent to sell the property on the open market.

The sale price of the share to be sold will be based on an open market valuation, excluding any improvements the shared owner has made.

For the avoidance of doubt this means that the shared owners' improvements or failure of the shared owner to keep the property in good repair are to be disregarded.

We will instruct an independent, RICS qualified valuer to provide a current market value of the property. The shared owner may instruct their own valuation on the same terms. The valuation remains valid for a period of 3 months.

Where shared ownership properties were delivered on a rural exception site the priority for allocations will be set out in the section 106 agreement agreed between the local planning authority and developer/registered provider.

Applicants will be assessed for financial viability and in accordance with published eligibility criteria.

Where there is more than one applicant, priority will be given, in this order, to:

1. Applicants prioritised under any local authority or planning criteria
2. Armed Forces personnel, or any other priority groups identified, in line with government guidance
3. Applicants who live or work in the area

2.2. Staircasing

Staircasing enables shared owners to buy further shares in their home as set out in their lease. As they purchase more shares in their home their rent falls according to the proportion of their home that they own.

In most cases buyers can purchase up to 100% of the equity in their home becoming the outright owner or leaseholder. Once they own 100% of their home, they no longer pay rent to WTHP but may still pay a service charge depending on the type of property and services provided.

Applicants purchasing additional shares in their home must be able to meet the costs of additional shares. A copy of the mortgage offer must be provided, and we will carry out financial assessment if necessary. Any additional borrowing secured through a re-mortgage or further advance can only be approved in certain conditions as it must gain the protections of the Mortgage Protection Clause.

The sale price of the share to be sold will be based on an open market valuation, excluding any improvements the shared owner has made. WTHP will instruct an independent, RICS qualified valuer to provide a current market value of the property. The valuation remains valid for a period of 3 months. The cost of the valuation is to be paid by the shared owner.

2.2.1. Restrictions

In some cases, shared ownership leases may impose restrictions on the level of staircasing allowed, for example for schemes funded in rural exception sites or in designated protected areas.

Any purchase of additional shares can only be made by the current owner(s). If the property is jointly owned any additional shares must be jointly purchased.

Applicants' rent and service charge accounts must be clear of any arrears at the point of completion of any purchase of additional equity, and will be a condition of that completion.

2.2.2. Final staircasing

The final staircase to full ownership must be at least 10%.

In the case of a house, the freehold is transferred to the new owner. In some cases, service charges may still be payable. In the case of a flat, WTHP will continue to own the freehold and a service charge and ground rent are still payable.

Any service charges and ground rent will be calculated according to the service charge policy and any conditions set out in the lease.

Where outright ownership is achieved, owners are free to sell their property on the open market (subject to any remaining covenant restrictions).

2.2.3. Remortgaging

Before re-mortgaging the shared owner should be advised to get advice directly from a lender, or from a mortgage broker or financial adviser registered with the Financial Conduct Authority

WTHP will only consider permission to remortgage if the shared owner has a clear rent account and no action is being taken against the tenancy

We will require a copy of the mortgage offer from the new lender and confirmation from them of the current valuation of the property. If the shared owner is borrowing extra money, full details of what is being borrowed and why will be required.

Most leases have a Mortgagee Protection Clause (MPC) that protects the mortgage lender if they make a loss because they have had to repossess the home. Lenders usually want confirmation from WTHP that any extra money they lend will also be covered by the original MPC. In line with government guidelines WTHP only extend the MPC to extra borrowing that is intended for:

- Staircasing
- A shared owner buying out the joint owner such as in cases of relationship breakdown
- Essential repairs needed to comply with the terms of the lease (in specific circumstances).

2.2.4. Fees

WTHP will set a schedule of fees for the staircasing and remortgaging process.

2.3. Subletting

Generally, WTHP does not support the subletting of shared ownership property because the public money used to develop the property was not intended for this purpose. However, in some circumstances subletting may be considered by the Operations Director where this is permitted and agreed by the mortgage lender.

Subletting will only be allowed in the circumstances where the main reason for subletting is that:

- a) There is a temporary reason why the shared owner must live elsewhere, for example:

- To care for a sick relative or to be cared for
 - To take up temporary employment, education or training which is not within reasonable commuting distance
 - A prison term
 - A posting by the armed forces
- b) The property is in negative equity, and the shared owner has had a change in circumstances which means that their property is no longer suitable as their home
- c) The property is in negative equity, and the shared owner is unable to maintain their mortgage payments.

If a shared ownership property is sublet without WTHP's written permission legal action will be taken. Any appeal regarding permission to sublet will be heard using our complaints policy.

The maximum period that a shared ownership home can be sublet is 2 years, with no further subletting permitted for a further 2 years.

2.4. Taking in a lodger

Shared owners will be permitted to take in a lodger provided that:

- Permission is also sought from their mortgage lender
- The shared owner remains resident at the property
- The lodger is not issued with a tenancy agreement and is not given exclusive use of the kitchen or bathroom
- The shared owner's insurers are notified
- The local authority or Department for Work and Pensions are notified if there is any housing related benefit in payment
- A lodger should not result in the property being overcrowded

3. Performance Standards

Performance on shared ownership arrears, sales, and staircasing will be monitored by the Executive Team on a monthly basis and reported to the Board on a quarterly basis

4. Reference Documents

- RSH Regulatory Framework
- Homes England Capital Funding Guide
- WTHP procedures relating to the management of sales, staircasing and subletting

Whenever entering into agreements that involve a change in interest in a long term lease or ownership of land, WTHP will always revert to our solicitors to ensure strict compliance with any relevant legislation.

When setting policy, WTHP will ensure a golden thread of best practice runs through all aspects of our operations in respect of equality, diversity and inclusion. We will seek to minimise adverse environmental impacts arising as a consequence of our work. This approach and all policies will be reviewed on their anniversary date or as new guidance or legislation is introduced, whichever occurs sooner.