

SHARED OWNERSHIP POLICY

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Policy owner	Gill Butler, Chief Officer (Housing)
Approved by	Cllr R Shoob, Cabinet Member for Housing & Homelessness, March 2024

1 Purpose of the Policy

- 1.1 To increase the awareness of the different types of affordable homeownership within the Folkestone and Hythe District Council area. In line with Folkestone and Hythe District Council's current and future affordable homeownership options.
- 1.2 Shared ownership is an affordable home ownership product for those who cannot afford to purchase a home at the full market value. The scheme allows for a share to be purchased in a property and paying a rent on the remaining share.
- 1.2 Initial shares start at 10%(dependant on funding), up to 75% (depending on the scheme), of the full market value and additional shares can be bought until 100% of the property has been bought. (some restrictions may apply on certain schemes, such as retirement schemes).
- 1.3 The purpose of this policy is to set out how Folkestone and Hythe District Council assess and administers its responsibility in terms of:
 - Eligibility.
 - Affordability.
 - Resales.
 - Subletting.
 - Arrears

2 Policy objectives and scope

- 2.1 This policy aims to set out the criteria for shared ownership eligibility and affordability; shared ownership staircasing, and our approach to Resales.
- 2.2 This policy applies to shared owners and applicants for shared ownership only.

3 Legal/Regulatory Framework

3.1 Internal:

- Shared ownership staircasing procedure.
- Shared ownership arrears procedure.
- Shared ownership leases.

3.2 External:

- The Housing Act 1985
- Commonhold and Leasehold Reform Act 2002 (as amended)
- The Housing (Shared ownership Leases) (Exclusion from Leasehold Reform Act 1967) (England) Regulations 2009
- Homes England Affordable Homes Programme 2021 to 2026

4 Responsibility

- 4.1 The Leasehold Management Senior Specialist retains the overall responsibility for the implementation of this policy.
- 4.2 The Leasehold Management Senior Specialist is responsible for the operational delivery of this policy and the associated procedures. This includes responsibility for monitoring and review, staff awareness and training, policy development and communication to customers.

5 The Policy

5.1 ***Eligibility***

All applicants' eligibility will be assessed accordingly with the latest legislative eligibility criteria. Which currently includes:

- Being 18 years or over and a resident of the UK.
- Have an annual household income of no more than £80,000.
- Be unable to purchase a home outright on the open market.

- Not be a homeowner or named on a mortgage (applicants in the process of selling a home will be considered depending upon stage of sale of any current property held).
- Have a deposit of at least 10% of the purchase price or a mortgage offer from a high street lender.
- Have access to additional £4,000-£6000 to cover legal fees and moving costs.
- Are not subject to a bankruptcy petition, IVA, or outstanding County Court Judgements.

5.2 ***Priority of applicants***

5.2.1 Priority will be given to serving British forces personal and veterans in line with current guidelines.

5.2.2 The Council may depending upon local housing need, install their own priority requirements. The priority criteria in this event will be published when a new scheme goes live and may include applicants who live and work in the local area, and current general needs tenants.

5.3 ***Affordability***

5.3.1 Affordability checks will be undertaken by FHDC to assess whether the applicants meet the eligibility criteria set out in this policy.

5.3.2 In addition to the application form, the applicant must provide the following documents:

- Current passport or driving licence (proof of identity).
- Last 3 months payslips or If self-employed: 3 years tax overviews and/or last 3 years SA302/Tax calculations, or last 3 month's bank statements for all accounts held, showing your name and address.
- Proof of mortgage offer or mortgage in principle (if applicable).
- Proof of other financial commitments such as loans, credit cards, or car finance.

5.4 ***Staircasing eligibility***

5.4.1 Shared owners will be entitled to purchase more shares in their home 12 months after the initial share has been purchased.

5.4.2 It is the responsibility of the shared owner to ensure that the purchasing of additional shares is affordable for them, and they should speak with an independent financial advisor or mortgage advisor before applying to staircase.

5.4.3 Depending on the scheme, the minimum additional shares that can be purchased is 1% (1% per year for the first 15 years). This rises to outright (100%) ownership of your home, except where there are restrictions on the lease that require it to remain in shared ownership for perpetuity.

5.4.4 When the shared owner buys more shares the rent paid to FHDC will be recalculated accordingly.

5.4.5 The premium payable by the shared owner for the shares will be based on the current market valuation of the property. Staircasing will incur an administration charge and/or legal fees were accordingly.

5.5 **Resales**

5.5.1 In the event of the property being resold. The shared owner must inform us of their intent to sell the property.

5.5.2 FHDC reserves the right to nominate a suitable purchaser before the property is sold on the open market.

5.6 **Subletting**

5.6.1 Subletting of shared ownership properties is strictly prohibited.

5.7. **Arrears**

5.7.1. Shared ownership rent and service charge arrears will be addressed accordingly with the relevant shared ownership arrears procedure and the income management secure tenancies procedure.

6 **Key controls and reporting**

6.1 This policy applies to all Folkestone and Hythe District Council leasehold services employees, affiliated employees and services.

6.2 The Leasehold Management Senior Specialist retains the overall responsibility for the implementation of this policy and is responsible for the operational delivery of this policy and the associated procedures. Responsibilities include:

- Monitoring and review of this policy including changes in legislation
- Staff awareness and training
- Policy development and communication

7 **Associated Documents**

7.1 (Internal):

- Shared ownership leases.
- Shared ownership staircasing procedure.

- Shared ownership arrears

7.2 (External):

- Chartered Institute of Housing Shared ownership charter

8 Equality and Diversity

- 8.1 FHDC recognise that different people and communities may have specific needs which may require flexible approaches. We also appreciate that some groups or individuals may experience discrimination and disadvantage. This may be due to their protected characteristics under the Equality Act 2010. We believe that everyone should be treated with dignity, respect and fairness, regardless of their characteristics.
- 8.2 An Equality Impact Assessment has been carried out on this policy which will be updated in line with policy reviews (see below,) to ensure there is no discrimination and opportunities to improve equality and access are maximised.

9 Review

- 9.1 This Policy will be reviewed every 3 years by the person who is in the job role of the author. If necessary, this Policy will be reviewed sooner to incorporate legislative, regulatory, best practice developments, council decisions or address operational issues.