



# New Forest District Council Shared Ownership Policy

Housing Strategy & Development

Date of revision: 5<sup>th</sup> September 2024

Revision Number V3.00

## 1. INTRODUCTION

### 1.1 Purpose

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

In developing the 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 Enfranchisement) (Designated Protected Areas) England Order 2009
- Homes England – Capital Funding Guide for Shared Ownership
- National and Local Planning Policy
- Local housing costs, income levels and cost of living in the District

This policy applies to all Council shared ownership properties developed, marketed, and sold after 1<sup>st</sup> August 2024. Properties sold prior to this date are subject to previous versions of the New Forest District Council's Shared Ownership Policy<sup>[1]</sup>

### 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 are unable to afford to buy a property suitable for their needs on the open market due to high prices. The Council will align its Shared Ownership Scheme to the Homes England requirements, including the standard form of shared ownership lease 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 greater affordable housing choice through the development of shared ownership properties, giving priority to those with a local connection where possible
- 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
- To allow access to current and future Homes England Affordable Housing Programmes and grant funding for shared ownership
- To ensure the District Council is able to bid for and provide shared ownership homes delivered through s106 agreements.
- That the process of purchasing, staircasing and re-selling a shared ownership home is clear, transparent and complies with legislative and regulatory requirements.
- To provide clear and transparent information to applicants and existing shared owners on the requirements for shared ownership, and the processes and procedures concerning Council shared ownership homes.

## 2. PROCESSES AND PROCEDURES

### 2.1 Eligibility

To qualify for the Council's Shared Ownership Scheme, applicants must meet the National eligibility criteria set out in this policy including the First Come First Served Shared Ownership Sales Policy (Appendix 1a), the Shared Ownership Minimum Surplus Income Policy (Appendix 1b) and any site-specific local prioritisation requirements.

General Criteria	
Age	18 years or over and resident in the UK
Income and housing need	Have a gross household income of less than £80,000 (based upon the income of all members of the household whether they have joined the application or not).

	Applicants must be unable to purchase a suitable property for their housing needs on the open market
Existing Home Owners	<p>Existing home owners, including shared owners can access Shared Ownership subject to meeting all eligibility requirements and the following criteria as set out in the Homes England Capital Funding guide:</p> <ul style="list-style-type: none"> <li>• They have already sold their property or sell their property at the same time as buying through Shared Ownership (see 3.5.3 below for details)</li> </ul> <p><i>In exceptional cases where an applicant is prevented from accessing or selling their existing home an application may be considered, but only with Homes England's prior written agreement.</i></p>
Military Personnel	<p>Ministry of Defence personnel will be prioritised for Shared Ownership schemes where:</p> <ul style="list-style-type: none"> <li>• they have completed their basic (phase 1) training, and they are one of the following: <ul style="list-style-type: none"> <li>o Regular service personnel (including Navy, Army and Air Force)</li> <li>o Clinical staff (with the exception of doctors and dentists)</li> <li>o Ministry of Defence Police Officers</li> <li>o Uniformed staff in the Defence Fire Service</li> </ul> </li> <li>• they are ex-regular service personnel who have served in the Armed Forces for a minimum of six years, and can produce a Discharge Certificate (or similar documentation) as proof, where they apply within two years (24 months) of the date of discharge from service or</li> <li>• 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.</li> </ul>
Affordability	Applicants must demonstrate that they can afford and can sustain homeownership in the longer term.
<b>Scheme Specific Criteria</b>	
Shared ownership homes that are not bound by Homes England funding restrictions and those that are subject to the requirements of a legal planning agreement (s106)	Applicants must meet the Council's requirements, including any prioritisation for those with a defined local connection to the New Forest District, or New Forest National Park.

## **2.2 The Lease**

The Council will adopt the Homes England standard model lease for Shared Ownership with any permissible adaptations considered necessary by the Strategic Director of Housing and Communities.

### **2.2.1 Length**

The Council will normally grant an initial lease term of not less than 990 years at first sale. If a shorter period is proposed, this will be dependent on; an assessment of the impact on the value of the property; its acceptability to mortgage lenders and approval from Homes England if required. These assessment and approvals will be completed and included within the initial scheme appraisal.

### **2.2.2 Purchase of initial shares**

Initial shares can be purchased from between 10% and 75% of the open market value. The level of initial shared purchased will be determined and agreed through the completion of the mandatory Affordability Assessment, completed by the Independent Mortgage Advisor.

### **2.2.3 Staircasing**

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

To accord with the requirements of the Homes England Standard Lease shared owners also have the option to purchase an additional 1% shared in their home every year for the first 15 years of the lease. This is known as 'cash staircasing'. The price paid, procedure and associated cost will be set out in the shared ownership lease.

Unless specified restrictions apply within legal planning agreements or apply to protected rural areas, shared owners will be able to increase the share in their home to 100%.

### **2.2.4 Re-sales**

The shared owner can sell their home at any time. The shared owner is required to formally notify the Council of their intention to sell their home. The procedure for re-sales, including any nomination and pre-emption rights,

will be contained in the lease The re-sale nomination period is four weeks, after which shared owners can pursue a sale on the open market.

2.2.5 Re-mortgaging and additional borrowing

The shared ownership lease and guidance specifies the circumstances in which additional borrowing can be secured against the share of the property. Shared owners will need to notify the Council if they wish to re-mortgage and seek written approval for additional borrowing.

2.2.6 Sub-letting

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.

2.2.7 Supplemental Lease Clauses

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

## **2.3 Registering and applying for a shared ownership home**

2.3.1 Registration

All those interested in Shared Ownership are encouraged to register on the New Forest District Council Shared Ownership Interest List. This list will be managed by the Housing Strategy and Development Team for the purpose of monitoring interest in Shared Ownership and the marketing Council shared ownership homes.

2.3.2 Application process for purchasing a shared ownership 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. Applicants will need to supply all supporting information at the point of application e.g. local connection status, where applicable.

Applications will be invited when properties become available for purchase.

Applications for shared ownership will be considered on a first come first serve basis and will be processed accordingly and in accordance with the

First Come First Served Sales Policy (see Appendix 1a), prior to agreeing a shared ownership sale:

- Initial checks will be carried out to confirm that application forms for available properties have been completed in full and that any necessary supporting evidence has been provided and that eligibility requirements have been met.
- All applicants will be required to complete an Affordability Assessment as part of the application process. This assessment will be completed by an Independent Mortgage Advisor, in accordance with Homes England Guidance, and the Council's Minimum Monthly Surplus Income Policy (see Appendix 1b).  
Successful applicants will be expected to proceed to exchange of contract within 10 weeks from the date of agreement to purchase.

As soon as sales have been agreed with those who are in a position to proceed (as set out in 2.3.2) unsuccessful applicants will be advised and held on a chronological reserve list until contracts have been exchanged.

### 2.3.3 Assessing affordability

Applicants must be able to afford the initial costs of purchase and the ongoing costs of their home. After the Affordability Assessment has been completed in accordance with section 2.3.2 above, the Council will contact the applicant confirming the outcome of the Assessment, including the percentage of the initial shared to be purchased, the ongoing rent, service charge and mortgage payments.

### 2.3.4 Reservation fee

To secure their interest in a shared ownership home an applicant will be required to pay a reservation fee of £500.00. 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 the offer of sale of a shared ownership home, 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 Prioritisation of applications

Shared ownership homes will be sold on a first come first serve basis in accordance with the First Come First Served Policy (see Appendix 1a) to eligible applicants whose application was received first (in time and date order), and who is in a position to proceed with the purchase.

### 2.4.2 Local Connection

Shared ownership sales will be prioritised to applicants with a local connection where the Council is permitted to do so, and in accordance with any conditional requirements that may be set out in a legal planning agreement for a site.

#### Rural Exceptions Sites

Prioritisation will be in accordance with any conditional requirements which may apply as defined in a legal planning agreement for this site.

## **2.5 MARKETING AND SALE**

### 2.5.1 Local Sales Plan

Local Sales Plans will be prepared for each development, in which the scheme specific marketing strategy and sale objectives will be set. 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 housing and financial markets or national policy.

#### 2.5.2 Marketing and Show Homes

The Council will market shared ownership homes through a range of sources, including, the Council's Shared Ownership Interest List, social media, the Council's website and to the 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 Council's website. Adverts will be accompanied with high quality images, property details, the value of the property and indicative costs of the minimum share, expected rents and service charges. Shared ownership homes will be advertised on additional platforms including the Council's social media, local papers, through open days, site signboards and through direct and digital marketing to potential buyers.

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

#### 2.5.3 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**

#### **3.4 Purchase Price**

Shared ownership sales values will be set 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 the 3 months from the date of the valuation the Council will arrange for the valuation to be updated.

#### **3.5 Initial Percentage Sales**

In line with the national shared ownership model applicants will be permitted to purchase a share of not less than 10% and not more than 75% of the shared ownership home at initial sale.

#### **3.3 Shared ownership specification.**

- Shared ownership homes will be fitted with carpets;
- suitable flooring in wet areas (kitchens and bathrooms); and
- integrated cookers, or oven and hob and extractors.

#### **3.4 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. 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 recommendation 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.

#### **3.5 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 the requirements specified within the Homes England standard shared ownership lease.

3.6 Service charges 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.

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

3.7 Essential Repairs

In line with Homes England Standard Lease requirements the Council will support the shared owner in meeting the costs of essential repairs to new properties for the first 10 years of the life of the property. Following this 10 year period, or if the shared owner staircases to 100% before this time, the shared owner will then take on full responsibility for all repairs and maintenance.

3.8 Guidance and information

As Registered Provider the Council is required to provide guidance and ongoing support to shared owners, including the provision of easy to read, key information on the responsibilities and ongoing costs of shared ownership prior to the sale of a shared ownership home

3.9 Administrative fees

The Council reserves the right to recover reasonable administrative fees reflecting incurred costs, including but not limited to applications to carry out complex works, staircasing admin fees, breach of lease, resale nominations, revisions to lease.

## 4 RESPONSIBILITIES

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

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

SERVICE	LEAD RESPONSIBILITY
Housing Strategy & Development Team	<ul style="list-style-type: none"><li>Marketing and initial sales; including management of the Register of Interest.</li></ul>
Housing Estates Management Team	<ul style="list-style-type: none"><li>Management of the leasehold post completion, including rent, service charge, sinking fund collection and re-mortgaging</li><li>Staircasing, including cash staircasing</li><li>Re-sales</li></ul>
Housing Maintenance Team	<ul style="list-style-type: none"><li>Maintenance &amp; repair of communal areas and elements of the buildings for which the Council has responsibility</li><li>Applications for refunding of essential repairs, including assessing claims and where necessary inspecting works.</li></ul>

### 4.3 Discretion

The Council reserves the right to exercise its discretion in relation to any aspect of this Policy where it has the authority to do so, and 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 Strategic Director of Housing and Communities in consultation with the Portfolio Holder for Housing.

### 4.4 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 Privacy Notice relating to the purchase of shared ownership homes please visit

<https://newforest.gov.uk/article/2662/Housing-Development-and-Strategy-privacy-notice>

#### 4.5 Equalities and Diversity

The Council is subject to the general public sector equality duty as set out in s149 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 applications and allocations may take place to ensure that everyone is 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 and Government to monitor who is applying and being sold housing and to ensure that properties are being offered and sold fairly.

#### 4.6 Policy review and amendments

This Policy will be reviewed every 2 years, or if required sooner due to regulatory or market changes. The Strategic Director of Housing and Communities 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.

## **Appendix 1a:**

# **NEW FOREST DISTRICT COUNCIL FIRST COME FIRST SERVED SHARED OWNERSHIP SALES POLICY**

## **1. Eligibility**

- 1.1 To qualify for the Council's Shared Ownership Scheme, applicants must meet the National eligibility criteria set out in this policy and the Shared Ownership Policy.
- 1.2 In exceptional situations, where the general eligibility cannot be met, the Council will review the applicant's situation and where appropriate prepare a business case for referral to Home England. Each case will be considered on its individual circumstances.
- 1.3 Where applicants apply jointly, both applicants for shared ownership must meet the general eligibility. Where site specific eligibility criteria apply, it is acceptable for one of the applicants to meet the requirements.

## **2 Prioritisation of applications**

- 2.1 The Council will consider applications for shared ownership in a consistent, transparent manner in accordance with this Policy, its Shared Ownership Policy and Homes England regulation and guidance.
- 2.2 Council Shared ownership homes will be sold on a first come first serve basis, to eligible applicants whose application is received first (in time and date order) and is in a position to proceed with the purchase following the mandatory independent financial assessment, as set out in paragraph 2.3 of the main Policy
- 2.3 Applicants from military personnel as defined in the table in section 2, will be prioritised over other applicants for government funded shared ownership schemes.

- 2.4 Shared ownership sales where a local connection requirement applies will be prioritised to applicants on a first come first serve basis (in time and date order) who can demonstrate a local connection in accordance with any conditional requirements set out by the Council.
- 2.5 The Council will complete an initial assessment to verify and confirm that an application meets the general eligibility criteria and where applicable scheme specific eligibility criteria. Applicants may be asked to provide further documentation to verify they meet the criteria.
- 2.6 Once the initial assessment is complete, where the application meets eligibility criteria, applicants will be contacted to arrange for the mandatory financial assessment to be completed. If an application does not meet the eligibility criteria the Council will contact the applicant/s clearly setting out the reasons the application will not proceed e.g. the applicant does not have a local connection.

### **3 Authorisation of sales**

- 3.1 Applications that fall within the standard eligibility parameters will be agreed and authorised by the Officer responsible for marketing and sales. Any exceptions e.g. recommendations from the Independent Mortgage Advisors to a mortgage of more than 30% of net income and known financial commitments will be referred to the Service Manager for approval.

## Appendix 1b:

# NEW FOREST DISTRICT COUNCIL SHARED OWNERSHIP MINIMUM MONTHLY SURPLUS INCOME POLICY

## 1. Required minimum surplus monthly income

- 1.1 Homes England guidance requires providers of shared ownership to establish a monthly minimum surplus income. The surplus income is based on the remaining net income after housing costs and other financial commitments have been taken into account. The methodology for establishing the surplus income is explained in the table below. In establishing the surplus income level consideration is given to the housing costs, income levels and living costs of the district area.
- 1.2 New Forest District Council's required minimum surplus income is 10% of the applicant/s net income.
- 1.3 To ensure that an applicant can afford the initial and ongoing costs of shared ownership, a mandatory affordability assessment must be completed by a qualified and experienced advisor who is regulated to give mortgage advice. The assessment forms an important part of the application process. The assessment is completed free of charge to the applicant. The assessment must be completed in line with Home England regulation and guidance.
- 1.4 The 10% minimum surplus monthly income is to be calculated using Homes England methodology below, and any other relevant factors identified by the mortgage advisor as part of the affordability assessment<sup>[2]</sup>.



<b>A. Gross income</b>	e.g. Gross monthly pay Applicable benefits Guaranteed maintenance payments
<b>B. Gross deductions</b>	e.g. Income tax National Insurance Pension contributions Student loan
<b>C. Known commitments</b>	e.g. Loans, Credit cards, Childcare
<b>D. Housing costs of the shared ownership purchase</b>	Rent (stress tested over 5 years) Service charge
<b>E. Net income available to support a mortgage</b>	E is the remaining income once B, C & D are deducted from A
<b>F. Mortgage Payment</b>	Homes England states that this should no more than 30% net income of E  <i>This is subject to recommendations of the independent mortgage advisor, supported by the budget planner</i>
<b>G. Essential costs</b>	e.g. Council tax, Utilities, Food, Insurance, Travel and fuel
<b>H. Surplus income</b>	This is the figure remaining once the mortgage (F) & other essential costs (G) have been deducted from net income (E)

<sup>[1]</sup> Version 1: May 2020, Version 2: February 2023

<sup>[2]</sup> Home England Capital Funding Guide: Shared Ownership