



# **SHARED OWNERSHIP POLICY**

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# 1. Introduction

- 1.1** At Eastlight Community Homes (hereafter ‘Eastlight’), we create affordable homes and great neighbourhoods that people are proud to live in. That includes providing a viable Shared Ownership offer, ensuring an affordable alternative for those who wish to get on the housing ladder but cannot afford a full deposit on the private market.
- 1.2** The Shared Ownership Policy details our process for granting Shared Ownership homes to eligible customers.
- 1.3** This Policy ensures we meet our legal, statutory and regulatory requirements under UK legislative and regulatory obligations.
- 1.4** This Policy applies to customers, employees, involved residents, consultants, Board Members, volunteers, representatives of Eastlight, contractors and any third parties that are engaged to carry out duties and manage Eastlight data on our behalf and by our instructions.

# 2. Think Customer

- 2.1** At Eastlight, we exist to provide the best possible homes and services for our residents.
- 2.2** Our ‘Think Customer’ approach aims to guide and support colleagues whenever they make decisions that affect our residents, directly or indirectly.
- 2.3** ‘Think Customer’ ensures our people fully consider how residents will experience and be impacted by the service we provide. Before acting, our people are required to think about:
  - The short- and long-term effects of their actions
  - The residents’ individual needs and preferences
  - Whether their communication is clear, respectful and appropriate
  - If they can draw on any past insights or experiences to help them when making tough decisions
  - Whether they, themselves, would be happy with the service being provided.
- 2.4** The ‘Think Customer’ model is designed to complement and work alongside all Eastlight policies and procedures, including this Shared Ownership Policy.

## 3. Scope

- 3.1** This Policy covers Shared Ownership eligibility, rents, sales, resales, staircasing, the Right to Shared Ownership, financial hardship, maintenance and other general responsibilities of both Eastlight and the Shared Owner.
- 3.2** It should be read alongside Eastlight's Shared Ownership Affordability, Service Charge, Leasehold Management and Rent Policies.

## 4. Statutory & Regulatory Requirements

- 4.1** This Policy is designed to ensure Eastlight meets its obligations under the following statutory and regulatory requirements:
- The Leasehold Reform Act 1967
  - Leasehold Reform, Housing & Urban Development Act 1993
  - Commonhold & Leasehold Reform Act 2002
  - Freehold & Leasehold Reform Act 2024
  - Renters Rights Act 2025
  - RSH Regulatory Framework
  - Homes England Affordable Homes Programme Framework 2021–2026
  - Homes England Capital Funding Guide.

## 5. Shared Ownership Code of Practice

- 5.1** From May 2025, Eastlight will adopt the Shared Ownership Council's Code of Practice. This Shared Ownership Policy includes the requirements of the Code.

## 6. Eligibility & Affordability

- 6.1** To be eligible for a Shared Ownership (SO) home, customers must:
- Be 18 years or older
  - Have an annual household income of less than £80,000 (or a different maximum income where set by the government)
  - Not be able to afford the deposit and mortgage payments for an open market home that meets their needs
  - Be able to purchase a home suitable for their needs without additional financial assistance (except for a mortgage/loan)
  - Meet the eligibility criteria for the scheme as set out by the local authority
  - Be a first-time buyer or be an existing shared owner who wants to move
  - Have owned a home but now cannot afford to buy one on the open market

(see Section 6.3 below)

- Be a new household – for example, after a relationship breakdown.

**6.2** In line with national guidance, Eastlight will give priority to customers serving in the British Armed Forces, former members of the British Armed forces honourably discharged in the last two years, or those who are surviving partners of regular service personnel, who have died in service and have applied within two years of the bereavement.

### **6.3 Eligibility for current homeowners**

6.3.1 If Eastlight is satisfied that existing homeowners are unable to afford the cost of their current home or their current home is not suitable, and they cannot afford to rent or buy a suitable alternative home on the open market, then they will be eligible to apply for a new Shared Ownership home.

6.3.2 The local authority will need to provide Eastlight with written confirmation that the existing Owners have a housing need.

6.3.3 Where the prospective Shared Owner is an existing homeowner, they must have formally accepted an offer for their current home and the sale must be progressing (known as ‘sold subject to contract’). The sale should be complete within three months of their application being confirmed and by the time the Shared Ownership home is available.

### **6.4 Affordability checks**

6.4.1 All Shared Ownership customers must undergo a financial and affordability assessment with one of Eastlight’s nominated Independent Financial Advisers (IFA). This assessment will include financial eligibility checks, identity checks for anti-money laundering purposes and an affordability check, to ensure the customer can afford to buy a Shared Ownership home and the costs of owning it over time.

6.4.2 To ensure a customer can afford a Shared Ownership home, the cost of the home (including mortgage, rent and service charge) must not exceed 45% of their household income.

6.4.3 Further details can be found in Eastlight’s Shared Ownership Affordability Policy.

### **6.5 First-come, first-served policy**

6.5.1 The demand for Shared Ownership homes far surpasses supply. Therefore, in line with regulative guidance, we must offer our Shared Ownership homes on a “first-come, first-served basis”. This means that our Shared Ownership homes are offered to customers based on whoever is first to pass their financial and affordability assessment with our IFAs.

6.5.2 The exception to this is British Armed Forces personnel, who must be given priority wherever possible (see 6.2 above).

## 7. Rent & Service Charges

### 7.1 Paying Rent

- 7.1.1 Shared Ownership customers must pay rent monthly on the equity (value) of the Shared Ownership home that Eastlight owns, which is calculated and reviewed as follows:
- The rent due to Eastlight is calculated as a percentage of the value of the home that Eastlight owns. This percentage is set at first purchase and in the customer's lease, and it will **not** exceed 2.75%.
- 7.1.2 Shared Ownership home rents are not currently included in the Regulator of Social Housing's Rent Standard.
- 7.1.3 Eastlight reviews rent on Shared Ownership homes based on the requirements as set out in the lease and any relevant Government or rent setting guidance from the Regulator.
- 7.1.4 Shared Ownership home rents are currently increased by the Consumer Price Index (CPI) plus 1% each year, but this may alter in the future if government guidance directs and/or Eastlight alters its approach to shared ownership home rent increases.

### 7.2 Paying Service Charges

- 7.2.1 Shared Ownership customers are also required to pay service charges, if necessary.
- 7.2.2 Service charges are set at the point of purchase and are the costs Eastlight incurs in managing and maintaining the communal areas and insuring the home.
- 7.2.3 Further details of Eastlight's service charges can be found in our Service Charge Policy.

## 8. Leases

- 8.1 Eastlight will grant Shared Ownership customers, purchasing **on or after** 1 April 2021, 990-year leases in accordance with the Homes England directions and Capital Funding Guide, which uses the Homes England/National Housing Federation standard model lease.
- 8.2 For any Shared Ownership customers who purchased **before** 1 April 2021, the length and details of their lease will vary, depending on when they originally purchased.

## 9. Staircasing

- 9.1 Shared Ownership customers have the right to purchase further shares in the home at any time, in accordance with their lease, which is known as 'staircasing'.

- 9.2 Different arrangements apply depending on when the SO home was built.
- 9.3 For homes completed **before** 1 April 2021, the minimum staircasing amount a customer can purchase is 10% of the home's value.
- 9.4 For homes completed **on or after** 1 April 2021, shared owners can choose to staircase by a minimum of 5% or 1% within the first 15 years. If they choose to staircase by 5%, normal administration and legal fees apply, whereas if they choose to staircase by 1% they do not.
- 9.5 Eastlight will require customers to pay reasonable charges to cover the administrative costs we incur in processing staircasing.

## 10. Resales

- 10.1 If a Shared Ownership customer wants to sell their share of their home, they must give Eastlight first refusal to find another eligible customer to purchase their share.
- 10.2 The price of the share will be determined by an independent valuation commissioned by Eastlight and undertaken by a Royal Institute of Chartered Surveyors (RICS)-qualified and registered valuer.
- 10.3 Valuations have a 'shelf life' of three months, so where a valuation has expired, Eastlight will accept desktop-based re-valuation by the RICS valuer.
- 10.4 If Eastlight is unable to find an eligible customer to purchase the share within the timeframe detailed in the lease (this will be between four and eight weeks), the Shared Ownership customer may sell their share of the property on the open market.
- 10.5 Alternatively, the Shared Ownership customer can staircase to 100% full ownership and sell it as freehold or, if the home is a flat, the ground lease (unless their lease prevents this).
- 10.6 Eastlight will require Shared Ownership customers to pay reasonable charges for the costs we incur in processing resales.

## 11. Right to Shared Ownership

- 11.1 Residents of new affordable or social rented homes, part-funded with Homes England Social Housing Grant and completed **on or after** 1 April 2021, have the Right to Shared Ownership.
- 11.2 The Right to Shared Ownership gives residents in eligible homes the right to purchase a share in their home. Homes in designated protected areas (rural areas where government restrictions prevent affordable home purchase or staircasing<sup>1</sup>) and on rural exception sites (new home development sites restricted by planning policies to

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<sup>1</sup> <https://www.gov.uk/government/publications/designated-protected-areas>

affordable only homes) may be exempt from the scheme.

- 11.3** Any customer wishing to pursue the Right to Shared Ownership must meet the Ministry of Housing, Communities and Local Government's eligibility criteria<sup>2</sup>.

## 12. Maintenance Responsibilities

- 12.1** Shared Ownership customers are responsible for all maintenance and repair costs for their Shared Ownership home, with specific exceptions as stated below.
- 12.2** For all new-build Shared Ownership homes, there is a 12- or 24-month (dependent on when the home was built) defect period in place from the date the home was handed over to Eastlight by the developer. During this period, any defects or repairs will be resolved by the housing developer and Eastlight will take the lead to ensure the repairs are pursued and corrected.
- 12.3** All new Shared Ownership homes are also covered by a 12-year new-build warranty. Eastlight will ensure any repairs that are eligible under the warranty are pursued.
- 12.4** If the Shared Ownership home is a flat, Eastlight is responsible for the repairs and maintenance to the structure and communal areas of the building. The cost of any maintenance or repairs is rechargeable and will be recovered through the service charges paid by the customer (see Eastlight's Service Charge and Leasehold Management policies).
- 12.5** If the Shared Ownership home was completed **on or after** 1 April 2021, Shared Ownership customers have a right to reclaim the cost of eligible repairs of up to £500 per year for the first ten years after the home was completed (please refer to Appendix 1). Shared Ownership customers must advise Eastlight first, so we can decide if the repair qualifies, and they must provide a receipt for repair work which will be reimbursed by Eastlight up to the annual maximum of £500.
- 12.6** The £500 value can roll forward to the next year. However, the balance cannot exceed £1,000. For example, if the £500 is not used for two years running, only one £500 balance can roll forward to the next year.

## 13. Financial Hardship

- 13.1** Eastlight recognises that Shared Ownership customers may be faced with financial difficulties. In these circumstances, Eastlight will assist the Shared Ownership customer where possible, including:
- Assisting them to consider options to resolve their position, providing advice, support or directing them to independent debt or financial advice.

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<sup>2</sup> <https://www.gov.uk/government/publications/right-to-shared-ownership-a-guide-for-tenants/the-right-to-shared-ownership-a-guide-for-tenants>



- Considering requests to purchase their percentage interest or to reduce their percentage interest (known as ‘buy back’ and ‘down staircasing’). Each request will be considered on a case-by-case basis, depending on the customers’ personal circumstances.
  - Considering requests from Shared Ownership customers to sublet their home as a method to alleviate financial hardship.
  - Where a customer is in rent arrears, we will follow our Rent Policy which includes support and guidance for customers.
- 13.2** Where a customer has more than two months’ rent arrears, Eastlight has the right to inform their mortgage lender. We will only seek to recover rent arrears from the lender as a last resort, and we will always inform the Shared Owner before action is taken.
- 13.3** In all cases of financial hardship, Eastlight will carefully consider the individual circumstances the Shared Ownership customer faces before making any decisions.

## 14. General Rights & Responsibilities

- 14.1** The Shared Ownership home cannot be sub-let, unless the customer has staircased to 100%, or they are facing financial hardship and have agreed an arrangement from Eastlight where a genuine need has arisen.
- 14.2** The Shared Owner can take in a paying guest or lodger, unless their lease prevents this.
- 14.3** If the Shared Owner passes away, their percentage interest in the home passes to their beneficiary/ies
- 14.4** Our Shared Owners are leaseholders. In line with legislation, they must comply with the terms of their lease and with Eastlight’s requirements as their landlord. For further information, please see Eastlight’s Leasehold Management Policy.

## 15. Equality Impact Assessment

- 15.1** An Equality Impact Assessment (EIA) assessment for this Policy was conducted. As a result, actions have been put in place to mitigate any negative impacts.
- 15.2** Areas where there is impact due to local authority S106 agreements, Eastlight is unable to control. Therefore, these areas have not been considered in the EIA for this Policy.

## 16. Glossary of Terms

<b>Open Market</b>	The homes available for sale which customers can purchase and own. They are often financed by a mortgage and/or with a lump sum.  Open Market homes can also be available to rent at market rates from private landlords.
<b>Owner Occupier</b>	A person who owns the house or flat in which they live.
<b>CPI</b>	Consumer Price Index is a measure of inflation which is the raise at which prices for services are rising.
<b>Section 106 Agreement</b>	‘S106’ is the legal agreement between the local authority and developers, linked to planning permissions and obligations.

# APPENDIX 1: Eligible Repairs

For Shared Ownership homes on or after 1 April 2021.

For the first 10 years, for all Shared Ownership homes delivered under the Affordable Homes Programme 2021–26, Eastlight will reimburse up to £500 per year for eligible repairs.

At the point of request, the Shared Owner must issue a copy of the receipt or invoice for the works, following Eastlight's approval of the works and costs. This will be paid via BACS to the Shared Owner's bank account. A decision of approval will be given **within seven working days** of receipt. Where approval is given, the reimbursement of costs will be paid within 14 working days.

All costs will be agreed at the discretion of Eastlight. Items must be **for repair purposes only** and not general improvements or decorating. Eastlight will not agree to the cost of any repairs to items not part of the home as standard. All structural items will still need to be raised through the new-build warranty, such as NHBC or LABC.

Where the £500 is not used, it will roll over onto the following year. However, there cannot be more than £1,000 repair credit at any one time. Should a home be sold within the first ten years, the remaining repairs period will automatically move to the new purchaser.

Repairs will be considered for the following:

## Gas, Oil, Water and Electricity:

- Storage tanks for water and oil
- Oil supply pipes from the storage tank
- Hot water cylinders and expansion vessels
- Water and heating controls
- Space heating system
- Consumer units
- Electrical wiring from the consumer units, sockets, switches and fittings
- Gas appliances
- Gas pipework from the meter location to any appliances
- Carbon monoxide detectors (for properties with gas only).

## Exterior:

- Boundary fencing
- Windows, including frames, glazing, sills, hinges, catches, fasteners, locks, pulleys and restrictors
- External doors, including frames, jambs, thresholds, architraves, linings, locking mechanisms and letter boxes
- Pathways, steps or other means of access to the front and rear of the home.

## Interior:

- Internal walls and partitions (excluding any malicious damage)
- Skirting boards

- Internal doors, including frames, jambs, thresholds, architraves, linings, door furniture
- Connections for appliances within the kitchen
- Sanitaryware, including basins, sinks, baths and WCs
- Showers
- Taps and washers
- Renewal of sealant around bath, hand wash basin, kitchen sink and showers
- Kitchen units, doors, drawers and worktops
- Stairs, including risers, treads, strings, handrail, balustrades and newel posts
- Floor coverings.

**Pest Control:**

- Eastlight will not cover the cost of any pest control fees or damage caused due to pests.

**Items that are the Shared Ownership customer's responsibility, as standard:**

- If your property is a house, the structure of the building (which may be covered by the building warranty if the home is less than 12 years old)
- Decoration of the inside of your home
- Filling small cracks in plaster and woodwork
- Adjusting doors to accommodate flooring
- Fitting draught excluders
- Installing, maintaining and repairing your own fittings and appliances
- Individual TV aerials, satellite dishes, phone and broadband connections
- Repairing or replacing light bulbs, fluorescent tubes, fuses and doorbells
- Renewing batteries in smoke detectors
- Clearing blocked sinks, toilets and pipes
- Replacing sink and bath plugs
- Repairing or replacing bathroom cabinets, towel rails, soap holders, toilet roll holders and mirrors
- Cleaning shower heads
- Fitting curtain and shower rails
- Replacing locks and keys, as a result of a lost key
- Fitting additional locks or catches
- Keeping airbricks and ventilators clear
- Re-lighting boilers and setting heating controls
- Bleeding radiators
- Oiling locks and hinges
- Clearing pest infestations
- Replacing rotary and over-bath driers
- Providing and replacing dustbins
- Repairing or replacing sheds
- Internal and external window cleaning, unless included within the service charge
- Maintaining patios and gardens, including the pruning of trees
- Home Contents Insurance to cover any damage to personal belongings, equipment, furnishings, and any other items that would not normally be covered under buildings insurance
- Appliances.

## APPENDIX 2: Shared Ownership Code of Practice

### Core Principles

- Ensure shared owners and prospective shared owners have clear information on what shared ownership is, what their responsibilities are and the responsibilities of providers to them
- Make it clear what the different categories of costs are for shared owners, how they may change over time, and have clear, accessible procedures to support shared owners in navigating them
- Ensure that shared owners buying new homes enjoy similar standards over sales, transparency and completion, as with other new homeowners
- Have clear and accessible policies on staircasing and selling, and signpost shared owners to comprehensive information and guidance to help them understand staircasing and selling processes
- Offer options to support households to better manage unplanned costs and, where suitable, steer them towards external guidance
- Have clear policies on how to address customer service requests and complaints, and seek to resolve them promptly.

You can read the Shared Ownership Code here:

<https://www.sharedownershipcouncil.org.uk/shared-ownership-code>

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