



**SHARED  
OWNERSHIP  
POLICY**

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# 1. Policy Statement

- 1.1** The Shared Ownership Policy is to ensure that Eastlight Community Homes (hereafter 'Eastlight') meets its legal, statutory and regulatory requirements under UK legislative and regulatory obligations.
- 1.2** The Policy sets out our approach covering both pre-2021 schemes and schemes subject to Homes England's new Shared Ownership (SO) Model Lease, which includes all schemes which are part of the Affordable Homes Programme 2021-26.
- 1.3** This Policy applies to employees, involved residents, consultants, Board Members, volunteers, representatives of Eastlight, contractors and third parties engaged to carry out duties and manage Eastlight data on our behalf and by our instructions.

# 2. Scope

- 2.1** This Policy covers all aspects for new-build Shared Ownership sales, leasehold management and marketing pre- and post-sale.
- 2.2** The information detailed within this Policy has been reviewed by the Leasehold Manager and the Repairs & Maintenance Operations Manager to ensure it is in line with relevant policies and procedures that exist in the organisation.

# 3. Statutory & Regulatory Requirements

- 3.1** This Policy complies with all legislation and in line with current procedures:
  - RSH Regulatory Framework;
  - Homes England Capital Funding Guide; and
  - Eastlight's Shared Ownership Procedure.

## 4. Pre-Sales & Marketing

- 4.1** Applicants must be registered on Homematch (Eastlight’s online application platform). Eastlight will review eligible applicants in line with the eligibility criteria detailed in Homes England’s Capital Funding Guide (Please refer to Appendix 1).
- 4.2** Existing owner occupier applicants can access SO homes, subject to meeting all the eligibility criteria applicable and satisfying Eastlight that other options have been exhausted. Eastlight will also accept written support from the relevant local authority confirming that an owner occupier needs a SO home. All owner occupiers will be required at the point of completion of the new SO home to have sold their current property.
- 4.3** Some homes in rural or designated protected areas may be restricted to purchasers where a local connection is required, and/or be subject to a cap on the maximum share purchase allowable. This is due to planning conditions on the scheme. Any schemes which include these restrictions will be detailed in the property advert. A waiver will be requested by Eastlight’s Sales Advisor to remove these restrictions, and a cascade will follow to remove the local connections criteria where required.
- 4.4** Eastlight will make the most effective use of the home. If we are not able to sell a SO home due to low demand, it can be converted to either affordable / social rent or be sold / rented on the open market. This would require approval from any relevant funder, such as Home England, and be subject to financial viability.
- 4.5** The Sales Progression Advisor and Sales Advisors are authorised to accept applications to purchase a SO home which satisfies the eligibility criteria and selling price. The Development Director is authorised to approve applications where the selling price is below valuation and in line with financial regulations.
- 4.6** If an application is received from a current Eastlight employee or a member of their family, the application must follow the relevant Governance approval (Please refer to Appendix 2).
- 4.7** On the initial purchase for schemes pre-dating the Affordable Homes Programme 2021-26 (AHP 21-26), the minimum share purchase will be at least 25% and the maximum share purchase will be 75%. All schemes which form part of the AHP 21-26 will have a minimum share purchase of 10% and the maximum share purchase of 75%. All purchasers must purchase the highest share affordable to them, in line with Homes England Capital Funding Guide parameters.

- 4.8** Eastlight will issue a Sales Information Pack to the purchaser, including the key information documents detailed in the Homes England Capital Funding Guide (Please refer to Eastlight's [SO Procedure](#) for further details). A full sales pack will also be issued by Eastlight's solicitors to the purchaser's solicitor.
- 4.9** Rent will be charged on the unsold share of the home. It will not exceed 3% of the value of that share and will usually be set at 2.75%. Annual increases will not exceed the provisions stated in the lease, which is 0.5% plus the Retail Price Index (RPI).
- 4.10** Where services are provided (communal cleaning, gardening etc.), these will be referenced in the lease and charges will be set in accordance with current legislation. All leases will include sinking fund provisions, which will be detailed on the key information sheet.
- 4.11** Eastlight will provide 'mortgagee in possession protection' to the shared owner(s), as it is usually a requirement for the registered provider (in this case Eastlight) when a mortgage is taken out by the buyer for the purchase of the home. All Executive Directors have the authority and discretion to agree a variation of the terms of the lease where a lender requests 'mortgagee in possession protection' but is not provided for in the terms of the lease; for example, on the re-sale of an existing home and if accompanied by an extension of the lease term. Any lease extension would be subject to independent external valuation.

## 5. Maintenance

- 5.1** For all homes pre-dating the Affordable Homes Programme 2021-26, Eastlight will meet its initial contractual and statutory repairing obligations. A 12-month defect period will be in place from handover. Once this period has expired, shared owners will have full repairs responsibilities and become liable for all maintenance costs for the home. The exception will be for blocks of flats where Eastlight will remain responsible for the repairs and maintenance to the structure and communal areas of the building. These costs will be rechargeable and will be reflected in any service charges and the actual financial statement.
- 5.2** Where a scheme falls under the Affordable Homes Programme 2021-26, Eastlight will have a ten-year repair obligation up to the value of £500 a year. Shared owners will provide a receipt for eligible repair works (Please refer to Appendix 3). These costs will be reimbursed, up to the value of £500.
- 5.3** The £500 value can rollover 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 into the next year.

## 6. Staircasing

- 6.1** A shared owner has the right to purchase further shares in the home at any time in accordance with the lease. This is known as ‘staircasing’. There are different staircasing arrangements dependent under which Homes England programme the SO home was delivered. For homes provided through the Affordable Homes Programme 2021-26 (and previous programmes), the minimum staircasing transaction is 10% of the home’s value. This includes SO homes that were completed after 1 April 2021.
- 6.2** For homes funded through the Affordable Homes Programme 2021-26, the minimum staircasing transaction is 5% of the home’s value. Shared owners also have the option of buying additional shares of 1% per year for the first 15 years. These provisions also apply to the re-sale of SO homes funded through the Affordable Homes Programme 2021-26. Please see [Eastlight's Staircasing Procedure](#) for further details.
- 6.3** In exceptional circumstances and at the discretion of Eastlight (as a result of mortgage difficulties and where other alternatives to repossession have been explored), shared owners may staircase down. This will be no less than 10% for homes delivered under the Affordable Homes Programme 2021-26, and no less than 25% for homes delivered under earlier programmes.
- 6.4** Other restrictions and planning obligations may be imposed as a result of a Section 106 Agreement (S106).

## 7. Leasehold Management

- 7.1** The SO home cannot be sub-let.
- 7.2** For rent issues, we will follow our normal Income Management Policy. If rent is in arrears by more than two months, Eastlight has the right to inform the shared owner’s 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 any action is taken.
- 7.3** On the death of a shared owner, their percentage interest in the home would pass to the beneficiary.

## 8. Resales

- 8.1** If a shared owner wishes to sell their share of their home, they must give Eastlight first refusal to find an applicant to purchase their share. The price of the share will be determined by an independent valuation undertaken by a Royal Institute of Chartered Surveyors (RICS)-qualified valuer.
- 8.2** If Eastlight is unable to find a suitable purchaser within the time frame detailed in the lease (this will be between four and eight weeks), the shared owner may sell their share of the property on the open market. Alternatively, the shared owner can sell it as freehold or the ground lease, if a flat. This process is managed by the Leasehold Department.

## 9. Right to Shared Ownership

- 9.1** Rented homes delivered under the Affordable Homes Programme 2021-26 are eligible for residents to purchase a share in the property, under the Right to Shared Ownership. Properties in designated protected areas and rural exemption sites will be exempt from the scheme.
- 9.2** All applicants must meet the criteria detailed in Homes England’s Capital Funding Guide. This process is managed by the Leasehold Department.

## 10. Equality Impact Assessment

- 10.1** An Equality Impact Assessment (EIA) assessment has been carried out.
- 10.2** Improvement areas have been identified, however processes are already in place to mitigate any negative impact on customers applying for shared ownership through this Policy.
- 10.3** Areas where there is impact due to local authority S106 agreements, Eastlight is unable to control. Therefore, it is not due to the Policy as set out.

## 11. Glossary

Open Market	The homes available for sale which customers can purchase and own, and often financed by a mortgage and/or with a lump sum
Owner Occupier	A person who owns the house or flat in which they live
Mortgagee in Possession Protection	A clause in the lease to ensure housing associations cover the loss incurred to the lender in the process of repossession
RPI	Retail Price Index is a measure of inflation which is the raise at which prices for services are rising
Section 106 Agreement	S106 is the legal agreement between the local authority and developers, linked to planning permissions and obligations.



# APPENDIX 1 – Eligibility Criteria

Eastlight will assess each application in accordance with the following eligibility policy principles:

- The applicant(s) will need to have an annual household income of less than the statutory limit (currently £80,000).
- They should be able to purchase a home suitable for their needs without additional financial assistance, except for a mortgage / loan.
- Owner occupiers can, in exceptional cases, have access to the scheme subject to the following conditions:
  - They meet the general eligibility criteria for the scheme;
  - Each application will be assessed on its individual merits by the Help to Buy Agent; and
  - Have written support from the relevant local authority that the applicant has a housing need.
- An applicant must not have any outstanding credit issues (For example, unsatisfied defaults or County Court Judgments).
- Priority will be given to serving British Armed Forces personnel, 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.
- Sales in rural SO schemes may be restricted under planning obligations to purchasers with a local connection. These are as follows:
  - Those that currently live or work within the area;
  - Previously lived in the area and can show they are financially unable to remain; and
  - Have parents or children currently living in the area.

## APPENDIX 2 – Internal Approval

### INTERNAL SHARED OWNERSHIP APPLICATION APPROVAL

Name of employee		
Site and plot number applied for		
Date marketing information went live		
Date and time application received		
Date checked and approved by Shared Ownership Sales Progressor and Shared Ownership Sales Advisor		
Date passed to Executive Management Team and who it was passed to (must be on the scheme of delegation)		
Further information Were they aware of the site prior to marketing? Have you followed the Shared Ownership Policy? Are there any incentives on the advert?		
I confirm all information is in line with the Shared Ownership Policy and procedure <input type="checkbox"/>		
Name and Signature of Shared Ownership Sales Advisor		Date:
Name and Signature of Executive Team Member for Approval		Date:

## APPENDIX 3 – Repairs Criteria

For the first 10 years, for all SO homes delivered under the AHP 21-26, 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 cost. 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 home 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 10 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 and their annual servicing;
- Gas pipework from the meter location to any appliances; and
- 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; and
- 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, wash hand basin, kitchen sink and showers;
- Kitchen units, doors, drawers, worktops;
- Stairs, including risers, treads, strings, handrail, balustrades and newel posts; and
- 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 owner's responsibility as standard:**

- 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; and
- Appliances.

**Eastlight Community Homes**

Eastlight House, Charter Way

Braintree

Essex

CM77 8FG

**0330 128 0330**

[www.eastlighthomes.co.uk](http://www.eastlighthomes.co.uk)

[customer.services@](mailto:customer.services@eastlighthomes.co.uk)

[eastlighthomes.co.uk](http://eastlighthomes.co.uk)

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