



**North East
Derbyshire**
District Council

(Shared Ownership Allocations Policy)

(February 2023)

Equalities Statement

North East Derbyshire District Council is committed to equalities as an employer and when delivering the services it provides to all sections of the community.

The Council believes that no person should be treated unfairly and is committed to eliminating all forms of discrimination, advancing equality and fostering good relations between all groups in society.

Access for All statement

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CONTROL SHEET FOR [policy title here]

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Contents

1. Introduction	5
2. Scope	5
3. Principles	6
4. Shared Ownership Schemes	7
5. Eligibility	8
6. Applications.....	9
7. Joint Applicants	9
8. Existing Home Owners.....	9
9. Affordability	10
10. Qualifying Applicants	10
11. Marketing a Property.....	11
12. Expressing an Interest.....	11
13. Determining Application Priority.....	11
14. Section 106 Sites and Local Connection.....	11
15. Armed Forces personnel.....	11
16. Occupancy Levels.....	12
17. Sales Progression and Completion	12
18. Repossessions.....	13
19. 'Staircasing' (Buying More Shares in the Property).....	13
20. Shared Ownership Resales.....	14
21. Selling costs	15
22. Responsibility for Implementation.....	15

1. Introduction

- 1.1 The Council and Rykneld Homes Limited worked in partnership to increase the supply of properties that are for Shared Ownership Leasehold tenure.
- 1.2 Shared Ownership means that potential home owners can buy a share in a designated Council owned property and pay rent on the remainder, with rent reducing when more shares are purchased.
- 1.3 The aim is to help those in housing need who aspire to own a property but whom otherwise would not be able to purchase a property on the open market.
- 1.4 Applicants are primarily expected to be first time buyers although shared ownership can sometimes be a suitable housing solution for people who are existing shared owners or who have previously owned a home, in some circumstances current owner occupiers may be considered to alleviate housing need.
- 1.5 This document sets out the criteria that will apply when Rykneld Homes Limited, acting on behalf of the Council, market and allocates the Council's homes which are available for Shared Ownership and any subsequent sales/lets thereafter.

2. Scope

- 2.1 The Council Plan 2023-2027 is committed to building and acquiring more affordable houses to rent, however included in the existing Council's housing stock are properties for Shared Ownership.
- 2.2 The Council is not currently seeking to build new properties for Shared Ownership unless this is the only option to ensure viability and progression of a housing development scheme.
- 2.3 The Policy will ensure that Shared Ownership properties are offered in a clear, fair and transparent manner.
- 2.4 To fulfil our legal and statutory obligations the policy also has due regard to current legislation and any subsequent amendments, for example;
 - Housing Act 1985
 - Housing Act 1996
 - Localism Act 2011
 - Homes and Communities Agency's Guidance
 - Homelessness (Suitability of Accommodation) (England) Order 2012
 - Children Act 1989
 - Welfare Reforms
 - Equalities Act

- Human Rights Act
- Property Misdescriptions Act 1993
- Estate Agents Act 1979
- Financial Services and Markets Act 2000
- Landlord and Tenant Act
- Commonhold and Leasehold Reform Act 2002
- Housing Act 2004
- Data Protection Act 1998 and GDPR

2.5 The Policy will also have due regard to Council and Rykneld Homes Limited policies and strategies, including the;

- The Council Plan
- Current Allocations Policy
- Tenancy Strategy
- Housing Strategy
- Anti-Social Behaviour Strategy
- Adaptations Policy
- All Rykneld Homes Policies as set out to the Board, including Risk Management, Value for money, ASB, Asset Management, Data protection and Privacy policies, 5 year estate delivery plans, equality and diversity, health and safety and tenant involvement

3. Principles

3.1 The policy will link to the Council Plan by creating;

A place to live that people value;

- Develop and continually improve the quality and range of housing, providing comfortable homes for residents that meet their needs.

We will work to achieve this through our assets:

- Explore housing development and regeneration opportunities.
- Asset rationalisation programmes.

And through delivery:

- Build, acquire and facilitate delivery of sustainable and affordable homes across the district.

And through improvement:

- Increase the number of sustainable and affordable homes across the district.

And through our partners:

- Enable housing growth across tenures to meet the housing need.
- Consult on planning applications for new developments.

4. Shared Ownership Schemes

4.1 Shared Ownership Affordable Housing Programme 2016 to 2021

4.2 For the Shared Ownership Affordable Housing Programme 2016 to 2021, the Shared Ownership criteria to buying this type of tenure through this scheme is as follows:

- minimum initial share which can be purchased is not less than 25% and not more than 75%
- staircasing 10% minimum share increments, up to 100% unless restrictions apply
- Shared Owner responsible for the repairs
- Nomination period minimum 8 weeks

4.3 Shared Ownership Affordable Housing Programme 2021 to 2026 (new model)

4.4 The new Shared Ownership model introduced for Homes England Affordable Housing Programme 2021 to 2026 made changes to the Shared Ownership Affordable Housing Programme 2016 to 2021. The new model also applies to new Shared Ownership homes funded from 1 April 2021 using receipts from the Voluntary Right to Buy programme. The criteria for this scheme is as follows;

- the minimum initial share that can be purchased is 10% (reducing from 25%)
- staircasing in 1% increments for the first 15 years; larger shares can still be purchased with the minimum of 5% (cannot staircase 2%, 3% or 4%)
- the introduction of a 10-year period during which the costs of any maintenance or repairs will be met by the landlord rather than the shared owner
- 100% staircasing unless restrictions apply
- the option for the shared owner to end the nomination period at the 4 week point if they wish to pursue a sale on the open market rather than the previous 8 week period

4.5 Non Grant Funded Schemes

For Shared Ownership properties developed outside the Affordable Housing programme on non grant funded schemes, for consistency, the council will use the Homes England relevant Shared Ownership criteria dependant on the year it was built as stated above. Although a local criteria may also be set, for example a local connection criteria.

4.6 Shared Ownership S106 agreements

4.7 All new shared ownership properties delivered via developer contributions through a Section 106 will be based on the new model from 2021, as well as homes delivered via the Affordable Homes Programme.

4.8 Right to Shared Ownership scheme

4.9 Residents in social and affordable housing are being given the chance to buy a share in their home for the first time, as applications can now be made to the government's Right to Shared Ownership scheme.

4.10 Tenants will be eligible if they have been in social housing for 3 years, their property was built under the government's Affordable Homes Programme 2021-26, and they have lived in it for a year. However certain homes are exempt from the Right to Shared Ownership, including local authority homes, listed are the exempt accommodation:

- homes where the landlord is a local authority
- specialist homes for older, disabled or vulnerable people
- homes built in remote rural areas
- almshouses
- homes where the landlord is a co-operative housing association or Community Land Trust.

5. Eligibility

5.1 Shared Ownership is eligible to applicants:

- that cannot afford to buy a property on the open market
- with an household income of less than £80,000 per year
- who are first time buyers, meaning that they do not already own a home
- who are currently shared owners
- who currently own their home but require a move to alleviate housing need for example, overcrowding
- who are aged 18 years and over
- with good credit ratings to secure a mortgage
- with savings or finance for the one-off costs relevant to the scheme
- with savings for the required deposit, for example: 5% of the share being purchased

5.2 Applicants who are subject to immigration control within the meaning of the Immigration Act 1971 and Asylum and subsequent Immigration Act 1996 and are not eligible under Regulation 3 of the Allocation of Housing and Homelessness (Eligibility) (England) Regulations 2006 cannot be considered for a Shared Ownership property. The Secretary of State may in the future prescribe other persons or classes of persons who are not qualifying.

5.3 Applicants who have caused Anti-Social Behaviour or have been deemed as having unacceptable behaviour, including housing related debt and criminal convictions at a current or previous property may not be accepted to qualify for a Shared Ownership property.

- 5.4 Applicants will be assessed on their own merit but will adhere to legislative guidance and local and national policies.

6. Applications

- 5.1 Applicants interested in a new build Shared Ownership property will be subject to a process by initially completing an application form to the preferred marketing and sales Managing Agent as appointed by Rykneld Homes Limited. The Council deems this as an appropriate method for the sale of shared ownership properties.
- 5.2 Applicants will be asked for their permission to enable an eligibility check and a full, detailed financial assessment to be carried out to ensure that the applicant is able to sustain the mortgage/rent and service charges and also to check whether any other financial factors need to be taken into account. All information disclosed will be in accordance with the Council's and Rykneld Homes Limited Data Protection and Privacy Policies.

7. Joint Applicants

- 7.1 An eligible applicant who wishes to buy a home with someone else can only proceed on the condition that all joint applicants become joint owners in equal shares. Both must qualify for the Shared Ownership eligibility criteria and the affordability assessment will be based on both applicants.
- 7.2 If one person in a household submits a sole application they would become the sole legal shared owner and only their eligibility and affordability would be assessed. However, the gross household income will need to be based on all household members and will be required to be within the £80,000 threshold.
- 7.3 In the event that a relationship breaks down between joint buyers, and an order is made by the court, the Council and Rykneld Homes Limited will have regard to any relevant binding court decisions which affect the property for example, tenancy agreement and mortgage.

8. Existing Home Owners

- 8.1 Applications may be considered from existing home owners (including shared owners) where the applicant would meet the affordability criteria having taken into account any proceeds from the sale of their current home.
- 8.2 At the time the application is made, the existing property must have been sold (subject to contract) and a memorandum of sale issued. At the point of completion on the Shared Ownership property they must have also completed the sale on their existing property.

9. Affordability

- 9.1 The appointed Managing Agent will adhere to the Council's policy by using the Homes England guidelines when assessing affordability for consistency.
- 9.2 Once an application has been received an affordability assessment will be conducted by the Managing Agent using the Homes England Affordability Calculator which will:
- demonstrate that applicants have sufficient income to sustain the cost of buying a share (percentage) of the property
 - assess the maximum share an applicant can purchase (whilst also taking into account any other factors that could impact on the level of mortgage that can be raised)
 - ensure only those that are assessed as having the ability to purchase the initial minimum share required will be considered suitable for shared ownership
- 9.3 In line with Homes England guidance the following criteria will apply;
- Applicants will be expected to use any capital assets they may have (capital assets could include savings, bonds, shares, land and any other financial investments) and put these towards any deposit (which is normally a minimum of 5% of the share being purchased).
 - Where a mortgage is required to support the purchase the applicant will be expected to provide evidence of a 'Shared Ownership Mortgage in Principal'
 - An applicant who is an existing Council tenant must not be in rent arrears or in breach of their current Tenancy Agreement at the time of the application.

10. Qualifying Applicants

- 10.1 Once the affordability assessment is complete the applicants will be pre-qualified to continue with the purchase of a Shared Ownership property, however unsuccessful applicants will be referred to Rykneld Homes Limited or the Council's Housing Options Team to seek more suitable housing.
- 10.2 Successful applicants may be signposted to the Managing Agents professional Independent Financial Advisors for mortgage and further financial advice.
- 10.3 Where it is considered that that applicants do not pass the affordability assessment this will be explained to the applicant.

11. Marketing a Property

- 11.1 The Shared Ownership Properties will be marketed through the appointed Managing Agent who will advertise, either through their website or other online property search portals.

12. Expressing an Interest

- 12.1 Applicants can express an interest in their choice of advertised property by contacting the appointed Managing Agent.
- 12.2 If the applicant meets the eligibility, affordability and any other advertised qualify criteria a viewing then can be arranged.

13. Determining Application Priority

- 13.1 If there are two or more qualifying applicants for the same property, for transparency a selection criteria shall be applied and priority will be given to;
- Armed Forces Personnel (see section 15).
 - Applicants with a local connection to North East Derbyshire District in line with the criteria set out in the Council's Housing Allocations Policy.

If a priority still cannot be determined;

- The Council's Housing Allocations Policy's priority banding scheme for assessed housing need will be used.

14. Section 106 Sites and Local Connection

- 14.1 On some development sites within the district scheme specific priorities may be required as a condition in a section 106 (S106) planning condition (Town and Country Planning Act 1990) which will be acknowledged and included in a Local Sales Plan.
- 14.2 Where a planning condition requires homes to be sold to households with a local connection the Local Sales Plan will be published for each scheme setting out the criteria to be used.
- 14.3 The priority for these types of schemes may differ to the priority listed in section 12.

15. Armed Forces personnel

15.1 In line with the Homes England guidance, priority is only given to serving members of the British Armed Forces where:

- they have completed their basic (phase 1) training and they are one of the following:
 - Regular service personnel (including Navy, Army and Air Force)
 - Clinical staff (with the exception of doctors and dentists)
 - Ministry of Defence Police Officers
 - Uniformed staff in the Defence Fire Service
- 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
- 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.

16. Occupancy Levels

16.1 No eligibility restrictions will apply in relation to household size and the number of bedrooms. However if future financial hardship is suffered welfare benefits may be sought to cover the rental costs only, which will be subject to current regulations and may include under occupation charges or Local Housing Allowance/rental element restrictions.

17. Sales Progression and Completion

17.1 The progress of the sale will be mindful of timescales set by Rykneld Homes Limited to exchange contracts and complete the sale, however this may differ between properties.

17.2 The Managing Agent will help buyers through the process and ensure they are professionally represented.

17.3 Only on completion of the sale, and once all completion monies are received by the Council will the keys be handed over to the buyer.

17.4 On Completion a Shared Ownership Lease [and a Tenancy Agreement] will need to be entered into. Guidance on upholding a Shared Ownership Lease will also be issued.

17.5 Rent charges will be increased/decreased in line with national and local policy.

18. Repossessions

- 18.1 The property will be at risk of repossession if both the mortgage and/or rent payments are not kept up to date.
- 18.2 For non payment of rent and if rent arrears continue to accrue the normal rent arrears procedures will be enforced by Rykneld Homes and referred to the Council's Housing Options Team for further advice

19. 'Staircasing' (Buying More Shares in the Property)

- 19.1 Buying more shares in a property is known as 'Staircasing'.
- 19.2 If financial circumstances allow additional shares may be bought, usually in stages which will be dependent on the Shared Ownership model. See section 4
- 19.3 Purchasing 100% shares in the property will mean the property is owned outright and no further rent payments will be required, however some schemes may have 'Staircasing' restrictions therefore 100% may not be purchased, for example, schemes in rural areas.
- 19.4 Older Persons Shared Ownership restrictions may also apply and may include other conditions attached to the schemes including, for example, shared owners must be 55 years or over; in these cases there must be no rent payable on the unsold share where the maximum share of usually 75% has been acquired, and the properties must be specifically marketed for older people.
- 19.5 Shared Owners wishing to purchase more shares will contact Rykneld Homes Limited in the first instance. A valuation by an independent valuer registered with the Royal Institution of Chartered Surveyors (RICS) will be contracted. This will determine the price of the shares.
- 19.6 For 1% staircasing transactions the valuation is calculated from the Land Registry's House Price Index. How this works is detailed within the Shared Ownership model lease and in the key information document where applicable.
- 19.7 For the Homes England Affordable Housing Programme, leaseholders have 3 months to complete the staircasing purchase from the date providers receive the valuation, however discretionary extensions can be applied to staircasing of 5% or more.
- 19.8 For non-grant funded Shared Ownership properties (outside the Affordable Housing Programme), the completion of the staircasing purchase will be governed by the lease of the individual properties.
- 19.9 The purchaser will pay the valuation fee, solicitor's fees, taxes and any other cost associated with buying more shares, including administration fees.

- 19.10 Reverse 'Staircasing' may be possible in some circumstances, for example in extreme financial hardship, however shares will only be bought back at the discretion of the council.

20. Shared Ownership Resales

- 19.1 Shared Ownership Properties can be re sold, in the first instance sellers must contact Rykneld Homes Limited to inform them of their intention to sell.
- 19.2 The Council part owns the Shared Ownership property therefore the Council will have first refusal to purchase the remaining shares. The council will not normally buy the property, only in exceptional circumstances which will also be dependent on funding.
- 19.3 The Council then has a 'nomination period', this means the Council has a period of time (4, 8 or 12 weeks, depending on the lease) to find a buyer. Nomination periods do not apply in some circumstances. This includes:
- if someone on the lease dies
 - if the court has asked for transfer of ownership
- 19.4 As the Council only owns minimal Shared Ownership properties which were not built as part of any grant funded scheme and does not currently have a Shared Ownership waiting list, the Council will waiver the nomination rights to find a buyer. This will enable the seller to use their preferred Estate Agent who will manage the sale.
- 19.5 A link to the Estate Agents property advertisement will be available on Rykneld Home Limited's Choice Move website to give the Council's social housing waiting list applicants the opportunity to apply for the Shared Ownership property.
- 19.6 Following this procedure will be beneficial to both the seller and the Council as a buyer may be found in a shorter timeframe.
- 19.7 Usually, the re sale will be purchasing the same percentage share as the previous owner and is based on a valuation completed by a surveyor who is registered with the Royal Institution of Chartered Surveyors (RICS).
- 19.8 The Shared Ownership statutory eligibility criteria and if applicable any stipulations in the S106 agreement will continue to be adhered to for any re sales.
- 19.9 The terms of the shared ownership lease and eligibility conditions cannot be breached to execute the wishes of a deceased persons will. Any property inheritance will comply with Shared ownership legislation, policy and procedure. In the first instance contact Rykneld Homes Limited to seek further advice and options available

21. Selling costs

- 21.1 The seller will be responsible for seeking legal advice when selling the property and paying all the legal fees.

22. Responsibility for Implementation

- 22.1 The implementation and delivery of this policy is the function of Rykneld Homes Limited on behalf of the Council.
- 22.2 The preferred marketing and sales agency will adhere to this policy and any applicants for shared ownership tenure.