

Summary

This policy applies to every allocation of a shared ownership home to a prospective customer.

We will ensure all prospective customers are aware of our policy approach when offering them a shared ownership home. We will ensure all prospective customers are aware of the process prior to expending any cost to themselves.

This is currently only available to a small portfolio of stock acquired by Portsmouth City Council in 2024.

Effective date

18th September 2024

Review

We will review this Policy every 3 years or when there has been an update to legislative, regulatory, best practice or operational changes.

Version

Version 1.0

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1 Scope

The Shared Ownership scheme supports people who are unable to purchase a property to meet their needs on the open market.

Any reference in this policy to, 'we', 'our' or 'us' refers to Portsmouth City Council, Local Authority Housing.

Any reference in this policy to 'tenant', 'customer' or 'resident' refers to Portsmouth City Council, Local Authority Housing shared owners.

2 Purpose

The policy sets out our approach to the shared ownership properties provided by us. It covers how we assess, support and process eligible tenants under the shared ownership scheme.

Shared ownership is an affordable housing product. It is designed to help those who wish to get on the property ladder but are unable to afford a home on the open market. The applicant purchases a percentage share of the equity based on value and pays rent on the remaining share, a service charge for any communal maintenance and services provided is also payable.

We will do this by:

- Providing eligible customers with appropriate support and advice, including asking you to seek independent legal and financial advice to ensure you fully understand the implications and responsibilities of purchasing a shared ownership home.
- We will ensure all prospective customers are aware of the process prior to offering them a shared ownership home and expending any cost to themselves.

3 Eligibility check

To qualify for shared ownership, customers must meet the criteria as set out in The Capital Funding Guide and undertake eligibility checks in line with current regulation, planning restriction and Homes England guidance.

To qualify for shared ownership an applicant must:

- Be over the age of 18 and resident of the UK
- Be unable to afford a suitable property on the open market that will meet their housing needs
- Have enough savings, or access to sufficient funds, to put towards the deposit and other purchasing expenses
- Meet the affordability criteria and the ongoing costs of home ownership
- Have a gross household income of less than £80,000 per year

- Have a debt-to-income ratio of less than 45%
- Be able to demonstrate no mortgage or rent arrears
- Comply and meet with our affordability procedure and eligibility criteria
- Be first time buyers, although some applicants who own or have previously owned a home may be eligible. This includes older people and people who have lost a home through relationship breakdown and current shared owners whose families need a larger home but cannot have their need met on the open market
- Have no other property within their ownership at the time of completing on their new shared ownership home

Staircasing eligibility

Shared owners will be entitled to purchase further shares (staircasing) in their home at any time during the terms of the lease. For more details you can contact your Leasehold Services Officer.

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.

Depending on the scheme, the minimum additional shares that can be purchased is 10%. This rises to outright (100%) ownership of your home, except where there are restrictions on the lease that require it to permanently remain as a shared ownership.

If after staircasing, you are not in 100% ownership, you will be required to carry out an affordability assessment prior to staircasing with us.

When the shared owner buys more shares, the rent will be recalculated accordingly.

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 accordingly.

4 Allocations

The demand for our shared ownership homes far exceeds the supply, it is therefore important that we are clear in how we allocate and offer our shared ownership homes to potential eligible customers. Priority will be given to serving British forces personnel and veterans in line with current guidelines

In line with regulative guidance, we have to be open in offering our shared ownership homes on a first come first served basis, this is based on:

- Whoever is first to pass their assessment and submit their documents
- operate on a property to applicant ratio, this is currently 2:1

This is done to ensure a number of potential customers are not left with disappointment and potential costs.

5 Our Flexible Tenure Offer

The housing market is uncertain and can be volatile at times. A shared ownership home will be subject to market conditions. Housing providers may be requested to help a shared owner in times of difficulty. In line with regulative guidance our flexible tenure principles for shared owners are:

- We will consider any requests from a shared owner to sublet their property and any permission given will be for a limited time only. Shared ownership leases do not allow for sub-letting other than in exceptional circumstances and may require the shared owner to seek consent from their mortgage lender.
- We will consider buying back shares from a shared owner who is experiencing financial difficulties, providing certain criteria are met. Cases will only be considered on an exceptional basis.
- We will consider granting extensions to shared ownership leases on a case-by-case basis, as shared owners do not have a statutory right to extend their lease.

Minimum levels will differ from one home to another because of the value of the home, the value of the share, the rent level, and the service charges. Your circumstances will also mean a minimum income requirement cannot be predicted.

It is our policy to treat a customer's affordability assessment on a case-by-case basis, but we will sometimes advertise a guide income requirement on a scheme or property, as appropriate

6 The Application process

Registering an interest in shared ownership

We will usually allow the existing shared owner to appoint an Estate Agent to advertise and coordinate the sale of their shared ownership property.

Please contact leasehold services to begin the process.

Applying for a shared ownership property

To check your eligibility and affordability for shared ownership, we ask that you complete a free assessment by contacting The Mortgage People. The assessment will guide you through gathering proofs around your eligibility, identity and affordability.

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

- Current passport or driving license (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.

Our aim is that by doing this validation up front, the process will proceed without delay or disappointment later.

Withdrawing an application

We accept there may be circumstances where an application will need to be withdrawn by either party. In this instance the following applies:

Applicant:

Where they wish to withdraw their application, this must be submitted to us in writing, it is expected that the reasons for the withdrawal are included. Any costs that have been incurred up to this time, will need to be paid.

Us:

We reserve the right to withdraw from the sale if the purchaser was no longer eligible for shared ownership.

Current Shared Owner:

You can pull out of the process. We will not charge you for this, however, please seek guidance from your solicitor and your mortgage provider as they may charge you for any services they have provided up to the date you withdraw your application.

7 Buying costs

You will need to pay a deposit (usually between 5% and 10% of the share you are buying) when you exchange contracts.

When you buy your home, you will need to pay:

- your solicitors fees
- your monthly mortgage payments
- monthly rent to us
- monthly service charges to us

You may also need to pay stamp duty.

Your solicitor will give you a list of buying costs. They will go through it with you and explain what you need to do.

Once you own the home, depending on your Lease terms, you will need to pay ongoing charges such as:

- a service charge
- an estate charge
- a management fee
- contribution into a repairs reserve fund

8 Leases

Extending your lease

If the remaining lease on your home is too short, it may become difficult to sell or remortgage your home. This can affect the value of your home.

You will need our permission to extend your lease. Check with us before you purchase what rules we have for shared owners who want to do this and how much you will have to pay. When the remaining lease drops below 80 years, it can be much more expensive to extend.

9 Paying rent and service charge

For a shared ownership home, you need to pay rent to your landlord for the share you do not own.

You may lose your home and the money you put into it if you do not pay your rent, service charge or you break the terms of your lease.

We review rent each year so your rent will increase. The landlord will review your rent at the rate and times set out in your lease. This is usually once a year in line with the Rent and Service Charge Setting policy and the lease.

10 Choose someone to do the legal work ('conveyancing')

You will need to find a legal professional to manage the process of transferring ownership from the property seller to you (called conveyancing).

You can use a solicitor or a licensed conveyancer. They will also explain the terms of the shared ownership lease to you and check the conditions of your mortgage offer, if you have one.

As the landlord, we are also required to approve the mortgage offer.

11 Buying more shares ('staircasing')

You can buy more shares in your home after you become the owner. This is known as 'staircasing'. When you buy more shares, you will pay less rent. The amount of rent you pay will be based on the landlord's share.

You can usually buy shares of 10% or more at any time. Some older leases only allow you to buy shares of 25% or more. Some newer leases will allow you to buy shares of 5% or more.

Initial shares start at 10% (dependent 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).

For information on improvements, please see section 21.

Valuation

For us to be able to advise you what it will cost to buy further shares (staircase), we require a valuation to be carried out on your property. We will obtain a valuation report from a RICS/FRICS registered surveyor. This must be paid for in advance by you. Please ask upon application. Please note that a valuation is only valid for three months and should it expire, you will be liable for further costs for an up-to-date valuation

12 Valuations and home improvements

If you have made home improvements which affect the value of your home, the valuation must show 2 amounts:

- the current market value - this is the home's value including any increase because of home improvements
- the unimproved value - this is the home's value ignoring any home improvements carried out

If you have our written permission to carry out the home improvements, the price of additional shares is based on the unimproved value.

If you did not get our written permission, the price of the additional shares is based on the current market value. This price is likely to be higher.

13 Maximum share you can own

For most shared ownership homes, the maximum share you can own is 100%. There are some exceptions.

In some places, called 'designated protected areas', you may only be able to buy a share of up to 80%. Check with the Leasehold Services Officer.

If you buy an Older Persons Shared Ownership (OPSO) home the maximum share you can own is normally 75%.

14 Legal fees

If you need legal advice when you buy a share, you must pay your own legal fees. If you borrow money to pay for additional shares, you will need a legal adviser.

15 Selling your home

You can sell your shared ownership home at any time.

If you own 100% of your home, you can usually sell it on the open market. For example, through an estate agent.

If you do not own 100% of your home, you must tell us when you want to sell your home. This gives the landlord the opportunity to find a buyer for your share.

You cannot sell your home on the open market if it has a 'designated protected area - mandatory buyback' lease. In this situation, the landlord will either buy the home or arrange for someone else to buy it.

16 What happens when you tell the landlord you want to sell

When you give the landlord notice that you want to sell your home, the landlord has a 'nomination period'. This means the landlord has a period of time (4, 8 or 12 weeks, depending on the lease) to find a buyer.

The landlord may offer to buy back your share, but only in exceptional circumstances and if they have the funds.

If the landlord does not find a buyer within the nomination period, you can sell your share yourself on the open market.

If the landlord finds a buyer during the nomination period, the sale price will be no more than the current market value of your share. It will be based on a valuation by a surveyor who is registered with the Royal Institution of Chartered Surveyors (RICS).

The landlord's nomination period does not apply in some circumstances. This includes:

- If you or someone else on the lease dies

- If the court has asked you to transfer your ownership

Contact your legal adviser if you are not sure.

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

17 Selling costs

The landlord may charge you a fee when you sell your home. You can find out this cost from your landlord or check the key information document or lease for your home.

You are responsible for seeking legal advice when you sell your home. You will need to pay your legal fees.

18 Rent out all or part of your home (subletting)

You can normally rent out (sublet) a room in the home, but you must live there at the same time, and you may need to obtain permission from your mortgage provider.

You cannot sublet your entire home unless either:

- You own a 100% share
- You have your landlord's permission

Your landlord will usually only give permission in exceptional circumstances, for example if you are a member of the armed forces and are serving away from the area where you live for a fixed period.

19 Arrears

Shared ownership rent and service charge arrears will be addressed in line with the relevant shared ownership arrears procedure and terms of your lease. Your home is at risk if you do not pay your rent or service charge when due.

20 Rents and Service Charges

You will usually need to pay a monthly service charge when you buy a shared ownership home. This covers the cost of cleaning and maintaining communal areas, such as communal gardens or the external windows of a block of flats.

You can ask us for a summary showing how the charge is worked out and what it is spent on. You may need to pay into a reserve fund (also called a 'sinking fund'). The fund covers a contribution to major works, like replacing the roof.

Reserve funds usually apply to flats, but some house developments have them. Even if there is a Reserve Fund, you may be asked for an additional payment to cover the cost of major works, when these are completed.

The reserve fund is part of the equity of your share, and you will not usually be able to get back any money you pay into them. For example, when you sell your share etc. The Reserve Fund provides peace of mind for new owners that if major works are needed, they will not have to cover the full costs themselves.

Reserve Funds have to be kept in trust accounts, earn interest and can only be used following full consultation with you as a Shared Owner.

21 Repairs and Maintenance and charges

Under the terms of your lease, you will be responsible for the repairs and maintenance of your home internally, irrespective of the share you own, and we will be responsible for the external maintenance and repairs to the structure and communal parts, which you will be charged a percentage of via the Service Charge, this is also stated in your lease.

If you have a Gas boiler or other gas appliances in your home, you will need to have them serviced every year by an engineer on the Gas Safe Register.

You can paint, decorate, and refurbish a shared ownership home, for example replace a kitchen or bathroom but you will need our consent to do this.

You need written permission from your landlord to make structural changes. Check with your landlord what you need permission for.

Depending on the lease, we may repair and maintain the communal areas in the property and retain overall responsibility of the building, however it may be the responsibility of the superior landlord, this information would be available from the Leasehold Services Officer.

External and Structural repairs

The building warranty will usually cover the cost of structural repairs in the first 10 or 12 years for new-build homes.

For flats, the building owner (usually the landlord) will arrange external and structural repairs needed. The cost will be divided between you and the other flats in the building if the reserve fund does not cover the cost. Check with your legal adviser to confirm what is in your lease.

If you buy a home through a shared ownership resale, any remaining period on the lease will transfer to you.

Improvements

If you have carried out improvements and have received our prior written permission (as per the terms of your lease) these can be considered as part of staircasing. If you did not get permission for improvements, you may be charged a retrospective permission fee. Please contact us if you have home improvements you wish to have considered. Please note it is the added value that the improvements bring to your property and not the actual cost of the works that is taken into account.

We are not responsible for general works or for carrying out any refurbishment works inside the home such as replacing kitchens and bathrooms. We also are not responsible for undertaking any health and safety requirements within the home, for example, boiler servicing or electrical testing.

22 Responsibilities

The shared ownership lease will detail the responsibilities of us as a landlord, for the purpose of this document, this can be summarised as follows:

- Management of the Leasehold, including rent, service charges and reserve fund collection
- Staircasing and re-sales
- Maintenance and repairs of communal areas and elements of the building where we have responsibility

23 Support

Shared owners should be encouraged to contact their Leasehold Services Officer or housing office if they are having difficulty meeting their rent and service charge liabilities. We also have a team of money advisors who would be able to support.

You can also get advice on Shared ownership from:

- Portsmouth City Council's, Shared Ownership Team on 023 9284 1421 or 023 9284 1256 or Leaseholder@portsmouthcc.gov.uk
- [Buying a home | MoneyHelper](#)
- <https://www.lease-advice.org/>
- [Citizens Advice](#)
- Sharedownership@homesengland.gov.uk
Telephone: 0300 1234 500
Monday to Friday, 9am to 5pm
Closed Saturday, Sunday and bank holidays
[Find out about call charges](#)

24 Your voice

We provide tenants a wide range of meaningful opportunities to influence and scrutinise the Landlord Strategies, policies and services.

If you would like to be included in future resident engagement focus groups and would like to know how to get involved, please contact us for more information:

You can contact our team by:

- Email: housing.engagement@portsmouthcc.gov.uk
- Phone: 02392 834835
- Website: <https://www.portsmouth.gov.uk/.../resident-engagement/>

25 What have we done to make sure this Policy is fair?

We completed an Integrated Impact Assessment (IIA) to consider the positive and negative impacts this Policy may have on people with protected characteristics under the [Equality Act 2010](#). This Policy should have direct and positive equality and diversity impacts.

26 Regulation and legislation

We recognise the variety of legislation, and we will continue to monitor relevant legal guidance. The list below reflects some of the existing legal framework and relevant publications:

- 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 Enfranchise) (Designated Protected Areas) England Order 2009
- Housing Act 1985
- Equality Act 2021
- Human Rights Act 1998
- Localism Act 2011
- 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
- Law of property (miscellaneous provisions) act 1994

27 Related documents

This policy should be read in conjunction with:

- Local Authority Housing Landlord Policies, Strategies and Reports - [Housing policies, strategies and privacy notices - Portsmouth City Council](#)
- Lease Agreement
- [Shared ownership homes: buying, improving and selling: How shared ownership works - GOV.UK \(www.gov.uk\)](#)
- [how landlords must manage these funds on the Leasehold Advisory Service website](#)

28 How to feedback

If you have any questions around the policy or would like to know more about its application, please contact the relevant service in the first instance.

You can get this policy in large print, Braille, audio or in another language by contacting your Leasehold Services Officer.

Compliments:

To help us provide the best service we can. We would like to hear customer views on the services that they use. If the customer is pleased with a member of staff or service, please let us know.

- Telephone: 02392 606383
- Email address: HNBLandlordComplaints@portsmouthcc.gov.uk

Complaints:

If a customer is unhappy, they can refer to our LAH (Local Authority Housing) Landlord Complaints Policy.

- Online complaint form at [Make a housing complaint - Portsmouth City Council](#)
- Telephone: 02392 606383
- Email address: HNBLandlordComplaints@portsmouthcc.gov.uk
- [Landlord-Complaints-Policy-accessible.pdf \(portsmouth.gov.uk\)](#)

Housing Ombudsman Service

If a customer is unhappy, they can contact the Housing Ombudsman Service for advice and guidance at any time.

- Online complaint form at www.housing-ombudsman.org.uk
- Telephone 0300 111 3000
- [Housing Ombudsman's Complaint Handling Code](#)

Tribunal

[First-tier Tribunal \(Property Chamber\) - GOV.UK \(www.gov.uk\)](https://www.gov.uk)

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