

Shared Ownership Strategy

September 2021

1. Introduction and scope

- 1.1 This strategy sets out the way in which applications for shared ownership properties in Spelthorne will be prioritised. It applies to new schemes delivered through developer contributions, new schemes delivered using Homes England grant funding, and resales where the Council has been asked to comment on the needs of a prospective purchaser.
- 1.2 Help to Buy Shared Ownership is one of the routes available under the Government's affordable homeowner schemes.
- 1.3 Shared ownership is sometimes known as 'part-rent / part-buy' and is aimed at people who cannot afford outright home ownership. Shared ownership is usually provided by a Registered Provider of Social Housing, also known as a Housing Association.
- 1.4 Purchasers can initially purchase from around 25%, up to a maximum of 75% of the full purchase price. Some schemes have a minimum share requirement. A discounted rent is payable on the remaining share. Each year, additional shares of 10% or more can be purchased – this is called 'staircasing'. On most schemes, a shared owner can staircase to 100%, at which point the property is in private ownership, and is no longer available as an affordable housing product for future households.
- 1.5 Whilst a shared owner, the Registered Provider offers a long lease of the property. Should the shared owner default on rent or service charge payments during the life of the lease, then they risk losing their home.
- 1.6 The Government introduced a new model of shared ownership in 2021. The new model will be implemented on all new build shared ownership homes delivered through the Affordable Homes Programme from April 2021, running for five years up to 2026. All shared ownership homes secured through s106 developer contributions – and receiving planning permission from April 2021 – will be based on the new model. In the new model:
- Minimum initial share purchase is reduced from 25% to 10% enabling reduced deposit levels;
 - There is a 10-year repairs allowance period¹ – in this period, shared owners will be able to claim costs up to £500 a year from their landlord to help with essential repairs²;
 - Shared owners will have the option to buy a 1% share each year for the first 15 years to help increase their share with small instalments, and with heavily reduced fees;
 - Shared owners will be able to take control of the resale process quicker if their landlord is unable to find a buyer. The current model gives the registered provider an 8-week period in which they have exclusive rights to market the property before the shared owner can market their property privately or on the open market. The new model will give shared owners the option to reduce this 8-week period to 4-weeks;
 - From May 2021, Homes England published a new leases model increasing the leases on new build homes from 99 to 990 years, this also applies to shared ownership housing;

¹ The 10-year repair cover will only apply to new build homes for the first decade of the property's life or until the shared ownership reaches 100% ownership – whichever comes first. If the home is resold through the shared ownership scheme within this 10-year period, the remaining years will be transferred over to the new shared owner.

² Shared Owners will also have the flexibility to roll over a maximum of one years' worth of unused repairs expenditure into the following year.

2. Objectives

The objectives of this policy are to:

- a) Complement the national Help to Buy Shared Ownership Scheme;
- b) Ensure that applicants with a local connection to Spelthorne are given appropriate priority for schemes;
- c) Ensure that shared ownership homes are sold to those in housing need, and for whom shared ownership is an appropriate solution to that need;
- d) Complement the Spelthorne Borough Council Housing Allocations Policy, whilst complying with relevant guidance.
- e) Complement Spelthorne Borough Council's Housing Strategy 2020-2025 to enable the delivery of more affordable homes in the Borough;
- f) Provide registered providers with a marketing framework that clearly outlines the Council's expectations of targeting local people living or working in Spelthorne for the first 3 months of marketing;
- g) Enable data monitoring of shared ownership sales to inform the Council's future policy reviews.

3. Shared ownership eligibility

3.1 Shared ownership is aimed at meeting the housing needs of those residents who can afford to purchase a share of their home and pay rent on the remaining unsold share. Generally, these households will not qualify to join the Council's Housing Register, potentially because their income and savings breach the relevant threshold³.

3.2 Applicants can buy a home through shared ownership in Spelthorne if their household earns £80,000 a year or less and any of the following apply:

1. They are a first-time buyer.
2. They used to own a home but cannot afford to buy one now.
3. They own a home and want to move but cannot afford to buy one now.
4. They are forming a new household – for example, after a relationship breakdown.
5. They are an existing shared owner and want to move.

4. How applicants apply

4.1 To buy a home through a shared ownership scheme, applicants need to contact the Help to Buy Agent in the area where they want to live. For Spelthorne, this is <https://helptobuyagent3.org.uk/>.

4.2 Applications to Help to Buy are initially assessed according to the following criteria:

- a) Purchaser must be at least 18 years old.
- b) Purchasers' annual household income should be less than £80,000 per annum.
- c) Purchaser should be unable to purchase a home on the open market that is suitable for their needs without assistance.
- d) Purchaser cannot be a current homeowner in the UK or abroad (or be named on the deeds of another property).
- e) Purchaser must not have any outstanding credit issues (i.e. unsatisfied defaults or county court judgments) and must demonstrate they can afford and sustain the purchase.

³ To qualify for Spelthorne Borough Council's housing register, applicants or a member of their household must not own, or part own a property, either in the UK or abroad. Applicants' joint household gross income must not be greater than £50,000 a year and an applicants' total household savings must not be greater than £30,000.

- 4.3 Once an application is accepted by Help to Buy, the applicant will be able to be considered for shared ownership opportunities. In every sale, the Registered Provider is required to carry out their own assessment of individual applicants to ensure that they meet all eligibility criteria and that the shared ownership product is affordable for the applicant.
- 4.4 Once all eligibility and affordability criteria have been met, generally a Registered Provider will ask Spelthorne Borough Council to verify applicants. Additionally, usually with new-build schemes, the Council is asked to prioritise applicants.

5. Marketing shared ownership properties

- 5.1 Where shared ownership schemes are put forward, Spelthorne Borough Council will work in partnership with registered providers to promote and market shared ownership properties for people who live and work in the borough of Spelthorne.
- 5.2 It is the responsibility of the registered provider to demonstrate that the residents and workers from Spelthorne are prioritised for shared ownership schemes.
- 5.3 The registered provider must agree a local marketing plan with Spelthorne Borough Council's Housing Strategy and Policy team which should be submitted no later than three months prior to the marketing of the scheme.
- 5.4 Within the submission of the local marketing plan, the registered provider should agree timescales with the Council in instances where sales are not achieved to the priority groups set out within the priority framework of this policy (see 6.3). Timescales should be agreed to enable the registered provider to cascade the sale of the remaining homes to those who may not reside or work in the borough of Spelthorne.
- 5.5 A marketing guide for registered providers is outlined in Appendix 1 of this document.

6. Allocating shared ownership properties (priority framework)

- 6.1 The Council is able to set its own priority framework for shared ownership schemes in the local area. From time to time, the Government may release regulations which require that priority is given to a certain group of applicants. Currently this only includes:
- a) Serving members of the Armed Forces
 - b) Former members of the Armed Forces, where they have been honourably discharged within the last two years.
 - c) Surviving partners of regular Armed Forces personnel who have died in service, and who have applied within two years of the bereavement.
- 6.2 Where allowed, local connection criteria will apply to all schemes. The local connection criteria for shared ownership in Spelthorne will match the local connection criteria in the Housing Allocations Policy.

6.3 Where the number of applicants meeting the selection criteria exceeds the number of homes available, priority will be given in accordance to the following framework:

Priority	Criteria
Band A (high priority)	<ol style="list-style-type: none"> 1. Applicants who fit the Armed Forces priority scheme. 2. Social housing tenants living in Spelthorne who wish to move from their social rented home, and where the Council will be able to nominate to the resultant vacancy.
Band B (medium priority)	<p>The applicant meets the Local Connection criteria as set out in the Housing Allocations Policy, and falls into at least one of the following categories (in order of priority):</p> <ol style="list-style-type: none"> 1. Applicant is homeless or threatened with homelessness and has engaged with the Housing Options team. 2. Applicant needs to move for identified medical reasons, and evidence has been presented. 3. Applicant requires one or more additional bedrooms for their household, according to the "Assessing overcrowding" section of the Housing Allocations Policy. 4. Applicant is living with friends or family, or in lodgings sharing facilities. 5. Key workers as defined in Spelthorne Borough Council's key worker policy. 6. Applicant is adequately housed in private rented accommodation.
Band C (low priority)	<ol style="list-style-type: none"> 1. Existing shared owners who meet the current local connection criteria, but who have no housing need. 2. Households who do not meet the local connection criteria, but who have an identified housing need or are a key worker as defined in Spelthorne Borough Council's key worker policy. 3. Households who do not meet the local connection criteria, and who have no identified housing need.

6.4 Where more than one applicant for one property falls into the same priority group, the deciding factor will be the date that they first applied to the Help to Buy register.

6.5 The Council's decision on priority will be final. There is no review process, although applicants who are not satisfied with the way in which their application has been prioritised will be able to raise a complaint under the Council's complaints process.

7. Monitoring and review

7.1 This strategy will be implemented upon approval from the Community Wellbeing and Housing Committee.

7.2 This policy will be monitored by the Housing Strategy and Policy team and will be updated as necessary to ensure that it reflects current legislation and the latest guidance.

Appendix 1 – Marketing of Shared Ownership: A Guide for Registered Providers

1. Introduction

- 1.1 Spelthorne Borough Council wishes for shared ownership schemes to be promoted and marketed to a broad range of residents with a view of maximising opportunities for those who live or work in the borough of Spelthorne.
- 1.2 Whilst this may be beneficial to those who can access this type of affordable home ownership, the Council recognises that not all households can afford this type of housing. Where this is the case, the Council expects registered providers to actively use marketing to raise awareness and aspirations amongst those who reside and work in the borough of Spelthorne.
- 1.3 The overall aim of this guide is to provide a marketing framework for registered providers to ensure that shared ownership is promoted through a range of accessible marketing channels with the objective of informing and engaging local residents within the borough of Spelthorne. This guide is intended to help prioritise sales to eligible prospective buyers who either live or work in Spelthorne through collaborative working between the Council and the registered provider.
- 1.4 Marketing should be inclusive with direct target marketing of social housing tenants, BAME households, and households affected by mobility/disability issues or other vulnerabilities. This guide will also enable Spelthorne Borough Council to monitor the take-up of shared ownership by local residents which will inform future service provision.

2. Initial Pre-Meeting

- 2.1 Registered providers are expected to meet with Spelthorne Borough Council's Housing Strategy and Policy Team at least 3 months prior to marketing commencing.
- 2.2 At this initial meeting, registered providers are expected to provide contact details of the sales executive team, details of unit and phasing schedule, branding details, a demonstration of how the scheme meets Spelthorne's affordable homes priority, and a local marketing plan.
- 2.3 In return, the Council will provide guidance on the use of Spelthorne Borough Council's logo/endorsement and clarification on the role of the Council in relation to supporting the marketing process for shared ownership schemes. The Council will also outline expectations in relation to the marketing plan schedule and reporting outcomes relating to overall take up (including monitoring equalities and diversity). The timescale for the development and submission of marketing plans is negotiable and will be determined at the initial pre-meeting.

3. Marketing Periods

- 3.1 Marketing activities may commence up to six months prior to practical completion date or earlier, however, marketing should include a period of up to three months after practical completion.
- 3.2 Registered providers should initially (for the first three months) only target marketing locally and offer homes to people who are existing social housing tenants in Spelthorne or households who have a local connection⁴ to Spelthorne. Thereafter, registered providers must engage discussion with the Council on cascading remaining sales to households who may not have a local connection to the borough of Spelthorne.

⁴ Local connection as defined in Spelthorne Borough Council's Housing Allocations Policy

3.3 In all cases, the Council strongly supports the completion of a show home prior to the commencement of marketing to provide an insight of space management for prospective buyers.

4. Role of the Council

4.1 Spelthorne Borough Council expects registered providers to take primary responsibility for the marketing of all shared ownership schemes in the borough of Spelthorne.

4.2 Registered providers are expected to identify applicants primarily through the Help to Buy Agent 3 website. This agent is appointed by the Government to help provide Help to Buy schemes across the South of England. Their role is to help applicants understand the schemes, assess their eligibility and affordability, and guide applicants through the Help to Buy home buying process.

4.3 In instances where first contact is made to Spelthorne Borough Council, the Housing Strategy and Policy Team will direct potential applicants to the Help to Buy website and registered providers.

4.4 The Council will ensure that it promotes shared ownership in Spelthorne by assisting in the following ways:

- Promotion of shared ownership via the Council's website.
- Promotion of specific shared ownership development schemes in Spelthorne through the Spelthorne Bulletin which is distributed to residents three times a year.
- Promotion of shared ownership and other affordable home ownership options through the Housing Register application form which will invite households to register an interest in shared ownership through the Help to Buy website.
- Promotion through the Council's existing networks and platforms to organisations who may be able to refer or signpost applicants. i.e. through existing partnership forums, through the Spelthorne Business Forum and internally using the Council's staff intranet.

5. Role of the Registered Provider

5.1 The Council wishes to prioritise the sale of new affordable shared ownership homes to households with a local connection to Spelthorne. Registered providers should therefore restrict marketing to eligible households in accordance with this guide for the first three months of any marketing period.

5.2 Registered providers are expected to ensure that the marketing of shared ownership incorporates an element of primary marketing directly to those who have a local connection to Spelthorne. As Spelthorne Borough Council is a non-stock holding authority, the Council also recommends that registered providers collaboratively work with the main stock holding registered providers who operate in the borough to direct marketing to existing social housing tenants where the Council will receive nomination rights to the property. This should include A2Dominion Housing Group, Metropolitan Thames Valley Housing, London and Quadrant, and Paragon Housing who form the majority of social rented stock in the borough.

5.3 Secondary marketing can be conducted through local organisation and networking events i.e. partnership forums, local businesses, money advice services, voluntary, community and faith based organisations covering the borough of Spelthorne. Registered providers are expected to attend or sponsor events and fairs even if not directly relevant to shared ownership marketing because it will facilitate networking with partners to gain additional secondary marketing channels (i.e. to their clients) which will raise awareness of shared ownership.

6. Framework

6.1 Marketing should be based on the following framework:

- Awareness raising (features and benefits, debunking myths, accessibility);
- General target marketing;
- Direct target marketing;
- Breakdown of proposed marketing channels;
- Process for the marketing of re-sales.

6.2 The Council is keen to ensure that Spelthorne borough residents have sufficient information about shared ownership schemes in order to make informed decision. Registered providers should aim to ensure that marketing information contains a property overview with specifications, location and eligibility details included. All properties marketed should clearly state a disclaimer which stipulates that the property description acts as a guide only. Registered providers are expected to have due regard to the Consumer Protection from Unfair Trading Regulations 2008.

6.3 Registered providers are asked to include the following information when marketing shared ownership schemes:

- Basic marketing information – Postal address, property type, number of bedrooms, floor level, new build or resale, internal and external photos, date property is available from, status e.g. under construction/under offer, viewing arrangements, eligibility criteria, full market price (including share price and monthly rent), service charge, length of tenancy available and whether the scheme is a mixed tenure.
- Additional marketing information (if available) – floor plans, design specifications, parking facility details, energy source information including energy performance certificate, garden access (sole use or communal), outside storage access, local authority area, council tax band, map of local area including amenities, minimum deposit/rent in advance required, recommended income level, years on lease, and FAQ's.

6.4 The Council is keen to ensure that registered providers actively engage with groups who are under-represented as homeowners such as existing social housing tenants, households affected by disabilities and other vulnerabilities, Black, Asian and Minority Ethnic (BAME) households and other minority groups. Registered providers should take reasonable steps to promote and raise awareness of the features and benefits of shared ownership amongst these groups by collaboratively working with local community-based organisations. Where required, the Council will assist with providing an updated list of community and local organisations with a view for the registered provider to direct target marketing.

6.5 Direct target marketing of these groups may include advertising in specialist or culturally specific press, publications, and radio stations. Direct marketing of existing social tenants will be most effective through liaison with Spelthorne's main stock holding registered providers as outlined above (5.2 Appendix 1). Registered providers should also give due thought and consideration to marketing imagery to ensure it is inclusive, for example imagery should depict households from various ethnic and cultural backgrounds, wheelchair users and non-ambulant households.

6.6 Spelthorne Borough Council are committed to collaboratively working with registered providers to ensure the effective promotion of shared ownership homes to wheelchair users and households affected by mobility issues. Registered providers are asked to consider marketing these types of unit at the earliest opportunity before practical completion with an awareness campaign arranged for at least the first six months of marketing activities. The campaign should highlight access and adaptation features to generate interest in the development. Registered providers should aim to

make contact with specialist organisations in the borough of Spelthorne who may have wheelchair users as part of their client base, for example, the Surrey Disabled Peoples Partnership. If, after six months of marketing, there is no uptake of wheelchair adapted properties, then registered providers can sell these units to general needs. Any subsequent resale can have parallel marketing to both wheelchair and non-wheelchair users, with priority given to wheelchair users or those with limited mobility.

6.7 Registered providers should adopt a blended approach to marketing to ensure effectiveness and targeting to a broad range of residents. Examples of marketing channels include:

- Print (minimising environmental impact) – Newsletters, flyers, posters, local magazines and newspapers (e.g. Spelthorne Bulletin, Shepperton Matters, Sunbury Matters, Heathrow Villager, and Ashford and St Peters Hospital ‘Smiles’ magazine).
- Digital – Help to Buy website, Rightmove/Zoopla, registered providers website, Council’s housing register website, email (mailshots), podcasts and blogs.
- Social Media – Facebook, Twitter, Instagram, and LinkedIn.
- Interactive – Open days, road shows, special events, television, local radio, YouTube, stakeholder events, co-hosted events or sponsorship of local events.

6.8 Where registered providers have been unable to successfully market and sell shared ownership homes to households with a local connection to the borough of Spelthorne, the registered provider must engage discussion with the Council on cascading the remaining units. Under such circumstances, applications from qualifying households who do not have a local connection to the borough of Spelthorne may be sought. This will be permissible where a registered provider has unsuccessfully marketed for a period of no less than three months to those with a local connection to Spelthorne. Registered providers are asked to provide information on the property details of unsold units e.g. address, bedroom size, floor level, if wheelchair accessible, and any challenging features/selling points. The Council will also require information on the percentage of homes available, sold and under offer at the time of cascading and details of marketing activities to date demonstrating that the units in question have been marketed for at least three months after completion. This data will help to inform the Council’s future planning in relation to marketing of shared ownership homes in the borough of Spelthorne. Assuming all information is provided, the Council will respond within two weeks of the meeting.

6.9 Outcomes of shared ownership sales should be monitored by the registered provider and shared with Spelthorne Borough Council on a regular basis. Registered providers are expected to provide monthly updates in relation to the uptake of shared ownership including successful and unsuccessful shared ownership enquires. Once all sales have been made, a more detailed data return should be completed by the registered provider detailing both the outcome of sales as well as information relating to equality and diversity. Returns should be forward to the Housing Strategy and Policy Team by email to HousingStrategy@spelthorne.gov.uk. The Council aims to use this data to inform future policy improvements and will be able to determine success rates between different groups e.g. genders, people of different ethnic origins etc.

7. Resales

- 7.1 Prior to the marketing of any resales, the Registered Provider has the right to buy a shared ownership property first, also known as 'first refusal'. The registered provider also has the right to find a new buyer for the home unless the home is owned 100% by the tenant. Where the registered provider does not wish to buy the property, they should contact Spelthorne Borough Council to offer next refusal as in line with Spelthorne Borough Council's 'Acquisition of Registered Providers Street Properties Policy'.
- 7.2 Spelthorne Borough Council recognise that many leaseholders have a nomination period built into their lease where registered providers can market the property to potential buyers from their waiting list before advertising on the open market. Therefore, the Council has a flexible approach to re-sales but expects registered providers to ensure reasonable marketing to households with a local connection to the borough of Spelthorne. Reasonable steps must be taken including those mentioned in this guide, for example, advertising through local marketing channels and advertising on the Help to Buy website.