



Shared Ownership Management Policy

SER-POL-42

Version 1.0

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Approved by: Parent Board

1. Policy Statement

- 1.1 This policy outlines the approach to managing properties developed or made available through the Help to Buy Shared Ownership scheme.
- 1.2 Gecko will be the brand used for managing all low-cost home ownership products, although Southway Housing Trust will be the legal owner.
- 1.3 For the purposes of this policy Southway Housing Trust and Gecko are synonymous in their reference.

2. Policy Aims

- 2.1 This policy is intended to ensure that shared owners receive a service which:
 - Meets all relevant regulatory requirements, under the Landlord and Tenant Act 1985, the Commonhold and Leasehold Reform Act 2002, the Leasehold Reform and Urban Development Act 1993 and Homes England Capital Funding Guide;
 - Operates fairly and transparently;
 - Achieves value for money;
 - Meets all relevant Health & Safety Regulations;
 - Deals with complaints promptly and in a fair manner; and
 - Is open and transparent with its customers.
- 2.2 Staff will be sufficiently trained to ensure they are able to respond to customer enquiries in relation to the full range of Home Ownership services detailed within this policy.

3. Rent Charges

- 3.1 Gecko will set the initial rent in line with Homes England requirements.
- 3.2 There will be an annual review of shared ownership rent. The revised rent will be calculated in line with the shared ownership lease.
- 3.3 Shared owners will be given at least one month's notice in writing of the revised rent and Gecko will provide details of payment methods available.

- 3.4 When a shared owner increases their share in the ownership of the property (staircases), the rent will decrease. Gecko will re-calculate the rent and apply the new rent from the date of completion of the staircase transaction.
- 3.5 Once a shared owner staircases to 100% ownership, no rent will be payable and Gecko will remove the rent element from its schedule of charges. For Older Persons Shared Ownership (OPSO) no rent will be payable once the owner has staircased to 75%. Service charges will continue to be payable, as will ground rent where applicable.

4. Service Charges

- 4.1 Service charges will apply when there are communal areas that need to be maintained by Gecko. Gecko will operate variable service charges and, as far as possible, will ensure that the service charge does not fluctuate unduly from year to year.
- 4.2 Service charges will be calculated using Gecko's knowledge of the development, schedule of rates from the in-house repairs team and comparable information from similar properties that we manage.
- 4.3 Service charges will offer value for money and be fair and reasonable.
- 4.4 Customers who pay service charges will receive accurate information about the calculation of the charges that are levied.
- 4.5 At the end of each financial year, Gecko will prepare a statement of accounts and, if required, have these audited by an independent company.
- 4.6 Where there is a deficit on the service charge accounts, Gecko will expect customers to make payment on receipt of the demand. However, in some circumstances, a repayment plan may be agreed.

5. Sinking Fund

- 5.1 Gecko will, where the lease allows and in line with good practice, collect a sinking or reserve fund. Sinking funds will be collected to pay for major repairs to the building which may occur either only once during the lifetime of the building, or at intervals of more than one year, for example, a lift or roof replacement or the redecorating of the communal areas.
- 5.2 Gecko will review the sinking fund contribution every five years following its stock condition surveys.

6. Section 20 Consultation

- 6.1 Gecko will act within the requirements set out in Section 20 of the Landlord and Tenants Act 1985 at all times and will carry out consultation in accordance with the legislation.
- 6.2 Gecko retains the right to apply to the First Tier (Property) Tribunal to dispense with consultation if the work required is of an urgent nature and a consultation process would take too much time.
- 6.3 Gecko will keep shared owners informed about the works and advise them about when the work will take place and how long it is anticipated to last. If practical, Gecko will hold a meeting with residents to discuss the work in detail and to address residents' concerns.
- 6.4 Gecko will carry out a full Health and Safety Risk Assessment before the work commences. Residents will be advised of any matters that could affect them, including being unable to access certain parts of the building during the work.
- 6.5 Gecko will charge a management fee for carrying out Section 20 consultations calculated as a percentage of the overall cost of the works. This fee will be subject to regular benchmarking.

7. Administration Fees

- 7.1 Administration charges will be applied where they are provided for in the lease.
- 7.2 Gecko will also charge administration fees for other services provided to shared owners that are not specified in the lease; for example re-mortgaging applications.
- 7.3 Shared owners will be advised of the level of administration fees in advance of any work being carried out and a list of administration fees will be made available on the Gecko website.

8. Ground Rent

- 8.1 Gecko will not generally charge a ground rent where they are the Landlord but will consider this on a scheme by scheme basis. Where there is a ground rent collected by a superior landlord, we will seek to recover these costs from shared owners.

9. Arrears

- 9.1 It is a condition of a lease or tenancy agreement to pay the rent and in the case of shared owners, to maintain mortgage payments. Failure to pay the rent, service charges or mortgage payments or any other breaches of the lease agreement could lead to loss of the customer's home.
- 9.2 Gecko will follow its own Rent and Service Charge policies and its arrears escalation procedures for homeowners and will consult the Shared Ownership: Joint Guidance for England issued by Homes England and advice from the Council of Mortgage Lenders.
- 9.3 Gecko is committed to helping people remain in their homes and will only seek possession proceedings as a last resort and when reasonable debt management actions have been exhausted.
- 9.4 Gecko will seek legal advice before considering possession proceedings on a property. The responsible member of the Executive Group must provide consent to possession or forfeiture proceedings being instigated.

10. Breach of Lease

- 10.1 Where Gecko becomes aware that a shared owner is acting in breach of the terms of their lease then appropriate action will be taken. Breaches may include, but are not limited to:
- Failure to pay rent, service charges, or the mortgage
 - Improper use
 - Not maintaining, or causing damage to the property or premises
 - Carrying out alterations or adaptations to the property without consent
 - Subletting the property without consent

11. Anti-Social Behaviour

- 11.1 Gecko will investigate complaints of anti-social behaviour and will use the policy and escalation procedures of the wider Southway group to do this.
- 11.2 Anti-social behaviour occurs when someone acts in a way that is capable of causing nuisance or annoyance to anyone including:
- Intimidation of neighbours and others through threats or actual violence
 - Harassment, including racial harassment

- Verbal abuse
- Homophobic behaviour
- Abusive behaviour aimed at causing distress or fear to certain people, for example, elderly or disabled people
- Noise
- Dumping rubbish
- Animal nuisance, including dog fouling
- Vandalism, property damage and graffiti

12. Health and Safety

- 12.1 Gecko is responsible for the health and safety of its customers in shared ownership apartments where it has responsibility for communal spaces and equipment. This includes gas safety, fire risk assessments, legionella testing and electrical checks.
- 12.2 Regular inspections of the communal areas will be carried out and any recommendations for health and safety improvements or urgent remedial work will be addressed. Where permitted by the lease, associated costs will be recovered through the service charge.
- 12.3 For fire safety reasons, shared owners are prohibited from replacing the external doors of their flats, where these lead on to an internal communal area without permission. This is to ensure that fire safety and building regulations are complied with.

13. Gas Servicing

- 13.1 Gecko will require shared owners of flats and houses to make sure that all gas appliances and associated flues in their properties are serviced by a Gas Safe registered or equivalent approved engineer not less than once in every 12-month period.
- 13.2 Gecko will ensure that the shared ownership lease contains a clause to this effect and will expect the shared owner to provide evidence on request.
- 13.3 Gecko may offer gas servicing to its shared owners at an additional cost.

14. Repairs and Maintenance

- 14.1 Shared owners are responsible for any repairs inside their individual properties and are obliged under the terms of the lease to repair, maintain

and keep in good condition that part of the property that has been sold to them under the lease.

- 14.2 Gecko may inspect a property if they have cause for concern or if they do not believe that the property is safe or well maintained. Notice of the intention to carry out such an inspection and a date when the inspection will take place will be provided. Legal action may be taken where appropriate, if the shared owner refuses access and the cost of this may be recovered from the shared owner.
- 14.3 Should the property fall into disrepair, such that it reduces the value of the property when sold, then Gecko will recover the costs of repairing the building from the shared owner.
- 14.4 Gecko will ensure that its own repair and maintenance obligations are carried out in a timely fashion.

15. Management of Communal Areas

- 15.1 Where Gecko is responsible for the management of the communal areas of a property, these will be managed in line with the lease. Gecko will regularly inspect the communal areas to ensure they are safe and well maintained.
- 15.2 Gecko will not allow the storage of leaseholders' personal items in these areas and will advise individual leaseholders that they must remove items found on site. Refusal to do so may result in enforcement action for breach of the lease and removal and disposal of the property.
- 15.3 Gecko will vigorously pursue leaseholders for the costs of disposing of, or storage of the property and for any associated legal fees.

16. Alterations, Additions and Adaptations to the Property

- 16.1 All shared owners are required to seek Gecko permission before carrying out any alterations or adaptations affecting:
- Any fixtures and fittings in the property
 - The exterior of the property
 - The structure of the building
 - The removal of internal walls
 - The building of extensions or conservatories
 - Doors to leasehold flats
 - Disabled Adaptations

- 16.2 Gecko reserves the right to refuse any alterations that it believes could be detrimental to Gecko's unsold share of equity in the property. However, requests will not be unreasonably withheld. If consent is not granted, Gecko will give its reasons in writing.
- 16.3 The Shared Owner will be required to provide full details of the work to be carried out, use qualified contractors and allow Gecko to inspect the work pre and post completion.

17. Insurance

- 17.1 Gecko will insure the buildings to their full reinstatement value and provide shared owners, annually on renewal, details of the sums insured, perils covered and premiums, via the Gecko website.
- 17.2 Shared owners have the right to further information regarding their insurance in line with Section 30a, Landlord and Tenant Act 1985.
- 17.3 Shared owners must inform Gecko of any changes in circumstances that may affect their insurance
- 17.4 It will be the responsibility of the shared owner to complete and submit claim forms to the insurer where it is the owner's responsibility to repair.
- 17.5 In the case of any damage to the block or structure, where Gecko is liable under the lease, then it will complete and submit claims to the insurer. Shared owners will be expected to provide any information or evidence that they have in support of the claim.
- 17.6 Shared owners are responsible for arranging their own contents insurance.

18. Staircasing

- 18.1 Gecko will facilitate and process applications for buying further shares in a shared ownership property in line with the Shared Ownership Sales Policy and Shared Ownership Lease.

19. Downward Staircasing (Flexible Tenure)

- 19.1 19.1 Whilst Gecko is under no obligation to offer downward staircasing, it will consider applications as a last resort when a shared owner is in severe financial difficulties in line with the Shared Ownership Sales Policy. The

shared owner must have exhausted all other avenues such as selling the property and must have received independent debt advice.

20. Resales

- 20.1 Where a shared owner wishes to sell their interest in the property Gecko will ensure that the transaction is processed in line with current Homes England requirements as specified in the Shared Ownership Sales Policy
- 20.2 Gecko will provide the shared owner with clear guidance on the process, what they are required to do and what they can expect from Gecko.

21. Valuations Policy

- 21.1 Gecko will require accurate valuations of their properties to obtain the best prices for their assets. Gecko will always follow the valuation requirements of Homes England and use a Member of the Royal Institute of Chartered Surveyors (RICS) qualified surveyor.
- 21.2 Valuations will be required for the following transactions:
 - Staircasing
 - Resales
 - Downward staircasing
 - Consents for further advances
 - Re-mortgaging
 - Lease extensions

22. Remortgaging

- 22.1 Shared owners are required to seek consent from Gecko before re-mortgaging or taking out further advances secured against the property. Consent will never be unreasonably withheld and if refused, reasons will be given in writing.
- 22.2 Gecko will apply fair and proportionate administration fees for the processing of all consents, these fees will be made available on the Gecko website
- 22.3 Gecko will only allow re-mortgages where the amount to be borrowed is equal to the amount outstanding on any previous mortgage. Gecko will only consent to re-mortgages, which are no longer than 30 years in length and

where the interest rate is 7% or lower. Gecko will only consent to repayment mortgages and will not consent to interest only mortgages.

23. Further Borrowing

- 23.1 Gecko will only consent to further borrowing where the loan is to be used for major repairs or improvements to the property and will require evidence of the work. Gecko will never postpone their charge in favour of other lenders.
- 23.2 In most cases, Gecko will not consent to loans that would take the shared owners total borrowings against the property to more than 80% of the value of their share in the equity. In exceptional circumstances, where the money is required for major repairs, Gecko may allow up to 85% of loan to value.
- 23.3 Gecko will require the shared owner to provide full details of any further borrowing including any quotes. Gecko reserves the right to inspect any home improvements where they have consented to further borrowing.

24. Lease Extensions

- 24.1 Extending a Shared Ownership lease is not a legal right. However, Gecko will have its own policy on lease extensions and will consider each case on an individual basis.

25. Collective Enfranchisement

- 25.1 The Leasehold Reform Housing and Urban Development Act 1993 gives qualifying leaseholders of flats a right to buy the freehold of the block if the flats are contained in premises that satisfy certain conditions.
- 25.2 Where a notice is received from shared owners wanting to exercise their right to collective enfranchisement, Gecko will follow the legislation as set out in the above Act.

26. Right to Manage

- 26.1 The Commonhold and Leasehold Reform Act 2002 gives leaseholders of flats the right to take over the management of their property from the Landlord by setting up a Right to Manage (RTM) Company, subject to qualifying criteria being met.

- 26.2 Where a notice is received from shared owners wanting to exercise their right to collective enfranchisement, Gecko will follow the legislation as set out in the above Act
- 26.3 Gecko's legal and associated costs will be payable by the leaseholders.
- 26.4 Gecko will continue to provide buildings insurance if requested to do so by the RTM Company and will re-charge the costs to the RTM Company. If the RTM company wishes to insure the property themselves, Gecko will require documentary evidence that insurance is in place and that the premium has been paid by the RTM.

27. Subletting

- 27.1 Shared owners are prohibited from subletting their property under the terms of their shared ownership lease.
- 27.2 Gecko may in exceptional circumstances, consider an application for subletting for a period of up to 12 months, for example for a temporary move for work or to care for a family member.
- 27.3 Gecko will also consider requests from serving members of the armed forces whose duties require them to serve at a distance from the property.
- 27.4 The person to whom the property is sublet must themselves meet the criteria for shared ownership.

28. Pets

- 28.1 Gecko will not generally allow shared owners of flats to keep pets. However, in exceptional circumstances Gecko may grant permission, for example due to a medical or health condition.

29. Fraud and Information Sharing

- 29.1 Gecko is committed to the prevention and detection of fraud and will use and share information with colleagues from other registered housing providers, the Department for Work and Pensions and other departments that may help us to identify potential fraud.
- 29.2 Information sharing will be carried out in accordance with Gecko's prevailing Data Protection and Information Sharing policy.

- 29.3 Gecko will aim to detect fraud in accordance with the measures outlined in our Tenancy Fraud Policy.
- 29.4 Gecko will take legal action against anyone found to be perpetuating homeownership fraud.

30. Related Policies

- Anti-Social Behaviour Policy
- Tenancy Fraud Policy
- Health and Safety Policy
- Data Protection Policy

POLICY REVIEW HISTORY	
<i>To be completed during each review</i>	
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