



# Shared Ownership Buy Back Policy

<b>Policy Title:</b>	Shared Ownership Buy Back Policy
<b>Risk Priority:</b>	Medium
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<b>Date of Approval:</b>	7 <sup>th</sup> February 2017
<b>Date for Next Scheduled Review:</b>	Feb 2020
<b>Review Body:</b>	Board
<b>Equality Impact Assessment Complete:</b>	No
<b>Policy Published on Web:</b>	No
<b>Scottish Social Housing Charter Standard</b>	N/A
<b>Scottish Housing Regulator Standard:</b>	3
<b>Scottish Housing Regulator Guidance:</b>	3.1

## **SHARED OWNERSHIP BUY BACK POLICY**

Ardenglen Housing Association can provide this procedure on request, in large print, in Braille, on tape or in other non-written format, and in a variety of languages.

### **1. INTRODUCTION**

This policy confirms Ardenglen Housing Association's (AHA) approach in relation to Shared Ownership buy back transactions.

### **2. SCHEME OVERVIEW**

At January 2017, AHA owns 10 shared ownership properties. The addresses and tranche ownership (25, 50 or 75%) are detailed in Appendix 1.

This buy back policy has been devised in conjunction with Scottish Government Guidance Note HIGN 2009/07 issued in May 2009. This is attached as Appendix 2.

### **3. POLICY REQUIREMENTS**

HIGN 2009/07 is an amendment to Section 3.12 of the operational procedures for Shared Ownership as outlined SHGN 2000/15.

HIGN 2009/07 confirms that if an RSL wishes to buy back a shared ownership property, the following options are available depending on whether a property is to be purchased with vacant possession or with a sitting tenant:-

- A RSL can purchase a shared ownership property with vacant possession and make it available for rent, so long as
  - (i) the Local Housing Strategy demonstrates to the satisfaction of the current grant provider, a clear shortage of rented housing relative to the need for shared ownership, and
  - (ii) no additional grant is required; or
- A RSL can purchase a shared ownership property with and offer the tenancy to the former sharing owner, so long as
  - (i) The RSL confirms that it has a policy which sets out how it will assess and prioritise such cases, and
  - (ii) no additional grant is required

These procedural changes have been agreed with the Scottish Housing Regulator.

#### **4. BUY BACK WITH VACANT POSSESSION**

HIGN 2009/07 allows buy back with vacant possession, provided the Local Housing Strategy demonstrates to the satisfaction of the current grant provider, a clear shortage of rented housing relative to the need for shared ownership.

In 2011 the Association submitted an application to Glasgow City Council requesting authority to buy back a shared ownership property at 86 Tormusk Drive.

At this time, the Association provided background evidence and information regarding the lack of local demand for shared ownership. This included providing marketing periods, values and information on sales in Castlemilk. The Association also provided extensive information on the increasing local demand for rented accommodation relative to no evidence of the need for shared ownership.

This was accepted by Glasgow City Council who is the Association's current grant provider.

The requirement of HIGN 2009/07 (i) is therefore being met and the Association is satisfied that the option to buy back with vacant possession is available.

#### **4. BUY BACK WITH SETTING TENANT AND OFFER A TENANCY**

The Association has developed an appropriate policy and the requirement of HIGN 2009/07 (i) is therefore being met and the Association is satisfied that the option to buy back and offer a tenancy is available.

#### **5. SHARED OWNERSHIP BUY BACK IS DISCRETIONARY**

Each application will be considered on its merits and there is no guarantee that the Association will proceed with a purchase.

Factors which will be considered will include but are not exclusive of:-

- Availability of funds
- Property value
- Property condition
- House type and location

Final decisions will be made by the Board.

## **6. BUY BACK PROCEDURES**

- 1) A District Valuer's Report and Valuation will be requested. This will form the basis of the Association's purchase price, based on the Shared Ownership tranche (25, 50 or 75%). No other form of valuation will be accepted as a basis for an offer to purchase.
- 2) The valuation must represent value for money in that the estimated additional rental income resulting from the purchase must cover the capital outlay within a 25 year period as well as covering estimated future maintenance costs. This can be ascertained through the Association's Finance Model.
- 3) Any offer to purchase will include heritable property only. Sharing owner's fixtures, fittings and contents will not be included in the purchase. For example carpets, curtains, light fittings.
- 4) Each party to bear the cost of their own legal fees. District Valuer's fee to be shared equally by both parties.
- 5) The property should meet the Association's lettable standard prior to purchase or an agreed deduction in the value.
- 6) Any monies outstanding to the Association e.g. rent or factor's accounts will be deducted from the purchase price at settlement.
- 7) The Sharing Owner must demonstrate that any loan in respect of the percentage share owned has been fully repaid and discharge of security obtained and provided to the Association.

## **5. DISPUTES**

Disputes will be dealt with through the Association's Complaints procedures.

## **6. TRAINING**

The Association is committed to training and developing staff and committee members to their full potential in order to deliver a high quality of service in all areas of its business.

The employee induction programme includes an overview of this policy, including responsibilities for the promotion and delivery of openness and confidentiality as relevant to their job descriptions. Committee members and staff will receive updates on these issues and specific training as required.

**7. EQUALITIES AND DIVERSITY**

This policy will be implemented in line with our Equality and Diversity Policy and is subject to an Equality Impact Assessment to assess the likely or actual effects of the policy to our customers in respect of their disability, age, gender, race, religion/belief, sexual orientation or gender identity to ensure equal and fair access for all.

**8. MONITORING AND REPORTING**

The Association will use appeals, complaints, comments or suggestions from users of this policy to monitor its effectiveness. These will also be used to prompt a review of the policy where necessary.

**9. REVIEW**

This Policy will be approved by the Board. It will be reviewed every three years unless amendment is prompted by a change in legislation, or monitoring and reporting reveals that a change in Policy is required sooner.

**10. DISTRIBUTION**

This policy will be made available to every employee and committee member and will be made freely available to any tenant or interested party.

**11. LEGAL FRAMEWORK**

- SIGN 2009/07

**12. RELATED POLICIES**

- None

**--- END OF POLICY ---**

## SHARED OWNERSHIP BUY BACK POLICY: APPENDIX 1

### List of Shared Ownership Properties at January 2017

<b>Address</b>	<b>Type</b>	<b>Size</b>	<b>SO Tranche %</b>
56 Tormusk Drive	Terraced House		50%
76 Tormusk Drive	Terraced House		75%
78 Tormusk Drive	Terraced House		50%
80 Tormusk Drive	Terraced House		50%
84 Ardenraig Road	Cottage Flat		50%
84a Ardenraig Road	Cottage Flat		50%
3 Ardenraig Drive	Cottage Flat		50%
6 Ardenraig Drive	Mid Terrace		50%
7 Ardenraig Drive	End Terrace		50%
178b Ardenraig Road	Mid Terrace		50%

**SHARED OWNERSHIP BUY BACK POLICY: APPENDIX 2**

**HIGN 2009/07**

<http://scotland.gov.uk/Topics/Built-Environment/Housing/investment/guidancenotes/olderguidance/2009guidancenotes/hign200907>