



## **Clydebank Housing Association Ltd.**

### Shared Ownership Buy Back Policy

Management Committee submission:	31 March 2010
Approved:	31 March 2010
Review date:	March 2013

This policy can be made available on request in a variety of different formats, such as on tape, in large print and translated into other languages.

# **CLYDEBANK HOUSING ASSOCIATION LIMITED**

## **SHARED OWNERSHIP BUY BACK POLICY**

The Association currently owns over 60 shared ownership units, with sharing owners holding, in the main, 25% ownership.

This Policy has been devised in conjunction with Scottish Government Housing Investment Guidance Note (HIGN 2009/07) issued in May 2009 and has been agreed with the Scottish Housing Regulator. The guidance note details a change to section 3.12 of the current operational procedures for shared ownership set out in SHGN 2000/15. HIGN 2009/07 is attached to this policy document for information.

The guidance now allows the Association, not only to buy back a shared ownership property for the purpose of re-sale on a shared ownership basis but also has the following options depending upon whether a property is to be purchased with vacant possession or with a sitting tenant: -

The Association will consider buy back in the following circumstances: -

- 1) Buy back with vacant possession to make available for rent so long as 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 no additional grant is required for the purchase. In other words, there must be no evidence of a need for shared ownership properties in the Clydebank area. The Association, however, can demonstrate a continued need for shared ownership properties through its current waiting list and therefore it is unlikely that this option would be available. The Association will not, therefore, buy back a shared ownership property with the sole purpose of re-selling on a shared ownership basis, however, it will offer marketing assistance to sharing owners at a flat fee of £50.
- 2) Buy back with a sitting tenant – purchase of a shared ownership property and offer the tenancy to the former sharing owner so long as the Association confirms that it has a policy, which sets out how it will assess and prioritise such cases, and no additional grant is required.

In consideration of sharing owners who face financial hardship as a result of a change in their personal circumstances, the Association will consider a buy back request on the following terms: -

1. If the property has not yet been valued, then only the District Valuer's Valuation will be considered. However, if the sharing owner has recently instructed and paid for a detailed Home Report, this will be accepted.


2. The valuation must be reasonable in that the estimated additional rental income resulting from the purchase must cover the capital outlay within a 25-year period as well as estimated future maintenance costs. Where the property is situated in an external factored development, these costs should also be considered.
3. Any offer to purchase will include heritable property only. Sharing owners' fixtures and contents will not be included in the purchase. i.e. Carpets, curtains, shared owners improvements, etc.
4. Each party to bear the cost of their own legal and valuation fees (valuation fee to be paid with application).
5. The property must be brought up to our lettable/housing quality standard prior to purchase, the cost to be borne by the sharing owner.
6. Any monies outstanding to the Association e.g. rent, repairs costs, factor's accounts, will be deducted from the purchase price at settlement.
7. The sharing owner must demonstrate that the loan (if applicable) in respect of the percentage share owned has been fully repaid and discharge of security obtained for delivery to the Association.
8. Housing Management and landlord responsibilities/implications must be considered in each and every case.
9. The Association will only consider requests where financial hardship can be demonstrated by the sharing owner, e.g. in receipt of housing benefit.
10. The sharing owner will be required to sign a standard Scottish Secure Tenancy Agreement prior to completion of the transaction.

Only when all these factors are considered and agreed upon, will a decision be taken as to whether to purchase or not. Final decisions to be made by the Management Committee.

This is the normal policy of the Association, however, each application will be considered on its merits and it is not a guarantee that the Association will proceed with a purchase.

### **Equal Opportunities**

Our commitment to equal opportunities and fairness will apply irrespective of factors such as gender or marital status, race, colour, disability, age, sexual orientation, language or social origin or other personal attributes.

<b>HOUSING INVESTMENT GUIDANCE NOTE</b>	
<b>To:</b> All Registered Social Landlords	
<b>Subject:</b> Shared Ownership Procedures Guide: Amendment re buy back and re-sales	<b>Ref No:</b> HIGHN 2009/07
<b>Issued by:</b> Housing Investment Division	<b>Page:</b> 1 of 2
	<b>Issued:</b> May 2009

This guidance note tells you about a change to the operational procedures for shared ownership. It is an amendment to section 3.12 of the Shared Ownership Procedures Guide set out in SHGN 2000/15. **This change will take effect immediately.**

You will find a copy of this guidance note on the Scottish Government website at:

<http://www.scotland.gov.uk/Topics/Built-Environment/Housing/Investment/guidancenotes>

This Guidance Note has been copied to Glasgow and Edinburgh City Councils, COSLA and SFHA.

## **Introduction**

SHGN 2000/15 sets out the operational procedures for administering shared ownership projects. With regard to buy back and re-sales, section 3.12 of the operational procedures currently states that if a sharing owner wishes to move from their home then the registered social landlord can buy back the property (if it wishes). The registered social landlord can however only buy back the property for the purpose of re-sale on a shared ownership basis.

## **Change to Shared Ownership Procedures Guide**

This guidance note amends section 3.12 of the Shared Ownership Procedures Guide. With immediate effect, if a registered social landlord wishes to buy back a shared ownership property, the following options are available depending upon whether a property is to be purchased with vacant possession or with a sitting tenant:

- A registered social landlord 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 registered social landlord can if it wishes, purchase a shared ownership property and offer the tenancy to the former sharing owner, so long as:
  - (i) the registered social landlord confirms that it has a policy which sets out how it will assess and prioritise such cases, and
  - (ii) no additional grant is required.

This procedural change has been agreed with Scottish Housing Regulator colleagues.

**If you have any questions about any of the above please contact your local Scottish Government Regional Office or, in the case of Edinburgh and Glasgow, the City Councils.**