

# **CLYDEBANK HOUSING ASSOCIATION LIMITED**

## **SHARED OWNERSHIP BUY BACK POLICY**

The Association currently owns 65 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. The Association will only consider purchasing at District Valuer's valuation.
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.
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.