Shared Ownership Management Policy

SER-POL-42

Version 2.2

Date approved: 14th January 2026

Approved by: Executive

1. Policy Statement

1.1 This policy outlines the approach to managing properties developed or made available through Help to Buy Shared Ownership.

1.2 Southway Housing Trust is the legal owner of the shared ownership properties and the services provider however homes will be marketed using the Gecko brand.

2. Policy Aims

2.1 This policy is in place to ensure that shared owners receive a service that:

- Meets all relevant regulatory requirements including those under the Landlord and Tenant Act 1985, the Commonhold and Leasehold Reform Act 2002, the Leasehold Reform and Urban Development Act 1993 and the Homes England Capital Funding Guide.
- Operates fairly and transparently.
- Achieves value for money and provides good customer service.
- Meets all relevant Health & Safety Regulations including the management of apartments purpose built for shared ownership.
- Ensure properties remain as Affordable Homeownership Products until 100% staircasing is achieved.

2.2 The Policy applies to all shared ownership homes completed through the 2016-2021 and the 2021-2026 Affordable Homes Programmes.

2.3 Officers will be sufficiently trained to ensure they are able to respond to customer enquiries in relation Home Ownership services detailed within this policy. Procedures and guidance documents will be produced as appropriate to assist officers and customers.

3. Rent and Service Charges

3.1 The initial rent will be set in line with the requirements of Homes England.

3.2 The rent will be reviewed annually and calculated in line with the terms of the shared ownership lease. Shared owners will be given at least one month's notice in writing of the revised rent.

3.3 When a shared owner staircases and increases their share in the ownership of the property the rent will be decreased in line with the percentage acquired and the revised rent will apply from the date of staircasing transaction.

3.4 Once a shared owner staircases to 100% ownership, no rent will be payable. On Older Persons Shared Ownership (OPSO) no rent will be payable once the owner owns 75% of the property.

3.5 Service charges will be raised in relation to maintenance of communal areas and any personal use items provided by the Trust. These will be administered in accordance with section 3 of the Rent Setting and Service Charge Policy (Social and Affordable Properties).

3.6 Ground rent will be payable where applicable.

4. Sinking Fund

4.1 Where the lease allows and in line with good practice, Southway will collect a sinking or reserve fund to pay for future major repairs to the building for example, a lift or roof replacement or the redecorating of the communal areas.

4.2 The sinking fund contribution will be reviewed every five years and informed by the Trusts stock condition surveys.

4.3 In accordance with the 2021–26 Affordable Housing Programme Shared Ownership Model Lease, Southway may collect sinking fund contributions for elements that may require future repair or renewal, including those that fall under structural or internal components. However, during the Initial Repair Period, the Landlord (Southway) remains solely responsible for all structural and internal repairs covered by the Right to Repair provisions, and no expenditure will be drawn from the sinking fund for these items during this period.

4.4 Sinking fund contributions may be collected for all eligible elements throughout the Initial Repair Period, but will only be utilised for structural or internal repairs once the Initial Repair Period has ended, where such expenditure is appropriate and in accordance with the terms of the lease. Contributions may also be collected and spent during the Initial Repair Period for other allowable cyclical items, such as decoration

5. Section 20 Consultation

5.1 Southway will follow the requirements set out in Section 20 of the Landlord and Tenants Act 1985 (as amended), and where necessary will carry out consultation in accordance with the legislation.

Specifically, this relates to services that may cost each leaseholder over £100 per year or repairs or major works which may cost each leaseholder over £250 per year.

5.2 Southway may apply to the First Tier (Property) Tribunal to dispense with consultation if repair and/or maintenance work is of an urgent nature and a consultation process would take too much time.

6. Administration Fees

6.1 Administration charges will be applied where they are provided for in the shared ownership lease.

6.2 Southway will also charge administration fees for other services provided to shared owners that are not specified in the lease, for example, re-mortgage applications and approval of home improvements.

6.3 A list of administration fees will be made available to shared owners prior to charges being applied.

7. Arrears

7.1 It is a condition of the shared ownership lease that the customer must pay the rent and service charges and maintain mortgage payments. Failure to pay the rent, service charges or mortgage payments could lead to the loss of the customer’s home.

7.2 Southway will follow its own rent, service charge and arrears escalation procedures, only taking possession proceedings as a last resort and when reasonable debt management actions have been exhausted.

8. Breach of Lease

8.1 If a shared owner is found to be 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 of the property
- Not maintaining, or causing damage to the property or premises
- Carrying out alterations or adaptions to the property without consent
- Subletting the property without consent

9. Anti-Social Behaviour

9.1 Southway will investigate complaints of anti-social behaviour using the Trusts prevailing policy and procedures. This will include referral to Manchester City Councils ASBAT team where relevant.

9.2 Anti-social behaviour occurs when someone acts in a way that can cause nuisance or annoyance to anyone including:

- Intimidation of neighbours and others through threats or actual violence
- Harassment, including racial harassment
- Noise Nuisance
- Verbal abuse
- Homophobic behaviour
- Abusive behaviour aimed at causing distress or fear to certain people, for example, elderly or disabled people
- Dumping rubbish
- Animal nuisance, including dog fouling
- Vandalism, property damage and graffiti

10. Health and Safety

10.1 The health and safety of customers is paramount. Southway is responsible for the communal spaces and communal equipment within shared ownership apartment blocks and for estate areas retained and managed by Southway. This includes for gas safety, fire risk assessments, legionella testing, asbestos, and electrical checks. The reasonable costs of such checks and testing is charged to leaseholders as part of their service charge.

10.2 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.

10.3 For fire safety reasons, shared owners are prohibited from replacing or altering the external door of their flats, if these lead on to an internal communal area, without permission. This is to ensure that fire safety and building regulations are complied with.

10.4 Where items are left in common areas officers will follow a process to identify and potentially remove goods if they pose a health and safety risk. This will follow the Torts (Interference with Goods) Act 1977.

11. Gas Servicing

11.1 Southway requires shared owners of apartments and houses to ensure 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.

11.2 The shared ownership lease contains a clause to this effect and if required shared owners may be asked to provide evidence of this.

12. Repairs and Maintenance

12.1 Repair and Maintenance liabilities for both Southway and the shared owner are different dependent on the grant funding and model lease under which the property was built.

2016-2021 AHP, Model Lease:

12.2 Shared owners are responsible for any repairs to their individual property as detailed in the lease agreement and are obliged under the terms of the lease to repair, maintain and keep it in good condition.

12.3 Southway is responsible where applicable for the repairs and maintenance of communal spaces with the costs being recharged to the shared owner through the service charge.

12.4 Southway may choose to inspect a property if they have cause for concern or if they do not believe that the property is safe or being well maintained.

12.5 Southway will ensure that any landlord repair and maintenance obligations in the lease are carried out in a timely fashion.

2021-2026 AHP Model Lease:

12.6 Under this lease a Right to Repair applies for the first ten years after sale, starting from the date the lease is signed.

12.7 During this period, Southway will be responsible for maintaining the structure and exterior of the building regardless of whether it is a house or apartment and cannot pass on any charges relating to this to the shared owner in that ten-year period.

12.8 The obligation does not include general services such as cleaning and the provision of communal services which will be chargeable during this period.

12.9 After this ten year period the standard position (as set out in paragraph 12.2 above) will apply and the cost of repairs and maintenance in communal spaces that Southway completes will be subject to a service charge.

12.10 Additionally, after the expiry of the Right to Repair period, leaseholders in houses will be responsible for the repair of the structure and exterior of their property as well as the interior.

12.11 The shared owner can also claim up to £500 per year for repairs inside the home that are necessary and are not covered by either a defects period or a warranty.

12.12 All repairs must be reported to and agreed by Southway in advance who may offer to carry out repairs using its in house repairs team. Where a third-party contractor is used, they must be either approved by Southway or Trustmark approved.

12.13 For new-build properties, the Right to Repair period applies for the first ten years of the Lease or to the date of final staircasing if earlier. Where the property is resold during this 10-year period on a shared ownership basis, the new owner will take the benefit of the remainder of the 10-year period.

12.14 Full details of the Right to Repair obligations are set out in the lease and in the Key Information Documents provided to customers prior to purchase.

13. Alterations, Additions and Adaptations to the Property

13.1 All shared owners are required to seek permission before carrying out any alterations or adaptations including but not limited to:

- 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

- Equipment and Adaptations

13.2 Requests will not be unreasonably withheld; however, Southway may refuse alterations if these could be detrimental to its unsold share of equity.

13.3 The Shared Owner will be required to provide full details of the work to be carried out, use qualified contractors, and allow the work to be inspected pre and post completion.

14. Insurance

14.1 Shared ownership houses and apartments will be insured to their full reinstatement value. Shared owners will be provided with details of the sums insured, perils covered and premiums on request.

14.2 Shared owners have the right to further information regarding their insurance in line with Section 30a, Landlord and Tenant Act 1985.

14.3 Shared owners must inform Southway of any changes in circumstances that may affect their insurance.

14.4 Shared owners are responsible for arranging their own contents insurance.

15. 1% Staircasing

15.1 Southway's aim is to make the process by which the shared owner buys more shares in the property (staircasing) as easy and as straightforward as possible, operating in accordance with the shared ownership lease.

15.2 Under the 2021-2026 AHP Model the shared owner has the option to staircase in the traditional way but the minimum stake they can purchase has been reduced from 10% to 5%.

15.3 In addition to being able to staircase in 5% or greater amounts, shared owners will have the option to buy 1% each year with heavily reduced fees for the first 15 years of their ownership.

15.4 To minimise the cost of 1% staircasing the lease provides for an index-based valuation process. On an annual basis the value of the property will be established by Southway using the House Price Index and provided to the shared owner. This valuation will be valid for 3 months, but the customer may request a further HPI valuation at any point during the year after this period.

15.5 Either party may choose to request (and pay for) a RICS valuation to confirm the actual market value prior to a 1% staircasing if they would prefer. Full details of the 1% staircasing process are contained in the lease and provided to the customer in the Key Information Document prior to purchase.

15.6 Each time the lease is resold on a shared ownership basis, the 1% share offer applies to the new owner for a new 15-year period.

16. Shared Ownership Staircasing

16.1 Shared owners can purchase further shares in their property at any point after they purchase unless they are in arrears.

16.2 Extra shares through leases must be sold in minimum tranches of 10% unless the property was purchased under the 2021-2026 AHP in which case shares can additionally be purchased in 5% tranches or 1% per year for the first 15-years up to a maximum of 15% (see section 15 above).

16.3 The value of the extra share being purchased (excluding 1% Staircasing), will be through a current open market valuation by an independent qualified RICS surveyor.

16.4 Regardless of whether the property valuation is lower or higher than the original sale price, the additional share will be sold at the current market value.

Downward Staircasing

16.5 Downward staircasing, whereby Southway purchases some or all of a shared owner's equity, will only be considered as a last resort when a shared owner is in severe financial difficulties. The shared owner must have exhausted all other avenues such as selling the property and must have received independent financial/debt advice.

16.5 Any consideration of downward staircasing will look at whether funds (including Recycled Capital Grant Fund) are available for Southway to do so and will not be to the detriment of Southway's business operations.

16.6 If downward staircasing occurs, the shared ownership rent will be adjusted proportionally as per the formula in the shared ownership lease. If full downward staircasing occurs, then the rent will be based on whatever arrangement and new tenure is agreed.

17. Shared Ownership Resales

17.1 A re-sale occurs when a shared owner sells and assigns their lease to another person.

17.2 Re-sales will be administered in accordance with the lease and the aim will be to retain the property for low-cost home ownership.

17.3 In some instances, such as if shared ownership is the consequence of a Section 106 agreement (planning condition) and/or is part of a rural exception development, there may be additional re-sale conditions that are not within the model Homes England lease.

17.4 If the shared owner is in rent or service charge arrears, they will not be able to proceed unless the re-sale is required to repay the arrears. In this case an undertaking will be required from the shared owner's solicitor and the re-sale will only proceed if the arrears are paid by, or on completion.

17.5 If Southway are unable to nominate a suitable buyer, then the shared owner will be able to proceed to market the property, even if this is in advance of the usually required 8-weeks nomination period expiring. The nomination period is reduced to 4 weeks for the AHP 2021-26 leases.

Back-to-Back Sale/ Simultaneous Staircasing and Re-sale

17.6 Back-to-back staircasing is a process in which the shared owner simultaneously staircases to 100% and sells the property (outright) on the same day, as part of the same linked transaction. This is an option if no shared ownership applicants are forthcoming but there is an outright sale market.

17.7 Back-to-back staircasing will only be approved after the relevant nomination period has expired in line with Lease and there has been a failed legitimate attempt to market the property effectively.

17.8 Where a shared owner wishes to sell their interest in the property Southway will ensure that the transaction is processed in line with current Homes England requirements providing the shared owner with clear guidance on the process, what they are required to do and what they can expect from Southway.

18. Valuations

18.1 Southway will require accurate valuations of their properties to obtain the best prices for their assets and will always follow the valuation requirements of Homes England and use a Member of the Royal Institute of Chartered Surveyors (RICS) qualified surveyor.

18.2 Valuations will be required for the following transactions:

- Staircasing
- Resales
- Downward staircasing
- Consents for further advances
- Re-mortgaging
- Lease extensions

19. Re-mortgaging

19.1 Shared owners are required to seek consent from Southway before re-mortgaging or taking out further advances secured against the property. Consent will never be unreasonably withheld.

19.2 Re-mortgages will only be agreed where the amount to be borrowed is equal to the amount outstanding on any previous mortgage.

20. Further Borrowing

20.1 Southway will consent to further borrowing where the loan is to be used for staircasing for major repairs or improvements to the property for which evidence will be required. Southway will never postpone its charge in favour of other lenders.

20.2 Southway will not generally consent to loans that would take the shared owner's total borrowings against the property to more than 80% of the value of their equity share. In exceptional circumstances, where the money is required for major repairs, borrowing of up to 85% of loan to value may be agreed.

21. Lease Extensions

21.1 Extending a Shared Ownership lease is not currently a statutory right for the customer; however, Southway may extend a lease on a case by case basis. Any applications will be reviewed in accordance with prevailing Homes England guidance.

22. Collective Enfranchisement

22.1 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.

22.2 Where a notice is received from shared owners wanting to exercise their right to collective enfranchisement, Southway will follow the legislation as set out in the above Act.

23. Right to Manage

23.1 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.

23.2 Where a notice is received from shared owners wanting to exercise their right to collective enfranchisement, Southway will follow the legislation as set out in the above Act. All legal and associated costs will be payable by the leaseholders.

24. Subletting

24.1 Shared owners are generally prohibited from subletting their property under the terms of their shared ownership lease.

24.2 However, the 2021-26 AHP Lease does permit subletting where Southway consents to the request and confirms that any requests will be considered in line with current Homes England guidance.

24.3 In other exceptional circumstances, an application to sublet for a period of up to 12 months, for example for a temporary move for work, including as a serving member of the armed forces, or to care for a family member, may be considered.

25. Pets

25.1 The decision to allow shared owners to keep pets in apartments will be taken on a scheme-by-scheme basis and considering individual medical or health needs.

26. Fraud and Information Sharing

26.1 Southway 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.

26.2 Information sharing will be carried out in accordance with the Trusts prevailing Data Protection and Information Sharing policy.

26.3 Legal action will be taken against anyone found to be perpetuating homeownership fraud.

27. Equality and Diversity

27.1 Southway will provide an equal and accessible service to all of its shared ownership customers and an Equality Impact Assessment has been completed to support this.

27.2 This Policy and related publications of Southway, can be provided on request in other formats (e.g. in an alternative language, Braille, large print, or audio).

28. Related Policies

- Shared ownership management procedures
- Anti-Social Behaviour Policy
- Sales and Marketing Policy
- Tenancy Fraud Policy
- Health and Safety Policy
- Repairs and Maintenance Policy
- Single Equality Scheme
- Data Protection Policy

<table>
<tr><th colspan="2">POLICY REVIEW HISTORY</th></tr>
<tr><td colspan="2">To be completed during each review</td></tr>
<tr><td colspan="2">Previous versions
(Version number – approved by – approval date – title if different)
V1.0 – approved by board – 20th March 2018
V2.0 – approved by Board – 7th December 2021
Additional policy aims in relation to health and safety.
Inclusion of the new shared ownership model 2021-26.
Additional information on staircasing, re-sales and repairs and maintenance.
Removal of duplicated procedural information.
Use of the term Southway as the owner of the homes to replace the brand name of Gecko.
A new equality and diversity section.</td></tr>
<tr><td>Date of last EIA:</td><td>November 2021</td></tr>
<tr><td>Review lead by:</td><td>Executive Director Finance and Business Development</td></tr>
<tr><td colspan="2">Main points or amendments made and reasons

V2.1 – reference to the administration of service charges
V2.2 – approved by Executive – 14th January 2026 – changes at 4.3 re sinking fund.</td></tr>
<tr><td>Next review due:</td><td>Q4 2028/29</td></tr>
<tr><td>Approval level:</td><td>Executive</td></tr>
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