

## Shared Ownership Buyback Policy

<b><i>Purpose:</i></b>	To establish DPHA's policy and set out our position on buying back shared ownership properties
<b><i>Review Date:</i></b>	December 2021
<b><i>Guidance:</i></b>	Scottish Government Guidance Note HIGN 2009/07 Scottish Government Guidance Note HSGN 2012/02.
<b><i>Regulatory Standards:</i></b>	<ol style="list-style-type: none"> <li>1. The governing body leads and directs the RSL to achieve good outcomes for its tenants and other service users.</li> <li>2. The RSL is open about and accountable for what it does. It understands and takes account of the needs and priorities of its tenants, service users and stakeholders. And its primary focus is the sustainable achievement of these priorities.</li> <li>3. The RSL manages its resources to ensure its financial well-being and economic effectiveness.</li> <li>4. The governing body bases its decisions on good quality information and advice and identifies and mitigates risks to the organisation's purpose.</li> </ol>
<b><i>Date reviewed by Policy Review Working Group (PRWG):</i></b>	N/A
<b><i>Date approved by Management Committee:</i></b>	10 December 2018

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## LIST OF APPENDICES

**Appendix 1: Scottish Government Guidance Note HIGN 2009/07**

**Appendix 2: Scottish Government Guidance Note HSGN 2012/02**

## **1.0 INTRODUCTION**

- 1.1 The Association developed a number of Shared Ownership Housing Units as part of its new build developments in the 1990's, to deliver low cost home ownership options to the community.
- 1.2 The Association's Shared Ownership Buy Back Policy sets out the framework for determining whether or not a Shared Ownership unit should be bought back.
- 1.3 In retaining the option to buy back, the Association will manage its exposure to financial risk whilst assisting with tenancy sustainment and the prevention of homelessness.

## **2.0 AIMS OF THE POLICY**

- 2.1 The aim of this policy is to ascertain the financial viability of the Association buying back a Shared Ownership unit from a Sharing Owner who wishes to sell their share in a property to the Association.
- 2.2 This buy back policy has been devised in conjunction with Scottish Government Housing Investment Guidance Note (HIGN 2009/07) {Appendix 1} issued in May 2009 with agreement from the Scottish Housing Regulator. The guidance note details a change to operational procedures for shared ownership set out in SHGN 2000/15 {Appendix 2}
- 2.3 This guidance allows the Association, to buy back a shared ownership property for the purpose of re-sale on a shared ownership basis but also provides the following options depending whether a property is to be purchased with vacant possession or with a sitting sharing owner:

Vacant possession and make it 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

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

## **3.0 LEGAL AND REGULATORY REQUIREMENTS**

- 3.1 In buying back a shared ownership property, DPHA will ensure that it complies with legislative requirements and demonstrate best practice in relation to buying back the property.

## **4.0 PROCEDURAL FRAMEWORK**

- 4.1 A sharing owner must write to the Association asking the Association to purchase their share.
- 4.2 The Association will only consider purchasing the property based on a valuation by the District Valuer Service.
- 4.3 Each party will bear the cost of their own legal fees. The valuation fee will be split evenly between both parties. The sharing owners share can be deducted from the purchase price.
- 4.4 Any monies outstanding to the Association e.g. rent, repairs costs, factor's accounts, will be deducted from the purchase price at settlement.
- 4.5 The sharing owner will be required to sign a standard Scottish Secure Tenancy Agreement prior to completion of the transaction.
- 4.6 An investment appraisal must be carried out to ascertain the financial viability of the purchase. The appraisal will consist of a 30 year cash flow incorporating the new rent charge for the property less purchase price, legal fees and costs for managing and maintaining the property, including estimated future maintenance costs. Where the property is situated in an external factored development, these costs should also be included.
- 4.7 A report on each potential shared ownership buy back together with its investment appraisal will be submitted to the Management Committee for approval to purchase.

## **5.0 EQUALITY AND DIVERSITY**

- 5.1 We are committed to promoting an environment of respect, understanding, encouraging diversity and eliminating discrimination by providing equality of opportunity for all. This is reflected in our Equality and Diversity Policy.

## **6.0 COMPLAINTS**

- 5.1 Although we are committed to providing high levels of service, we accept that there may be occasions where customers are not satisfied with the service they have received from us. We value all complaints and will use this information to help us improve our services. Our Complaints Policy describes our complaints procedure and how to make a complaint.

## **6.0 GDPR**

- 6.1 We will treat all personal data in line with our obligations under the current data protection regulations and our Privacy Policy. Information regarding how all data will be used and the basis for processing your data is provided in our Customer Fair Processing Notice.