



SHARED OWNERSHIP BUY BACK POLICY

Date Approved	Proposed Review Date
September 2022	September 2025
Chair Person/Office Bearers Signature:	

CASSILTOUN HOUSING ASSOCIATION LTD

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Cassiltoun Housing Association is a recognized Scottish Charity SC035544



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1. INTRODUCTION

- 1.1 The Association developed a number of Shared Ownership Housing Units within its new-build stock in the late 1990's as a contribution to meeting corporate objectives.
- 1.2 The aim of this policy is to ensure that when a Sharing Owner wishes to sell their share in a property that the Association retains its right to have the opportunity to buy the sharing owners share of the property at the current market value as determined at the time by an independent valuer.
- 1.3 In retaining the option to buy back, the Association will manage its exposures to financial risk whilst assisting with tenancy sustainment and the prevention of homelessness.

2. BACKGROUND

- 2.1 The Association currently owns 2 shared ownership units, with sharing owners holding, in the main, 25% ownership.
- 2.2 This Policy has been devised in conjunction with Scottish Government Housing Investment Guidance Note (HIGN 2009/07) issued in May 2009. 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 (Appendix 1).
- 2.3 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:

Buy back with vacant possession

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 within the Castlemilk area.

The Association, however, cannot 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 (publicise on website, newsletter) at a flat fee of £75.00

Buy back with a sitting tenant

Purchase of a shared ownership property and offer the tenancy to the former sharing owner shall be considered so long as the sitting tenant's circumstances comply with the Association's Allocation's Policy in that:-

- That the sharing owner is suffering financial hardship and has been assessed by the Money Advice Team as being in financial hardship with the potential to become homeless.
- They comply with the Association's Allocation Policy in that they must meet the letting criteria and needs requirements for the type and size of property. In circumstances where the letting criteria is not met, then the Association may consider purchase of the property depending on the Association's current housing requirements, whilst re-housing the sitting tenant in another Association property which meets their housing needs within the requirements of the Allocations Policy.
- No additional grant is required.

3.0 PROCEDURE

3.1 The Association will consider a buy back request on the following terms

The Association must be either a majority or equal shareholder (i.e. the sharing owner must have either a 25% or 50 % share)

The Association will only consider requests where financial hardship can be demonstrated by the sharing owner with the production of supporting evidence

3.2 The Association will only consider purchasing at District Valuer's valuation.

3.3 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.

3.4 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, sharing owners improvements, etc.

3.5 Each party to bear the cost of their own legal and valuation fees. (valuation fee to be paid with application or deducted from sales proceeds where necessary).

3.6 The property must be brought up to the Association's lettable standard prior to purchase and the cost to be borne by the sharing owner. This will be agreed with the Sharing Owner through consultation and negotiation.

3.7 Any monies outstanding to the Association e.g. rent, repairs costs, factor's accounts, will be deducted from the purchase price at settlement.

3.8 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.

3.9 Housing Management and landlord responsibilities/implications must be considered in each and every case.

3.10 The sharing owner will be required to sign a standard Cassiltoun Housing Association Scottish Secure Tenancy Agreement prior to completion of the transaction.

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

4.0 FUNDING BUY BACKS

4.1 There is no grant funding available to support the buy back of a shared ownership property. Consequently, the Association would require to fund the capital costs of any buy backs either from reserves or from additional borrowing. The Association will only agree to buy back a shared ownership property in accordance with this Policy in very limited circumstances: it is unlikely that any sums will be set aside as part of the annual budgeting process.

4.2 Where the financial assessment demonstrates that the projected rental income will cover the capital outlay required and the overall assessment of an individual case satisfies the criteria set out in this policy, a recommendation to proceed to buy back will be made to the Board of Management for approval.

5.0 **REVIEW**

5.1 This policy will be reviewed as necessary every 3 years in line with relevant legislation and/or best practice.