eastbrooke homes

Shared Ownership Policy

1. Introduction

1.1. This Policy outlines how Eastleigh Borough Council will allocate and sell new-build homes through shared ownership.

1.2. The purpose of this policy is to set out the criteria and procedures regarding who is eligible for shared ownership. It also details how we market, sell and manage shared ownership homes, including how we allocate homes, work with applicants to ensure they can afford the home they wish to purchase, increase their equity (staircase) and resell their home.

1.3. If there is any variance between this policy and a Section 106 agreement or nominations agreement, the Section 106 agreement or nominations agreement will take precedence.

2. Scope

2.1. This policy applies to first-tranche shared ownership sales, staircasing and re-sales only. It does not cover any other scheme geared towards homeownership (e.g., Rent to Buy or Right to Buy).

2.2. This shared ownership scheme is aligned to the Homes England Capital Funding Guidance (CFG) for Shared Ownership. The CFG contains the rules and procedures that all housing providers must follow when delivering affordable housing through one of their Affordable Homes Programmes.

3. Definition

3.1. Shared ownership is an affordable housing product. It is designed to help those who wish to get on the property ladder but are unable to afford a home on the open market. The applicant purchases a percentage of a property and pays rent on the remaining share.

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3.2. Example: *

Total value of the home	£320,000
Equity share paid for at initial sale: 30%	£96,000
Remaining share not paid for: 70%	£224,000
Annual rent (2.75% of remaining share)	£6,160
Monthly rent	£513

* Please note this example is for illustrative purposes only. It does not mean that 30% is the minimum share that is available for shared ownership properties.

4. Eligibility

4.1. This Policy incorporates the requirements placed upon the allocation process by the CFG.

4.2. Shared ownership is designed to help those who are in housing need and who would otherwise be unable to afford a property on the open market. To be eligible, applicants must meet the following criteria:

Criteria	Description
Age	Over 18 years of age and resident in the UK. Schemes such as Older Persons Shared Ownership (OPSO) are only available to people aged 55 or over.
Income	Gross household income of no more than £80,000. Applicants will be required to liquidate any capital assets such as savings, bonds, shares, land and any other assets or investments. Applicants must be able to demonstrate they: • Can afford their purchase and sustain housing costs. • Have a sufficient deposit. • Are unable to purchase a home that meets their needs on the open market.
Existing homeowners	The existing property must have been sold or be sold concurrently when purchasing through shared ownership. Must meet the general eligibility criteria of shared ownership. In particular having an annual gross household income of no more than £80,000 and be otherwise unable to afford to purchase a home on the open market.
Arrears	If applicable, applicants must be able to demonstrate they are not in arrears or in breach of their tenancy agreement at the time of their application.

Applicants will be required to complete an initial eligibility check by using the Governments Eligibility Checker before joining the Council's Affordable Home Ownership Register.

4.3. Employees and connected persons to Eastleigh Borough Council, shall be free to apply for shared ownership and purchase a home, subject to meeting the eligibility and affordability criteria.

4.4. Any application by an Eastleigh Borough Council employee, or connected person, will be subject to approval and confirmation by the Council's Chief Financial Officer.

5. Affordable Home Ownership Register

5.1 Once initial eligibility is established, anyone wishing to apply for shared ownership is required to join our Affordable Home Ownership Register. The register allows applicants to be kept informed on available properties. The Register will be managed by the eastbrooke homes team and will be used for the purposes of shared ownership marketing and to help provide a better understanding of the extent and type of housing needed the Borough.

6. Valuations and Sales

Purchase Price

6.1. We sell shared ownership homes at the full market value of the property as determined by an independent Royal Institute of Chartered Surveyors (RICS) registered valuer. The valuation will be based on the price the property would fetch if sold on the open market, based on the terms and conditions of the shared ownership lease and assuming the leaseholder would acquire a 100% interest in the lease.

6.2. The RICS valuation is valid for 3 months from the date of the valuation report in line with RICS guidance. In line with the CFG, if an offer is made and accepted within the 3-month RICS valuation validity period, the valuation then holds for a further 3 months until exchange of contracts. If there are delays and the purchase cannot be completed within these timescales, **eastbrooke homes** may, at our discretion, agree to extend the deadline by a further 3 months. This will allow the transaction to reach the required stage. After this time, the valuation will normally need to be updated.

Percentage Sales

6.3. In line with CFG, the full range of initial shares (10% to 75%) will be offered on a minimum of 25% of the homes within each development phase. Once 25% of the homes have been reserved, we may review sales performance and adjust the minimum share on the remaining homes. Further reviews may also be undertaken when 50% to 75% of homes are reserved.

Staircasing

6.4. Shared owners can purchase additional shares in their home in the years following the initial sale. This process is known as staircasing. This reduces the rent paid in proportion to the landlord's remaining share.

6.5. Shares will normally be available to purchase up to 100% of the property for general needs accommodation, or up to 75% for older persons' accommodation.

6.6. Shares of 5% or more can be purchased at any time. Additionally, shared owners have the option of purchasing an additional share of 1% per year for the first 15 years.

6.7. The price paid for further shares for all staircasing, apart from the 1% per year option, is based on the full market value of the property provided by a RICS valuer. For 1% staircasing transactions, the valuation is calculated from the Land Registry's House Price Index.

6.8. There are costs for the shared owner associated with staircasing, such as the RICS valuation, legal and administration fees. Independent legal and financial advice is recommended before proceeding.

7. Marketing and Viewings

7.1. The **eastbrooke homes** website is our primary means of marketing new shared ownership properties, but we may also appoint estate agents to assist with the marketing process.

7.2. Adverts will contain detailed property information, including:

- High-quality photographs
- The size and type of property
- The value of the property
- The cost of the minimum share
- Expected rents and service charges

7.3. Access to a show home may be provided. This will be determined on a site-by-site basis.

7.4. A representative of **eastbrooke homes** or the estate agent will attend all property viewings. Viewings will be carried out at a mutually convenient time, which will normally be expected to be during office hours.

7.5. During the marketing process, interest in the homes will be regularly reviewed and the advert may be closed once a sufficient amount of applications have been received. This may result in properties being advertised for a short period of time.

8. Allocation of Homes – 'first come first served'

8.1. In line with the CFG, applicants for shared ownership homes will be prioritised on a first come first served basis. This ensures fairness and consistency of processes surrounding the allocation of shared ownership homes for applicants. The process to be followed is detailed below.

8.2. Once an advert for a shared ownership home has closed, **eastbrooke homes** or the appointed estate agent will prioritise applicants based on the date and time their completed application form and initial financial assessment are received. This is provided that the applicants meet the necessary eligibility and affordability criteria.

8.3. The exception to this is for qualifying Armed Forces personnel who meet the CFG criteria. Such applicants will be given priority over other interested applicants and will move to the front of the shortlisting queue. However, if they are subsequently found not to meet the appropriate criteria, then they will go back into the queue as with other non-Armed Forces personnel applicants.

8.4. In a development with multiple available homes, shortlisted applicants who have completed the affordability assessment will collaborate with the estate agent or professional advisor. They will then select their preferred home and proceed with the formal reservation process.

8.5. Some of our homes may be subject to additional terms set out in the planning consents for that area. Where this is the case, these take priority over this policy, and we will advertise the criteria on property listings.

9. Affordability

9.1. All affordability and financial eligibility checks will be carried out in accordance with the CFG.

9.2. All applicants are required to undertake an affordability assessment with a professional advisor. We will ensure the professional advisors we suggest directly, or those recommended by a third-party acting on our behalf, satisfy the criteria below:

- They are regulated and qualified to give mortgage advice.
- They have a good working knowledge of shared ownership.
- They have access to a range of shared ownership mortgage lenders in order to give an accurate assessment of mortgage availability.
- They have read and understand the CFG section 3 'Applicant eligibility' and section 6 'Affordability guidance'.
- They have confirmed they have understood our Shared Ownership Policy and processes.

9.3. If an applicant wishes to seek mortgage advice from their own appointed advisor, it is at our discretion as to whether the information supplied is accepted. This is dependent on the advisor's knowledge and our view on whether they meet the above criteria. If we have any doubts, we will refer the applicant to an advisor of our choice for a further assessment. The rationale for doing this will be clearly explained to the applicant, and it will be at no cost to them.

9.4. The assessment will be carried out free of charge, and applicants are not obligated to arrange a mortgage with the advisor undertaking their financial assessment.

9.5. The advisor will undertake an affordability assessment to determine the share to be purchased. This will include a detailed assessment of the applicant's income and expenditure, their circumstances and preferences, including any known or likely future changes that will impact their income and/or expenditure. The advisor will also undertake appropriate identity checks for anti-money laundering purposes, including proof of address and the source of any savings.

9.6. Applicants will be encouraged to purchase as large a share as is suitable. The suggested share should not unduly overcommit the applicant financially, based on the information provided at a point in time.

9.7. Where an applicant wishes to purchase a lower share than they are assessed as being able to afford, the advisor will record the reasons for this, for example, to mitigate future service charge rises. We will review the information provided and determine whether this can be approved.

9.8. The assessment process is designed to provide clarity and transparency to applicants. Professional advisors must have regard to our minimum monthly surplus income calculation when making their recommendations.

9.9. The advisor will summarise the outcome of the affordability assessment, including the suitable share to be purchased and any associated information, on a sign-off sheet which will be passed to us. We will review the sign-off sheet to ensure the share level is suitable for the applicant's affordability, needs, and circumstances, as presented by the advisor, and will follow the advisor's advice in respect of all mortgage matters.

9.10. In cases where there has been what could be considered a material change to the original application and assessment, the Council may require an updated assessment and sign-off from the advisor.

Key Information Documents

9.11. Applicants will be provided with Key Information Documents (KIDS) during the marketing and sales process. These documents are prescribed information packs from the CFG and must be issued to prospective shared ownership purchasers.

9.12. The purpose of the KIDS is to ensure that purchasers clearly understand:

- What they are purchasing
- The full costs involved
- How the shared model operates

9.13. The following KIDS will be provided by no later than the reservation stage:

- Key information about the property
- Summary of costs
- Key information about shared ownership

Minimum Monthly Surplus Income Calculation, MMSIC

9.14. The MMSIC forms part of the affordability assessment process and ensures that applicants wishing to purchase a shared ownership home can do so in a sustainable and responsible way.

9.15. The MMSIC is the minimum amount of gross income that an applicant should have remaining after commitments. **Our minimum monthly surplus income requirement is 10%.** This surplus will protect the purchaser from the adverse effects of any possible increased costs or unforeseen circumstances that have not been budgeted for.

9.16. The CFG states that professional advisors must use the following methodology for arriving at an applicant's monthly surplus income, which forms part of the determination of the share an applicant can afford.

Item	Example / Explanatory Notes
A. Gross household income	• Gross monthly pay, including the relevant amount of any overtime, commission or bonus as determined by a professional advisor • Any Universal Credit or benefit income • Any guaranteed maintenance payments
B. Deductions from gross income	• Income tax • National Insurance • Pension contribution • Student loan • Other payslip deductions
C. Known commitments	• Credit commitments, including personal loans, PCP, HP, etc. • Credit and store cards • Childcare costs • Care costs
D. Housing costs	• Rent and service charges • A rent stress over a 5-year period will also be applied
E. Net income available for mortgage purposes	E is the remaining income once B, C and D have been deducted from A
F. Monthly mortgage payment	This will be determined by the professional advisor. It should not exceed 30% of E, unless the advisor feels there is justification for doing so and where the applicant is still able to satisfy the Council's minimum surplus income policy. Applicants are not required to exceed this 30% figure if they do not wish to.

G. Other essential expenditure	• Council tax • Utilities • Food • Fuel and travel • Insurances • Other
H. Minimum Monthly Surplus Income	This is the figure remaining once F and G have been deducted from E This figure should be at least **10%** of the original figure A (gross income)

10. Cash Buyers

10.1. Cash purchases may be approved if the applicant has an acceptable reason for not being able to obtain a mortgage, but has sufficient savings, or where no suitable mortgage product is available.

10.2. The purchaser will be required to have completed an affordability assessment by a professional financial advisor as set out in section 9 of this policy according to their individual circumstances. Cash purchasers must be able to demonstrate that they have the means to afford and sustain home ownership in the longer term and that they do not breach the terms of the CFG.

11. Reservation Agreements

11.1. By making a reservation payment of £500, purchasers agree to enter into an agreement with us to purchase a new home. The fee will be payable once we have formally confirmed acceptance of the application. The fee will be deducted from the final balance of payment on the completion of the sale.

11.2. The reservation agreement includes a cooling-off period of at least 14 days. If, during this period, the purchaser no longer wishes to proceed, the full reservation payment will be refunded.

11.3. If the buyer cancels their reservation after the cooling-off period, our reservation agreement sets out any deductions that will be taken from the payment. The remainder will be returned within 14 days of withdrawal.

12. Off-Plan Purchases

12.1. For off-plan sales, every effort will be made to ensure that the purchasers are made fully aware of the specifications regarding the specific home of interest (including topographic and location details, etc.).

12.2. Purchasers who reserve a property that is not yet complete must be prepared to exchange contracts before viewing their new home, within the specified deadline.

12.3. All personnel will be trained to understand and communicate the drawings and other information provided about the home before the purchaser makes a reservation.

13. Withdrawing an Application

13.1. There may be circumstances where an application will need to be withdrawn by either party. In this instance, the following applies:

Applicant Withdrawal

13.2. The applicant will need to submit their withdrawal in writing to us or our appointed estate agent. The reasons for withdrawal should be included.

Council Withdrawal

13.3. We reserve the right to withdraw from the sale where the applicant fails to complete their purchase within the agreed timescale. We or our appointed estate agent will contact the applicant to advise of the intent to withdraw. Notice will be given allowing the applicant a final opportunity to complete the sale within the agreed timescale.

14. Lease Information

14.1. In most cases, we will use the Homes England model leases for shared ownership homes.

14.2. All shared ownership homes are sold as leasehold, even houses. The lease is a legal agreement between the purchaser (the ‘leaseholder’) and Eastleigh Borough Council (the landlord). It details the letting terms, the purchaser’s responsibilities for matters such as paying rent, repairs, and maintenance, as well as any restrictions or obligations, such as those on re-sales, additional borrowing, and sub-letting.

15. Rent

15.1. Under a shared ownership lease, the purchaser only pays for part of the market value up front and agrees to pay rent on the remaining share to the landlord.

15.2. The total rent to pay at the start of the lease will be based on the percentage of the remaining share of the market value (not purchased at the time). If a buyer uses ‘staircasing’ to buy additional shares in their home, the rent will decrease.

15.3. The rent will be calculated as follows:

$$\text{Rent per month} = \frac{(\text{Unsold equity amount} \times 2.75\%)}{12}$$

15.4. The rent is reviewed annually on each review date (as set out in the lease), and any increases will be an executive decision by Eastleigh Borough Council. Rent increases will be in line with Homes England Guidance at CPI + 1% increase.

15.5. Shared owners will be notified in advance of any planned increase in their rent.

16. Service Charges

16.1. Shared owners will be responsible for monthly payments for service charges, for example, building insurance and a general management fee. For some properties, especially flats, there are also service charges for building maintenance.

16.2. Service charges for flats may include but are not limited to communal responsive repairs, utilities, cleaning services, equipment (such as fire prevention and detection, CCTV, door entry and lifts), as well as contributions towards major repairs known as a reserve (sinking) fund.

16.3. These charges will be reviewed annually, and shared owners will receive a detailed statement outlining the charges and their purposes, together with any proposed increase.

17. Maintenance and Charges

17.1 For shared ownership homes being delivered through the Homes England AHP 2021 to 2026, the Homes England model lease grants an initial 10-year period during which shared owners are not required to contribute, via service charges, for qualifying repairs to the external fabric and structure of the building. In addition, shared owners can also apply for a £500 contribution towards qualifying internal repairs during the period.

17.2 In line with this, Eastleigh Borough Council will undertake repairs for any faulty installations which are not covered within a warranty or guarantee pertaining to the components within the first 10 years of ownership. This will not include repairs or replacements due to wear or tear or avoidable damage, such as failure to service per the manufacturer's guidelines.

17.3 The scope for general repairs will apply to:

- Installations in the premises for making use of the supply of water, gas and electricity and for sanitation (including basins, sinks, baths and sanitary conveniences, but not other fixtures, fittings and appliances for making use of the supply of water, gas or electricity), pipes and drainage.
- Installations in the premises for heating spaces and heating water

17.4 The shared owner will be required to complete a claim form before the repair work is carried out, unless the work is an emergency when an invoice must be provided. We are responsible for assessing whether the repairs are essential and genuine and may inspect the property if deemed appropriate.

17.5 If the repair is approved by us, the shared owner must use a 'Trustmark' approved tradesperson and provide all reasonable information, including invoices and photographs.

17.6 The acceptance of a claim is an agreement to 'make a contribution' towards the shared owners' costs up to the maximum available allowance. It is not an acceptance of liability for the qualifying general repairs and maintenance works.

17.7 A refund will be issued within 21 days of an approved completed repair once all checks have been satisfied.

17.8 We are not responsible for general works or for carrying out and refurbishment works inside the home, such as replacing fixtures (such as kitchens and bathrooms) and fittings (such as a bed or sofa). We are also not responsible for undertaking any health and safety requirements within the home, such as electrical testing.

17.9 If the works have not been carried out by a Trustmark tradesperson or is not covered under the terms of the lease, the claim will be rejected within 7 days, subject to the required information and/or evidence being provided.

17.10 Shared owners can claim up to £500 per year for 10 years from the start date of the lease. The initial repairs period ends 10 years from the lease date, so the final year's allowance will not roll over. Below is an example of how the allowance rolls over:

Year	Essential Repairs Allowance	Eligible Repairs Claimed	Amount to be Rolled Over
1	£500	£0	£500
2	£1000 (£500+£500)	£750	£250
3	£750 (£500+£250)	£0	£500

17.11 A maximum of one year's worth of unused allowance can be rolled over into the following year. There is no limit on the number of claims that can be made in one year.

17.12 Should a shared owner staircase within the 10 years to 100%, they will take on full responsibility for all repairs.

18. Disclosure of Fees, Charges, and Rents

18.1 All fees, charges, and rents associated with shared ownership properties will be transparently shared with prospective purchasers.

18.2 Upon expressing interest in a property, purchasers will receive a comprehensive 'Summary of Costs' document. This document outlines the initial rent, monthly service charges, estate charges, buildings insurance, reserve fund contributions, and management fees. These will be provided to the purchaser on Key Information Documents (KIDS) in line with the CFG, together with the Memorandum of Sale.

18.3 Any potential increases in charges will also be clearly detailed, ensuring purchasers are fully informed before making any commitments.

19. Adapted homes

19.1 On occasion, we will market homes that have been adapted to meet the requirements of people with mobility needs. In addition to the standard prioritisation, any purchaser will also need to demonstrate a need for an adapted home through an occupational therapist or their local authority.

20. Resales

20.1. Shared owners considering selling their home should always refer to their lease and seek independent legal and financial advice regarding the resale requirements as set out in the lease and associated responsibilities. The shared owner is responsible for any fees associated with obtaining legal advice when selling their home.

20.2. Where a shared owner has not staircased to 100% and wishes to sell, they are obliged under the terms of the lease to offer their home back to Eastleigh Borough Council before they offer their home on the open market.

20.3. Eastleigh Borough Council will not agree to the sale of the property if there are rent and/or service charge arrears before or at completion.

Obtaining a Valuation

20.4. Shared owners wishing to sell their home must obtain an independent open market valuation from a RICS registered valuer. It is the shared owner's responsibility to pay for the valuation. The valuation report must be provided to Eastleigh Borough Council for review and approval before the property is marketed.

20.5. The report will determine the value of the percentage share owned by the shared owner. For example, if the full value of the home is £350,000 and the shared owner has a 50% share, the value of their share would be £175,000.

20.6. The valuation report remains valid for a period of 3 months, after which it may need to be updated.

Energy Performance Certificate (EPC)

20.7. A valid EPC is a legal requirement when selling a home in the UK. If required, we will arrange for an up-to-date energy assessment to be undertaken prior to selling the home. The shared owner will be responsible for the cost of the assessment. We will advise of the cost in advance.

Right of First Refusal – the nomination period

20.8. If the shared owner decides to proceed with the sale of their home, they will need to let us know in writing within 2 weeks of the date of the valuation report.

20.9. We have a period of 4 weeks to exclusively market your share of the property and find a suitable buyer. This is referred to as the nomination period. This will include arranging for photographs of the property, advertising the % share of the property on the **eastbrooke homes** website, as well as approaching appropriate applicants on the Council's Affordable Housing Register.

20.10. The nominated buyer does not have to exchange or complete on the purchase within the nomination period.

20.11. The shared owner is responsible for our reasonable fees associated with marketing the home and finding a buyer. If we don't find a buyer, this fee will not apply.

20.12. In exceptional cases, we may agree to either offer to buy back your share or waive the nomination period.

Right of First Refusal – buyer found

20.13. If we find a buyer for your home within the nomination period, they will be required to follow our eligibility and affordability processes as outlined in this policy. Once a suitable buyer is approved, the details will be made available to the shared owner. Note that the nominated buyer does not have to exchange or complete the purchase within the nomination period.

20.14. We will contact the shared owner to arrange a convenient time for the prospective buyer to view the property. It is not normally a requirement for us to be present at the viewing.

20.15. Once a buyer has been approved, the shared owner and buyer must each instruct their own solicitor or licensed conveyancer. The shared owner's solicitor and the buyer's solicitor must liaise with Eastleigh Borough Council's appointed solicitors to progress the legal requirements of the resale, including:

- Any consent to assignment.
- Rent and service charge apportionments.
- Replies to leasehold enquiries.
- Approval of the buyer's mortgage where required.
- Any staircasing or back-to-back staircasing documentation.

20.16. The shared owner is responsible for all legal fees associated with selling their home. This includes Eastleigh Borough Council's legal fees for supplying and drawing up legal documentation as required for the sale and any administrative charges associated with replying to sale enquiries.

Right of First Refusal – buyer not found

20.17. If we do not find a buyer within the nomination period, the shared owner will be able to sell their home on the open market, possibly through an estate agent, at a price above, below or the same as the independent RICS valuation. In this instance, the shared owner can either:

- Sell at the current or higher share percentage. The buyer will need to be approved by us.
- Sell 100% of the home. To do this, you will need to purchase the remaining shares in the property and then immediately sell the 100% ownership to your buyer. These transactions happen simultaneously, so the money for the staircasing purchase comes from your buyer. This is known as 'back-to-back' staircasing.

20.18. We will require our percentage share of the sale proceeds to be based on a current RICS valuation.

20.19. The shared owner will be responsible for all estate agent and legal fees associated with selling their home. This includes Eastleigh Borough Council's legal fees for supplying and drawing up legal documentation as required for the sale and any administrative charges associated with replying to sale enquiries.

21. Review

21.1. This policy will be reviewed regularly, and at least every two years, by the Residential Sales & Lettings Lead and the Head of Housing to ensure it addresses legislative, regulatory, best practice and operational issues. Any changes will be approved by the Corporate Director in consultation with Portfolio Holders.

22. Complaints

22.1. Eastleigh Borough Council's Complaints Policy can be found on our website. Complaints can be made:

- Online via your My Eastleigh account
- Online via your My eastbrooke account
- By email to customerservicecentre@eastleigh.gov.uk
- In writing to Eastleigh Borough Council, Eastleigh House, Upper Market Street, Eastleigh SO50 9YN
- By telephone on 02380 688 000
- In person to an officer of the council

22.2. Your complaint will be acknowledged within 5 working days from the date it is received, and you will receive a response within 10 working days from the date of the acknowledgement. If you feel your complaint has not been resolved to your satisfaction, you can request an escalation.

Effective from	
Approved by	Cabinet
Approval date	
Policy owner	Head of Sales, Communications & Marketing & Head of Housing
Policy author	Residential Sales & Marketing Lead / Head of Housing

Version history			
Version no.	**Date**	**Summary of change**	**Author and approver**
v.2.0	11/06/26	Policy updated to reflect the latest Homes England Capital Funding Guide requirements for Shared Ownership, including: • Addition of staircasing and resales • Clearer allocation process • Updated valuation process • Addition of 1% staircasing • Updated affordability checks • New repairs and maintenance provisions • Updated complaints and governance wording	**Authors:** Will Purvis, Head of Sales, Communications & Marketing Amber Russell, Head of Housing **Approved by:** Sarah King, Deputy Chief Executive Cllr Keith House, Leader of the Council