Doc Number: 3-25a	Lead: Director of Housing & Assets	Last Full Review: June 2026

Tick one of the below for review/changes made: **Full review and changes made** ☐ (add changes summary to table below) **Full review, no changes made** ☒ **Changes made but no full review** ☐ (add changes summary to table below)	**Reviewer / Editor:** Housing Revenue Assistant **Changes Approved By:** Housing Revenue Assistant **Reviewed and edited in-line with the Beacon?** ☒ Yes ☐ No

Shared Ownership Management Policy

Document Change Details

Date	Summary of Changes Made
October 2023	All policies and procedures revert to version 01, as approval process & version control moved to Sharepoint. Version number no longer shown on the document. New front sheet.
December 2025	Responsibilities matrix added – update to rent percentages and some updates to language.

RESPONSIBILITIES	
Housing Manager	Responsible for: • Implementing the policy and procedure within the Housing Management team
Housing Revenue Assistant	Responsible for: • Applying the policy and procedure in all dealings with Shared Owners.

1.0 PURPOSE

To provide guidelines for the service provided to shared owners and information for staff dealing with requests from shared ownership leaseholders.

To ensure a consistent approach in managing our shared ownership stock, within legal and regulatory requirements and good practice.

To ensure we provide shared ownership leaseholders with clear and timely information about their rent and service charges.

2.0 POLICY

Each shared ownership lease will include details of the rights and responsibilities of each party.

The lease will provide details of repair and maintenance responsibilities, including how these items will be funded via sinking funds and service charges.

The rental element of the lease is set at a prescribed 3% of Southdown's investment in each property (2.75% in later programmes) and is to cover the repayment of the initial capital investment (including loan interest) of Southdown's acquisition of each property.

Southdown will review the rent (on an upward-only basis) for the shared ownership property once a year on the 1st April with reference to the prescriptions within individual Shared Ownership leases or, where these clauses are absent or determined as being no longer a valid or fair measure of inflation - with reference to separate agreement with the shared owners - utilising previous September CPI figure +1%.

Shared owners are liable for 100% of all repair and maintenance costs for the property. Southdown will arrange repairs and maintenance to be undertaken, with prior agreement with shared owners. The cost of such works will be recouped either as an immediate full repayment or by adding costs to the service charge.

Shared Owners will carry out *improvements* (as distinct from repairs) at their own expense, and should seek Southdown's approval for the work in advance if this could affect the fabric of the building or the value of Southdown's share.

Costs borne by Southdown on shared owners' behalf will be recouped in the variable service charges included within the overall rental costs.

For leasehold properties where another Head Landlord owns the freehold, Southdown will pay service charges due directly to the Head Landlord or, more commonly, via the Managing Agent, and recoup this cost via the shared owners' service charge.

For leasehold properties, where Buildings Insurance is not covered by a Head Landlord, Southdown will arrange for properties to be added to their own Building Insurance policy and recharge shared owners through their service charge. This will also be the case for all freehold properties.

For leasehold properties, Southdown staff will offer to attend leaseholder meetings to explain issues and plans raised by the Freeholder/Head Landlord to Shared Owners and offer to liaise on their behalf with Freeholders/Head Landlords on tenancy and rent issues.

In setting service charge levels, Southdown aims to smooth costs experienced by a shared owner over the lifetime of their ownership to prevent sudden large demands. Southdown also aims to ensure there is a positive balance built up in advance by each shared owner to pay for major repair costs to their property. This is the purpose of the sinking fund.

Southdown will maintain service charge accounts for each shared owner. Shared owners can request to receive a copy of their account at any time, which will be provided within a reasonable time frame.

Shared owners will receive annual statements for sinking funds and service charges within six months of the end of each financial year. Southdown must issue a demand to recover historic costs within 18 months of them being incurred.

Southdown will visit each shared ownership property at least every five years to undertake a stock condition survey. The results will be used to create a 5-10 year property maintenance and major works investment plan for each shared ownership property. The survey results and resulting investment plan will be discussed and agreed with Shared Owners.

Shared owners must seek the consent of Southdown before undertaking major alternations.

Southdown will undertake annual gas safety inspections and five yearly checks on electrical systems. These costs will be added to the service charge in the same way that repair costs are recovered.

Shared owners have access to Southdown's out of office hours emergency repair service.

The shared owner is eligible to increase their equity share in the property (a process known as *staircasing*). Additional shares can be purchased after the first anniversary of the original lease. The minimum additional shares that can be purchased are 10% (or multiples thereof unless otherwise agreed).

Additional shares can only be purchased a maximum of three times during the term of the lease.

A shared owner, or their successors may exit the shared ownership arrangement by staircasing to a 100% share of the property. '*Back-to-Back Staircasing'* applies when the shared owner sells the property on the open market; in its simplest terms this means that Southdown sell the shared owner the remaining equity in the property at the same point in time as the shared owner sells it on to an incoming purchaser.

If a person with a shared ownership lease dies, the part of the property that is owned passes to the beneficiary of the will. The rented part passes to any successor. Where these two people are different, the tenant will have the right to occupy and the beneficiary will have the equitable interest, which would only be realised when the property is sold. The beneficiary's position would be similar where there is no successor: the landlord would have vacant possession of the property, but the beneficiary would be more likely to succeed in obtaining an order for sale to realise the equity. If there is a successor but no will, then the laws of intestacy apply.

If there is no successor and no one to inherit the equity, then the landlord will obtain vacant possession and the equity will eventually pass to the Crown or the Duchy of Cornwall or Lancaster under the laws of intestacy. Many shared ownership leases have a clause to clarify these potentially messy situations.

Shared owners are not normally able to reduce their equity share in the property. Southdown will consider requests but retains the right to refuse.

If the shared owner wishes to part with possession of the property, they must follow the Shared Ownership Management Procedure 3-25b.docx

Shared owners must be consulted before maintenance and major works expected to exceed £250 in value. Further details are contained in Appendix 1 of the Shared Ownership Management Procedure 3-25b.docx

Shared owners must be consulted before Southdown enter into agreement with a third party to provide services to them individually that would run for over 12 months and the annual cost to the shared owner's service charge would be over £100.

Shared owners have a right to be consulted about management changes and be informed about Southdown's management policies and procedures.

Related policies:

Vision Mission and Core Values 1-02.docx
Property Maintenance Policy 3-01a.docx
Property Maintenance Policy 3-01a.docx
Rent Setting Policy 3-21.docx