

HOME PURCHASE POLICY

1. Introduction

This policy sets out the home purchase options available from Citizen and how we will deliver our home ownership service. This service includes sales under statutory schemes to existing tenants wishing to buy their homes and sales of newly developed or acquired properties to prospective homeowners.

Citizen is committed to the creation of new affordable housing and our development strategy sets out how we will achieve that growth by making appropriate use of the sources of funding available.

This policy is designed to support our vision of “home is our foundation for life”. It sets out how we will deliver a service that offers value for money and complies with law and regulation.

It provides the framework within which we will deliver our home ownership service and is based on, and reflects, the requirements of the regulator of social housing, case law and UK legislation (for more information see Appendix A). Our staff will work within the policy framework while completing this work.

When delivering this policy, we will:

- Adopt the principles set out in the Homes England Affordable Housing Capital Funding Guide for affordable home ownership options.
- Offer a range of affordable home ownership options to people in our communities in line with our charitable purposes.

2. Scope

This policy applies to assured and secure tenants who are eligible for statutory home purchase schemes offered by Citizen, customers who are applying to become shared owners, and existing shared owners.

3. Policy Detail

We will provide advice appropriate to the stage of the marketing and sales process, informing prospective buyers of the products available. Buyers must seek independent financial and legal advice in order for them to make an informed decision on whether to proceed.

Applications will be processed in line with our agreed procedures and relevant legislation.

3.1 Buying a rented home

There are schemes in place which allow existing eligible tenants who are renting their homes from us to buy those homes usually at a discounted price. These schemes are listed in Appendix B.

Legislation does not allow for every rented property to be sold and we will ensure that this is followed when deciding if a home can be sold.

At all times we will follow the prescribed process as set out in regulations and we will take appropriate steps as necessary to validate claims and reduce the risk of fraud.

Where schemes provide for discretion on the part of Citizen, we will exercise this discretion in line with scheme's provisions and having due regard to any guidance that may be issued by Homes England or the Department for Levelling Up, Housing and Communities.

3.2 Shared ownership

Where our development strategy allows, we will provide homes for sale as shared ownership properties. Shared ownership provides opportunities for people who cannot afford to buy a home outright on the open market to become homeowners.

Through shared ownership people can buy a share of a property and pay rent on the remaining share, which is owned by the landlord. The purchaser's interest in the property is through a shared ownership lease and they will pay rent on the portion owned by the landlord.

Further shares can be purchased (often referred to as staircasing), at the market value, until the property is owned outright, or the maximum share permissible under the lease is reached. It is not compulsory to purchase further shares.

The percentage available for sale and additional purchase will vary dependent on the scheme, when it was built, and how much the person can afford to purchase.

There are differences in rights, responsibilities and leases for shared ownership homes built under the Affordable Housing Programme 2021-2026 to those built before. Further government information on shared ownership can be found here; www.gov.uk/shared-ownership-scheme

We will discuss any rights, responsibilities and leases with prospective purchasers before the sale completes to ensure these are understood.

3.3 Service Charges

Purchasers of leasehold or freehold properties may become liable to pay on-going service charges following completion. These will be clearly set out in leases and covenants. More information is set out in our Service Charge Policy and Leaseholder Policy.

3.4 Fees

There are a number of items for which we charge a fee and we will expect those fees to be paid for in advance. We will provide a schedule of fees charged.

3.5 Shared Ownership Homes built pre-Affordable Housing Programme 2021-2026

- The minimum initial purchase will be 25%. The maximum initial purchase is 75%.
- Most homes can later be “outright purchased” either leasehold or freehold. Some will have a maximum ownership level of 80%.
- Additional shares can be purchased on all homes.
- A “Ground Rent” can be charged

There are eligibility criteria in place to buy a shared ownership home, these are set by Homes England, and we will make details available on our website; www.citizenhousing.org.uk

We will obtain property valuations by getting an independent valuation from an appropriately qualified valuer or surveyor in line with the requirements of statutory schemes.

Shared owners and those who buy a flat or a maisonette from us will become leaseholders. The standard length of lease will be 125 years however we reserve the right to offer leases

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on other terms where this may be appropriate, for example where we do not hold the freehold. More information on leaseholders is set out in our Leaseholder and Freeholder Policy.

If a shared owner decides to move and wishes to sell their home, they will need to contact Citizen and market the property for the first eight weeks. If after eight weeks we have been unable to find a buyer, the shared owner is entitled to list on the open market for a buyer.

3.6 Shared Ownership Homes Built under Affordable Housing Programme 2021-2026

Shared Ownership homes built under the 2021-2026 Affordable Housing Programme have additional rights and options not available to shared ownership homes built before. These are:

- Homes built under the Affordable Homes Programme 2021-2026 and sold as shared ownership will a 990-year lease.
- The minimum initial purchase is 10%
- For the first 15 years, a single 1% purchase can be made once in each year. Shared owners cannot purchase 2%,3%,4%. This is referred to as “gradual staircasing”.
- “Standard staircasing” enables additional purchases of 5% or more. Some properties may have an 80% restriction, but most can be purchased outright.
- Entitlement of £500 per year to provide support with “eligible repairs”. One years allowance can be carried forward into the next year where not used. The date a repair receipt is received by Citizen will determine the year in which the claim is treated.
- “Ineligible repairs” include those covered by NHBC, warranties, or where damage has occurred due to misuse (which would include not keeping appliances serviced). An allowance can be claimed during each of the first 10 years from when the shared ownership home build was completed.
- No “Ground Rent” can be charged.

We will provide a valuation to shared owners annually that is valid for 3 months. Purchases of 1% will be based on this valuation. If the 3 months has expired, we will provide a new valuation free of charge.

There are no administration charges from Citizen for 1% purchases. Shared owners will be responsible for any legal fees they incur.

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When the shared owner wishes to purchase an additional 5% or more, Citizen will instruct a RICS surveyor to provide an independent valuation. The cost of the valuation is paid for by the shared owner. Estate Agency valuations are not acceptable.

If a Shared Owner is unhappy with this valuation, they may at their own expense appoint their own RICS surveyor to provide second independent valuation. The second valuation will serve as the value on which any transactions are made for as long as it is valid and will supersede the first valuation. This is done entirely at the shared owners risk.

We will refer customers to government guidance for all disputes and advise customers to obtain independent advice.

If a shared owner decides to move and wish to sell their home, Citizen will market the property exclusively for four weeks. If after four weeks Citizen have been unable to find a buyer, the shared owner is entitled to list on the open market for a buyer.

4. Roles, responsibilities, and Governance

It is the responsibility of the Board to ensure that this policy is successfully implemented, and the procedures followed. The Senior Leadership Team and Heads of Service are responsible for ensuring that all staff understand the importance of this policy and the related procedures and comply with them.

Managers are responsible for ensuring that their reports have undertaken the appropriate policy eLearning by utilising reports produced by Learning and Development.

Any changes to this policy must be made in line with the requirements set out in Citizens Standing Orders and our Policy framework.

5. Monitoring and review

This policy will be reviewed every 3 years, unless legislation, service delivery or sector developments require otherwise ensuring the policy continues to meet its objectives and take account of good practice developments.

Legal advice will be taken to ensure compliance with legal, regulatory and contractual responsibilities.

Where appropriate service delivery reports in respect of this policy as incorporated into our quarterly reporting suite.

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6. Equality Impact assessment

This policy has been subject to an Equality Analysis. Staff working across Citizen have considered the impact of this policy on different groups and communities that we work with. In framing this policy, our staff are committed to not discriminate adversely against any group and will respect the diversity of the communities we are working within.

The EIA and any actions identified as needing to be implemented are in Appendix 1

7. Version Control

VERSION	DATE	AMENDMENTS	APPROVED AT/BY	REVIEW
V 1.0	Sept 2019	Policy updated to Citizen brand format	NA	Feb 2021
V 2.0	Apr 2021	Policy review date met and policy name change	ELT	
V2.01	Jan 2023	Policy update to include new shared ownership model under Affordable Housing Programme 2021-2026, Right to Shared Ownership, Rent to Buy		
V3.0	Feb 2023	Minor amends to wording and formatting following above update		

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Appendix A - The following legislation and guidance influences the conditions and policies set out in this document:

Legislation	Main powers and relevance
Sections 16, 16A and 17 of the Housing Act 1996, Sections Housing 180 to 185 of the Housing and Regeneration Act 2008 and Part V Housing Act 1985 as applied by as set out in The Housing (Right to Acquire) Regulations 1997 and any subsequent amending regulations	Access to and conditions of the Right to Acquire scheme
Sections 171A-171H of the Housing Act 1985 and Part V Housing Act 1985 as applied by set out in The Housing (Preservation of Right to Buy) Regulations 1993 and any subsequent amending regulations	Access to and conditions of Preserved Right to Buy scheme
Part V Housing Act 1985	Access to and conditions of the Right to Buy scheme
HCA Capital Funding Guide	Contains the rules and procedures for all providers delivering affordable housing through one of Homes England affordable homes programmes.
HCA /CML/NHF Shared Ownership – Joint Guidance for England	This guidance in conjunction with the Capital Funding Guide sets out the requirements and procedures that providers of grant-funded Help to Buy Shared Ownership schemes must conform to.

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<p>The Right to Shared Ownership – A Guide for Tenants. Department for Levelling Up, Housing and Communities</p> <p>22nd December 2022</p>	<p>Provides guidance for prospective shared owners around the product, landlord and shared owner responsibilities, and risks involved</p>
<p>Right to Shared Ownership – Initial Guidance for Registered Providers</p> <p>Department for Levelling Up, Housing and Communities</p> <p>8th September 2020</p>	<p>Provides guidance for Registered Providers around the product, landlord and shared owner responsibilities.</p>
<p>Consumer Protection from Unfair Trading Regulations 2008</p>	<p>Ensures that a property advertised for sale is accurately described.</p>

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Appendix B - Schemes available to customers who want to buy their rented home

Prospective buyers can find more information at www.communities.gov.uk/righttobuy or www.gov.uk/right-to-acquire-buying-housing-association-home

Right to Acquire	<p>The Right to Acquire allows many housing association tenants to buy their home at a discount which is a fixed amount dependent on the local authority area the property is in.</p> <p>The Right to Acquire applies to tenants living in properties which had been purchased or acquired by housing associations from 1st April 1997 onwards, using Social Housing Grant.</p> <p>Most assured tenants can apply to buy their housing association home if they have held tenancies with one or more public sector landlord for at least 3 years. These landlords include:</p> <ul style="list-style-type: none"> •housing associations •councils •the armed services •NHS trusts and foundation trusts <p>There are exceptions to the Right to Acquire which excludes some properties from the scheme.</p> <p>For full details of the exclusions please see. http://www.legislation.gov.uk/ukpga/1985/68/schedule/5</p>
Right to Buy	<p>The Right to Buy is available to tenants holding a secure tenancy.</p> <p>In respect of housing association tenants, this is</p> <p>tenants who were granted a tenancy before 15 January 1989 and who have held a secure tenancy continuously since that time;</p> <p>tenants of properties acquired by associations from the private sector, where immediately prior to that acquisition the tenant held a protected tenancy which by law would have converted to a secure tenancy at the point of acquisition and has held a secure tenancy continuously since that time.</p>

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	<p>There are exceptions to the Right to Buy which excludes some properties from the scheme.</p> <p>For full details of the exclusions please see http://www.legislation.gov.uk/ukpga/1985/68/schedule/5</p>
Preserved Right to Buy	<p>The Preserved Right to Buy is held by an individual who was the secure tenant of a local authority property immediately before that property was transferred to a housing association and at that point the individual became an assured tenant with that association and has held a tenancy or tenancies continuously with the association since that time. For the right to apply, the stock transfer must have taken place after 31st March 1997.</p> <p>The amount of discount will be dependant on how long the applicant has lived in the home subject to a cash cap as specified by legislation.</p> <p>In addition</p> <ul style="list-style-type: none"> • The property must be the applicants only or main home and must be self contained • The property must not be part of a sheltered housing scheme or other housing particularly suitable for elderly or disabled people • The property must not be due to be demolished • The applicant must not have any legal problems with debt • The applicant must not have an outstanding possession order. <p>There are exceptions to the Preserved Right to Buy which excludes some properties from the scheme.</p> <p>For full details of the exclusions please see http://www.legislation.gov.uk/ukxi/1993/2241/schedule/5/made</p>
Contractual Right to Buy	<p>Where properties have been acquired from another housing association and immediately before the acquisition a tenant held a secure tenancy and was granted an assured tenancy at the point</p>

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	of acquisition and has held continuous tenancies with us since that time, we will allow a contractual right to buy subject to the same terms and conditions as the statutory scheme.
Rent to Buy	“Rent to Buy” is a housing product offered on specific homes. It enables tenants to rent a home on fixed term tenancy basis at an Affordable Market Rent. The tenant is able to buy their home within 5 years of their tenancy agreement commencing. At the end of the 5 years if the home has not been purchased there is not automatic right to remain in the home or for a new tenancy agreement to be issued. Citizen will review with individuals their housing circumstances and provide housing options advice and support to tenants who are not able to purchase.
Right to Shared Ownership	Tenants of homes built under the 2021-2026 development programme will have the “right to shared ownership.” The “right to shared ownership” is a statutory right, subject to meeting qualifying rules, that entitles the tenant to shared ownership purchase of either the home they are in or an alternative once they have held the tenancy for 12 months and have been social housing tenants for a total of 3 years. Certain homes are excluded and cannot be purchased. Citizen follows government guidance in the determination of homes offered for shared ownership for qualifying tenants.

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Appendix C – Shared Ownership “Initial Repairs Period”

If a shared owner bought a shared ownership home during or after 2021, it might have an ‘initial repair period’ in the lease.

During the initial repair period, the landlord is responsible for the cost of some repairs and cannot:

- use the reserve fund (‘sinking fund’) to pay for repairs that are their responsibility
- use the [service charge](#) to pay for external and structural repairs

Shared owners still need to pay the service charge if the home has an initial repair period.

An initial repair period usually lasts for 10 years and only applies if the share owner owns less than a 100% share of their home. After the period ends, all repairs are the responsibility of the shared owner.

1.1.1 What repairs are included

During the initial repair period, the landlord is responsible for the cost of:

- essential repairs to the outside of the building
- essential structural repairs to walls, floors, ceiling and stairs inside the home

Shared owners can also claim up to £500 a year from the landlord to cover repairing, replacing (if faulty) and maintaining fixtures and fittings that:

- supply water, gas or electricity - for example sinks, baths or pipes
- heat the home, for example a boiler or radiator

It does not include:

- installing other fixtures (such as kitchen cabinets) and fittings (such as a bed or sofa)
- installing appliances that use gas, electricity or water supplies, such as ovens or washing machines
- repairs covered by the building warranty or any other guarantee

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If a shared owner breaks the terms of the lease, the landlord will not need to pay for repairs they're normally responsible for. For example, if a shared owner:

- causes damage on purpose
- does not arrange routine servicing and maintenance, such as regular boiler servicing

If the repairs are covered by the building warranty or another guarantee, check the warranty or guarantee documents to find out how to claim for the repairs.