



LONDON BOROUGH OF BRENT

# Shared Ownership Sales and Marketing Policy



# 1.0 Policy overview

## Introduction

The London Borough of Brent is committed to providing a range of affordable housing options that meet both the housing needs and aspirations of Brent residents.

Shared ownership is an affordable housing product through which households can purchase a share in a new home and pay a regulated rent via a lease arrangement on the remaining unsold share. By purchasing a share, households are able to benefit from the stability of home ownership without having to meet the deposit and borrowing requirements of purchasing the property in whole.

In line with the [regulatory requirements set out by the Homes and Community Agency \(HCA\)](#) (now Homes England), and the [Greater London Authority \(GLA\)'s Affordable Housing Capital Funding Guide](#), this policy sets out how these new shared ownership homes will be marketed and sold.

Other housing providers in Brent who are building new shared ownership homes are encouraged to adopt the approach to prioritising applications outlined in this policy.

## Aims of the policy

The aims of this policy are to:

- support Brent residents to meet their housing needs and aspirations
- ensure that the Council's shared ownership homes are purchased fairly and transparently

- ensure that residents who purchase a shared ownership property can afford it
- ensure all sales are compliant with the regulatory requirements of Homes England the GLA
- enable a quick and efficient sales process

## Links to the Council's corporate aims

This policy supports the [Brent Borough Plan 2019-2023](#), "Building a Better Brent". The plan aims to make Brent a great place to live and work, where people feel that they have opportunities to change their lives for the better.

## Equality and Diversity

Brent is the second most culturally diverse borough in the UK<sup>1</sup>. This policy supports the Council's commitment to championing equality and ensuring procedures are in place so that all residents are treated fairly and without unlawful discrimination in line with the [Equality Act 2010](#).

# 2.0 Eligibility and Qualification

## Financial eligibility

When selling a shared ownership product, it is essential to check whether residents can afford the mortgage, rent and service charge payments combined; hence this will be assessed as part of an applicant verification process.

The deposit required for a shared ownership property is at least 5% of

---

<sup>1</sup> [Equality profile of Brent 2019](#)

the equity being purchased. Evidence of funds for the deposit will be sought at verification.

The GLA requirements state that, to be eligible for a London shared ownership home, the annual income of the household must be less than £90,000 and the household must be otherwise unable to afford to purchase a home unassisted. The annual household income includes income from any member of the household that is directly linked to the purchase of the property, and excludes income from any member of the household under 18 years old. Brent Council is adopting this approach.

Also in accordance with the GLA guidance, residents must not be in mortgage or rent arrears and must have a good credit history at the point of applying. It must be evidenced that residents can afford the regular payments and costs involved in buying a home.

Residents who are self-employed will need to provide three years' worth of audited accounts, evidencing that the mortgage and rent payment for the shared ownership property will be affordable.

## Age

All applicants must be 18 or over.

## Existing homeowners

Under some circumstances, existing homeowners could be considered eligible for shared ownership homes. This includes cases of existing homeowners whose property no longer meets their housing needs and cannot afford to buy on the open market, or where a relationship breakdown has resulted in the household splitting. Existing homeowners wishing to apply for a Brent shared ownership home must;

- have their name removed from the previous mortgage; or
- be in the process of selling their existing home and be able to demonstrate it is no longer suitable for their needs (e.g. overcrowded)

## Citizenship

Residents must be a British or EU/EEA citizen with a Settled Status or have indefinite leave to remain in the UK.

## Elected members, staff and their relatives

Elected members, staff and their relatives are eligible to apply for Council shared ownership properties. All applications, including those from elected members, staff and their relatives will be assessed in line with the process set out in this policy. The London Borough of Brent's Chief Executive and Head of Audit & Investigation will give a final approval for any allocations to elected members and their relatives. The Operational Director of Housing and Head of Audit & Investigations will give a final approval to any allocations to staff and their relatives.

## Exemptions

Exemptions may include (but are not limited to) individuals whose financial commitments such as high childcare, or child maintenance payments reduce their ability to afford to buy a home on the open market. This will be assessed on a case-by-case basis.

The Operational Director of Housing has authority to approve any exemptions to the criteria included in this policy. All exceptions will be monitored to ensure the Council's shared ownership properties are targeted to those most in need.

### Bedroom eligibility

To ensure households are not overcrowded, they will be assessed against the [Government's Allocation of Accommodation Guidance 2012](#) defined 'bedroom standard', which requires a separate bedroom for the following:

- Married or cohabiting couple
- Adults aged 21 years or more
- Two children aged 0-20 years of the same sex
- Two children aged under 10 years regardless of sex

## 3.0 Priority

### Priority requirements

Priority will be given to both serving and former military personnel. This priority applies if:

- The applicant has completed their basic training (phase one) as:
  - Regular service personnel (Navy, Army and Air Force)
  - Clinical staff
  - Ministry of Defence Police Officers
  - Uniformed staff in the Defence Fire Service
- They are ex-regular service personnel who have served in the Armed Forces for a minimum of six years, and can produce a Discharge Certificate (or similar documentation) as proof, where they apply within two years the date of discharge from service

- They are defined as a surviving partner under the [Capital Funding Guide](#) of regular service personnel who have died in service, where they apply within two years of the date of being bereaved

Whilst the government has removed any requirement to prioritise any other group, the Council has adopted local criteria meaning applications will be prioritised in the following order:

- Existing Council or housing association tenants
- Households on the Housing Register
- Key workers (within the London Borough of Brent [definition](#))
- First-time buyers
- All other Brent residents
- Residents living outside of Brent

### Households with the same eligibility

If two or more residents have the same level of priority, the property will be offered to the applicant with the earliest registration date.

## 4.0 Marketing

### Management of sales and marketing

The Council will enter into an agreement with an external agent/company, to manage the sales and marketing of Council built shared ownership homes.

The appointed marketing and sales company will be required by the Council to ensure it acts in accordance with the [Consumer Protection and Unfair Trading Regulations \(2008\)](#) and any other relevant regulatory guidance when marketing the Council's shared ownership homes.

All prospective purchasers will be provided with clear and accurate information, which has been approved by the Council on the homes being sold.

### Marketing

Council shared ownership homes have been built as part of the [Homes for Londoners initiative](#). All properties will be listed on the [Homes for Londoners portal](#).

## 5.0 Sales

### Valuation

Prior to sale or stair-casing, each shared ownership home will receive an independent valuation from a Royal Institute of Chartered Surveyors qualified surveyor. Initial sales will be based on the full market value of the property.

It is the responsibility of the leaseholder to cover the costs of a valuation. The valuation will be reviewed every three months until the point of sale to ensure the sale price is reflective of the open market. Properties cannot be advertised below their open market value without permission from central government.

Once purchased, any revaluations required for stair-casing or resale will be at the owner's expense.

We expect all surveyors carrying out a valuation to ensure it is a true reflection of the property's value.

If the property is down-valued by the mortgage lender's surveyor, the Council will investigate the reasons supplied by the lender against the original valuation. This will include reviewing other similar properties for sale in the local area.

### Lease purchase

The minimum initial equity share that can be purchased is 25% and the maximum initial equity share is 75%.

At the point of sale, annual rents will be no more than 3% of the unsold equity. This means rents will be set on an individual property basis depending what percentage is sold.

Under current regulations, increases in rent are limited to the Retail Price Index (RPI) plus 0.5%, using the RPI figure for a specified month, which, is published annually. The [Capital Funding Guidance](#) sets out further information on rent increases.

The term of the lease purchased will be 125 years and charges will be set and administered in accordance with current legislation, including the production of annual accounts. (See 'service charges' below for more information).

### Reservation

At the point of reservation, residents will be required to supply:

- Proof of income

- Proof of identification
- Proof of address
- Evidence of deposit (bank statement, council bond)
- Evidence of eligibility
- Evidence of affordability (e.g. bank statements, bills)

Once verified the successful applicant (now the buyer) will be required to pay a reservation fee of £500 to reserve a property and start the sales process. When paying the reservation fee, the buyer will be required to complete and sign the reservation fee form agreeing to the terms and conditions under which the fee is paid.

This fee will then be refunded once the purchase has been completed.

Should the buyer not proceed with the purchase for any reason, the fee will not be refunded. Exceptions may be made in certain circumstances; e.g., where not receiving the refund would cause financial hardship. This will be at the discretion of the appointed sales and marketing company.

### **Mortgage offer approval**

Prior to the purchase, the appointed sales and marketing company will require a copy of the buyer's mortgage offer, including the amount of borrowing and the terms.

### **Service Charges**

Under the [Homes for Londoners](#) initiative, the Mayor of London requires all housing providers building shared ownership properties,

including Brent Council, to adopt the [Mayor of London's Shared Ownership Service charges charter](#).

This charter requires the Council to meet the following principles:

- transparency - addressing the management of information relating to service charges and when and how this is communicated to leaseholders
- affordability - ensure service charges are sustainable for leaseholders in the long term
- intelligent design – adopt strategies before the homes are built to minimise service charges in the future

## **6.0 Post-purchase**

### **Property Management**

Details of the management of shared ownership properties will be outlined in the Council's [Leasehold Management Policy](#).

### **Customer experience**

On the completion of each sale, each buyer will be asked for feedback on their experience of purchasing their new home via Brent's settlement check questionnaire. This will be used to improve the customer experience.

Complaints can be registered at: [brent.gov.uk/your-council/complaints/making-a-general-complaint/](https://brent.gov.uk/your-council/complaints/making-a-general-complaint/)

### **Completion**

On the day of completion, a member of the Brent team will be on hand to provide new owners with keys to the property and to demonstrate how to use the facilities and answer any queries they may have.

Buyers will also be given a Home User Guide that will include meter readings, warranties for any appliances fitted, and an explanation of how to pay service charges.

### Repairs during the first year

For the first year, the contractor who built the property remains responsible for rectifying defects at no cost to the owner. Common defects repairs are outlined in the Home User Guide.

At the end of the 12-month period, it will be the responsibility of the owner(s) to carry out any internal repairs to their home. Ratification of defects is outlined in the Brent Defects Repairs Procedure.

The [NHBC Buildmark insurance cover](#) as outlined below, will cover the cost of any damage caused by the builder failing to build the home to NHBC requirements.

### Repairs & Maintenance

Brent Council will maintain the external fabric of the building and shared communal areas, in accordance with lease obligations. This includes day-to-day repairs, cyclical and planned major works.

Leaseholders will be fully consulted about major works and improvements as required by Section 20 of the [Landlord and Tenant Act 1985 \(as amended\)](#).

### Rent and Service Charge

Purchasers will pay the rent and service charges on the first of each month to Brent Council by Direct Debit. Both will be reviewed annually, in line with the terms of the lease. The service charge may change depending on the expenses incurred for the development.

### Service Charges

Service charges will be levied to fund the following:

- Communal cleaning and gardening
- Buildings insurance
- Maintenance of lifts, door entry systems and other items such as solar panels and communal TV aerials/satellites
- Management and audit fees

We will provide leaseholders with accurate and timely information about service charges, including a breakdown of the relevant costs. Charges will reflect the actual cost of delivering a particular service. The annual management charge will cover the costs of managing and providing the leaseholder management service.

Brent Council has signed up to the [Mayor for London Shared Ownership Charter for Service Charges](#) to minimise service charges wherever possible.

Deficits and credits from previous years will be carried forward into subsequent years and included in the calculation of service charges each year. Leaseholders will be notified of their actual charges once a year. Full details are outlined in the Brent Leaseholder Handbook.

Leaseholders will be encouraged to pay via Direct Debit and spread the total charges over a 10-month period in equal instalments.



Leaseholder arrears will be dealt with in line with Brent's Leaseholder Handbook, [available here](#), (page 13).

### Stair-casing (buying more of your home)

Buying more shares in a shared ownership home is called 'stair-casing'. The Brent Lease Agreement allows for purchasing more shares in chunks of 25% and outlines this process. Prices for stair casing are based on new valuations at the time of purchase carried out by qualified RICS Surveyors who specialise in valuations reflecting true market value.

### Home Improvements

Leaseholders can make alterations or improvements to their home and should first seek consent from Brent Council in line with the Brent Leaseholder Handbook (page 21). A decision on alterations or improvements will be provided in writing. Brent will clarify expectations such as inspection of planning permission, building regulations, insurance cover during and after works, and set out conditions such as the future maintenance of improvements and alterations.

### Subletting

Leaseholders may be able to sublet their property, subject to the terms of their lease and following written consent from Brent Council. If a leaseholder sublets their property they will become a landlord and are expected to comply with the rules and safety regulations imposed on landlords as well as tenants.

The landlord will have to provide the names and other relevant details of the tenant to whom a property has been sublet, as well as their own new correspondence address so that all future service charges bills can

be sent to them. The leaseholder will remain responsible for paying all service charge and major works bills.

Any property rented out to five or more people who are unrelated will require a Mandatory HMO license regardless of the number of floors in the building. Brent also operates the following licensing schemes for privately rented properties:

- Mandatory Licensing Scheme - this covers houses in multiple occupation (HMOs) occupied by 5 or more people
- Additional Licensing Scheme - this is borough-wide and is for HMOs occupied by three or four people
- Selective Licensing Schemes - this was introduced in 2018 and covers the wards of Dudden Hill, Kensal Green, Kilburn, Mapesbury and Queens Park.

To apply for a property license, please go our website:

<https://www.brent.gov.uk/services-for-residents/housing/landlords/property-licensing/apply-for-a-property-licence/>

### Pets

If a leaseholder wishes to keep a pet, they must obtain written permission from Brent Council in accordance with their lease.

### NHBC Buildmark cover

New homes will be guaranteed under a [NHBC](#) warranty for a period of up to 10-years after the building was finished. This includes covering the cost of repairs caused by faulty workmanship/materials/repairs or replacement of items that are supplied as part of new homes.

[The Buildmark cover](#) has two parts:



- Initial problems in the home caused by faulty workmanship or materials
- Years 3-10 insurance for the costs of putting right damage caused by a structural defect

## 7.0 Monitoring and delivering of the policy

This Policy will be reviewed once the government makes a decision on its ongoing consultation on how affordable housing will be delivered in the future. Amendments at other times will be made through the local decision making progress. Any major changes will be consulted upon before a decision is taken to implement them.