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Responsible Officer: Assistant Director of Development & Growth
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Low-Cost Home Ownership Policy

Policy Statement

Purpose

The purpose of this policy is to provide a clear framework for investment decisions in low-cost home ownership products and to set policy for managing the sales and staircasing processes.

Legal Obligations

Orwell must manage low-cost home ownership sales and leases in line with:
Housing and Regeneration Act 2008 (section 70)
Landlord and Tenant Acts 1985 and 1987
Commonhold and Leasehold Reform Act 2002
Leasehold and Freehold Reform Act 2024 (once fully in force)
Homes England's Capital Funding Guide

Orwell's Commitment

It is Orwell's policy to provide a range of housing options when developing schemes and we consider that low-cost home ownership, such as shared ownership, shared equity and leasehold for the elderly schemes, provide choice and diversity within the housing market.

To meet this policy aim we will:

(a) ensure that all homeownership products are affordable and sold at a price that is within reach of local incomes.

(b) restrict our exposure to shared ownership and other sales products by ensuring that before investment decisions are made there is sufficient financial capacity in the business to retain any unsold properties by converting to rent should the market fail.

(c) seek to develop schemes which have a mix of tenure opportunities for the community where market research has indicated a need and demand.

(d) ensure that applicants are not able to afford housing to meet their needs on the local market.

(e) set the initial rent in line with the Capital Funding Guide at no more than 3% of the value of the unsold equity and usually at 2.75%, in line with best practice. Less than 2.75% will be considered on a site-by-site basis if affordability is a concern, and if lower initial rents do not negatively impact the financial viability of the development.

(f) carry out appropriate proactive marketing to ensure that sales of shared ownership properties are completed as quickly as possible and that void times are minimised.

(g) consider converting properties to affordable or market rent if they remain continually unsold after a period of 6 months and a review to determine whether a further marketing campaign is undertaken.

(h) assess the eligibility of applicants according to criteria agreed in partnership with the nominating authority and in accordance with Homes England criteria.

(i) ensure all applicants for shared ownership schemes seek independent mortgage advice from Orwell's panel of regulated mortgage advisors with whom Orwell have a service level agreement and seek independent and appropriate legal advice to assist with the purchase. Orwell will make reasonable efforts to ensure that prospective purchasers are aware of all the responsibilities and expenses involved in home ownership.

(j) sell Homes England grant funded homes will be sold on a first come, first serve basis on sites where the demand for the shared ownership homes exceeds supply. A statement of this policy will be published on Orwell's website and made available to applicants;

(k) ensure that eligible applicants have a sufficient minimum monthly surplus income (monthly income left over after monthly outgoings have been accounted) to ensure affordability. A statement of this policy will be published on Orwell's website and made available to applicants.

(l) require compliance with the terms of the shared ownership lease, including the payment of rent, and will, if necessary, take action to enforce the contract as appropriate.

(m) permit shared owners to purchase additional shares in accordance with the property lease and government legislation and will provide additional advice on this issue when required.

(n) make it possible for shared owners to dispose of their share in the property by re-selling. Orwell is permitted first refusal on any such resale, after which the shared owner may make alternative arrangements.

(o) in exceptional circumstances, and following referral for tenancy sustainment advice, when a shared owner is in, or about to be in mortgage and/or rent arrears and may lose their home (including the likelihood of repossession by the main mortgage provider), consider buying back shares (downward staircasing) to enable a shared owner to remain in their own home by taking their mortgage to a more affordable and sustainable level;

(p) consider granting extensions to shared ownership leaseholders on a voluntary basis and where no statutory lease extension right exists.

(q) resist schemes that restrict the ability for purchasers to eventually purchase homes outright in line with Homes England guidance.

(r) Utilise our own in-house solicitor and legal expertise for conveyancing to expedite the sales process and avoid legal costs.