

Home Ownership Handbook

for shared owners
of houses

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1. Introduction

This handbook explains how shared ownership works. It is intended as a general guide only and is not a substitute for legal advice. It is not an authoritative interpretation of the law and nor does it override or affect the terms of your lease.

Shared ownership is a cross between owning and renting. Your lease specifies the exact terms of the arrangement you have made with us. However, in general, you have bought a percentage of the leasehold ownership of your house (usually between 25%-75%) and you are renting the unowned percentage from us.

Your shared ownership lease gives you the right to occupation and use of your home for a long period – the 'term' of the lease. The overall term is fixed (usually for between 99 and 150 years from the date when the property was first sold), it decreases in length year by year from that date. Please check your lease for both the date the property was first sold and the term.

Your lease is an important document and you should ensure you have a copy and understand it. You should have been provided with a copy of your lease and advised about leasehold ownership by the solicitor who acted on your behalf when you purchased your property. Your lease includes a plan showing your house and garden (the demised premises). The demised premises are usually shown in red on the plan. In general you are responsible for the upkeep, repair and maintenance of the demised area including any shared accessways, e.g. bin runs, marked on the plan.

Your lease will usually also include a plan that shows the position of your home within the wider development. The extent of the development is usually marked in blue on your plan. In general, the freeholder (often Stockport Homes) is responsible for the upkeep, repair and maintenance of any common areas e.g. car parks, common greenspaces and/or play areas. You will usually be responsible for paying for your share of the costs of the upkeep of these areas via your service charges. This type of charge is usually referred to as a Grounds Maintenance Charge or Estate Management Charge. Roads are usually adopted by the Council once a development is finished and

become public highways.

The lease sets out what you (the leaseholder) have agreed to and what we (your landlord) have agreed to. It is based on the model Homes England lease and places certain conditions on the use and occupation of your home, e.g. you cannot sub-let any part or the whole of your house. You should be aware that if you break the conditions of your lease your ownership of your property may be at risk.

Your lease is worded in legal language. If you find it difficult to understand you should get advice from an independent legal adviser or solicitor. In most cases we will own the land your house is built on. In some cases we may be leasing the land from a superior landlord (the freeholder) and by signing your lease you will have agreed to the terms of the superior lease we have signed with the freeholder as well as the terms of your lease with us. Your legal adviser should have explained the specific ownership arrangements on your development when you purchased.

You will usually have a right, under the terms of your lease, to purchase additional shares in the property until you own 100% of the leasehold interest. In many cases you will be able to obtain the freehold at the same time. Further information about buying more of your property can be found on page 7.

If you want to sell your home you will need to offer it back to us first. You must make sure that your rent, ground rent and service charges are paid up to date before any sale goes ahead. If you sell your house before you own 100% the new purchaser will need to meet the same shared ownership criteria you did when you bought your home. More information on selling your home can be found on page 8.

Various teams Stockport Homes' teams are mentioned in this document. Contact details are provided towards the end of this handbook, or you can find them on the Home Ownership pages of our website at www.stockporthomes.org/my-home/home-owners

Free independent advice on leasehold ownership is available from the Government funded organisation, LEASE, via their website at www.lease-advice.org. Their website contain

lots of high quality information for leaseholders and they offer free 15 minute telephone advice appointments. Other sources of advice are solicitors/conveyancers, law centres or the Citizen Advice Bureau.

2. About Stockport Homes

Stockport Homes is a limited company that was created in 2005 to manage the housing stock owned by Stockport Council. Stockport Homes is an Arm's Length Management Organisation (ALMO). This means that while the Council established the company it operates independently from it on day-to-day matters. In recent years Stockport Homes has been developing and purchasing its own housing stock for rent, shared ownership and market sale, sometimes in partnership with Stockport Council.

3. Shared Ownership Lease

What are my contractual rights and responsibilities?

Our shared ownership leases are based on Homes England's model leases. The lease sets out the contractual obligations of the two parties: what the leaseholder has agreed to, and what the landlord has agreed to. In general, as the shared owner of a house, you take on all the responsibilities of an outright home owner.

Your rights and responsibilities include:

- The right to 'quiet enjoyment' of your home for the term of the lease without unreasonable or unjustified interference from the landlord;
- Responsibility for keeping your house and garden in good order, conducting and paying for all necessary repairs, maintenance and improvements;
- Paying the rent, Ground Rent and service charges on time;
- Complying with regulations relating to the management of the development

- Behaving in a neighbourly manner and not doing certain things for example, making alterations or parking so as to cause an obstruction.

The landlord/freeholders' rights and responsibilities set out in the lease would usually include:

- Insuring the building;
- Maintaining any common areas within the wider development that have not been adopted by the Council.

Where can I get a copy of my lease?

Your solicitor should have provided you with a copy of the lease when you purchased the property. If you do not have a copy of your lease you may be able to obtain one from the legal adviser who acted for you when you purchased the apartment. Otherwise, both the Land Registry and your landlord have a copy. Stockport Homes charges for this service. Our administration costs are listed on the Home Ownership pages of our website at www.stockporthomes.org

Alterations

Alterations or improvements to your property are not usually allowed under the terms of your lease. We would always advise you to purchase more of your home rather than make improvements. Whilst you own a percentage of your property you also only own a percentage of the value of any improvements you make (although you will have paid 100% of the cost).

If you wish to make an alteration or improvement please contact the Home Ownership Team for more information.

4. Rent, Ground Rent and Service Charges

What is my rent for?

Rent is due for the un-owned percentage of your home, e.g. if you only own 50% of your home, you will pay Stockport Homes rent for the other 50%.

What is Ground Rent?

Ground Rent is rent paid under the terms of the lease by the leaseholder to the Landlord who owns the land your house is built on. Where Stockport Homes or the Council is your landlord your Ground Rent will be a fixed sum that will not increase over time. Where there is a superior landlord your Ground Rent may rise over time with inflation. Please check your lease for this information.

If you buy 100% of your property you will often be able to apply for the freehold of your home.

What are Service Charges?

Leaseholders pay service charges to cover their share of the landlords obligations under the terms of the lease. At section 5 is more information about the types of service charges you may pay.

Service charges must be reasonable. The standard of service and/or work provided must also be to a reasonable standard. However, you do not have the right to withhold payment because you believe charges or services are unreasonable. In the first instance if you are dissatisfied you should raise any queries you have about the standard of service with the relevant department of Stockport Homes. If you continue to be dissatisfied you can apply to the First Tier Tribunal (Property Chamber) to seek a determination of the reasonableness of the charges.

Paying your rent, Ground Rent and service charges

As a shared owner you will usually pay your rent and service charges monthly by direct debit. You will usually pay your Ground Rent yearly in advance.

If you fail to pay your rent and/or service charges, or keep to any agreement you have made, we may take legal action to recover the money you owe. This could affect your credit rating and mean that you also have to pay court costs in addition to the unpaid debt.

There are also some circumstances when we could apply to the courts for possession of your home, e.g. if you don't pay your rent you can be evicted for rent arrears. If you break the conditions of your lease we can apply to the court to end your lease (forfeit). Forfeiture is a drastic action. As a responsible landlord, we only use it when we have to in order to protect the interests of our other tenants and leaseholders.

If you are unable to keep up your payments for any reason you should talk to the Customer Finance Team straight away. We will always try to help people with genuine financial problems. We have a money advice team who may be also able to help you. Shared ownership rent is eligible for benefits and there may be other benefits you are entitled to. Other sources of potential help include the Citizen's Advice Bureau.

5. List of service charges

The service charges you pay will depend on the building and wider development in which you live. Below are listed the main charges you may pay.

Building Insurance

Under the terms of your lease the Landlord must arrange buildings insurance for the development. Leaseholders have to meet their share of the cost of providing the buildings insurance via their service charges. We insure the leasehold properties we own and manage separately from the Council's tenanted stock. The Leasehold Buildings Insurance insures your responsibilities under the lease.

The premium is calculated on a "sum insured" basis: the total cost of rebuilding the portfolio of leasehold stock. The total premium is then split between all the leaseholders fairly. The proportion you pay reflects the rebuild value of your property as a percentage of the rebuild value of the total leasehold stock. The price of the leasehold building insurance increases automatically each year in line with rebuilding costs (e.g. it is index

linked) and the total premium cost can be affected by claims history or the state of the insurance market generally. Insurance Premium Tax (IPT) is also added to the premium at a rate set by the Government.

A copy of the Leaseholder Insurance Buildings Schedule is available from the Home Ownership Team. If you have any queries about your Buildings Insurance or want to make a claim please contact the insurance broker direct. Contact details are available on the Home Ownership pages of the Stockport Homes website.

Buildings insurance does not insure the contents of your home. It is your responsibility to ensure that you have sufficient contents insurance in place.

Communal grounds maintenance/estate management

This is your share of the cost of maintaining any communal gardens or areas in the development (as shown on the lease plan). The service generally includes: mowing of the grass, pruning of shrubs, removal of weeds and litter to shrub and rose beds, flower beds, hedge cutting, cleaning of paths and hard surfaces (free of weeds, moss and litter), removal of litter, minor vandalism to plants and regular inspections.

Consultation for major works and long-term agreements

Stockport Homes is committed to consulting leaseholders at all stages of major works projects. The type of consultation we carry out will depend on the circumstances, e.g. if large scale works are planned we may hold on site consultation meetings for residents or present at a Tenants and Residents Association meeting.

Management fee

The management fee is your share of the costs we incur in managing the lease including,

- Preparing legislation compliant invoices/statements for rent/service charges;
- Rent and service charge recovery;
- Calculating annual service charge budgets/estimates and administering funds;
- Providing information to leaseholders/residents associations etc.;
- Procuring buildings insurance services;

- Engaging and supervising staff, e.g. cleaners, gardeners etc., managing and arranging contracts, e.g. lifts, boilers etc.;
- Arranging and carrying out property checks, e.g. health and safety/fire/property condition checks etc.;
- Dealing with enquiries from leaseholders having regard to requirements/constraints in the lease;
- Checking compliance with lease terms and maintaining day-to-day management policy and procedures;
- Providing basic information of terms and duties to leaseholders upon request

Photo voltaic (PV) monitoring charge

Where solar panels are installed on your property, the PV Monitoring Charge covers the administration of monitoring the Solar PV in obtaining a meter read and submitting the quarterly Feed in Tariff (FiT) claim. FiT is a UK Government scheme designed to encourage uptake of a range of small-scale renewable and low-carbon electricity generation technologies. In general, FiT pay for the electricity generated by an eligible system like solar PV, a wind turbine, hydro or micro CHP technology. This charge will also cover any repairs that may be necessary to ensure the solar PV is continuously generating where possible, to the landlords communal electricity supply.

Repair works

From time to time it may be necessary to carry out maintenance works to your development, e.g. where any roads or car parks remain un-adopted by the Council they may require resurfacing periodically to keep the estate in good order.

On brand new developments during an agreed initial period the building contractor is responsible for putting right any defects with your property or the wider development. Please be aware that any alterations you make to your property during the initial period will invalidate your warranty. Further details of this will be in your completion pack given on property handover.

7. Buying more of your property (staircasing)

Buying more of your shared ownership property is known as 'staircasing'. The more you buy the less rent you pay us. If you buy 100% you will own 100% of the leasehold interest and pay no rent other than Ground Rent. You cannot buy more of your property if you are in rent arrears.

If Stockport Homes or Stockport Council are the freeholder of your development when you increase your ownership to 100% you will be able to acquire the freehold free of charge. In certain cases however, we may still own the wider development you live on and continue to arrange some services e.g. grounds maintenance. In this case you will continue to pay your share of the costs. If the freeholder is not Stockport Homes or the Council you will need to check your lease to find out what happens on staircasing to 100%.

If you are considering staircasing then you should find out from your mortgage lender whether they are willing to lend you a further amount of mortgage. The amount you borrow will determine the size of the further share which you may be able to buy. If you decide to change mortgage companies, you should be beware of any redemption penalties you may be charged by your current lender.

Every time you staircase you will have expenses to pay. Therefore you may want to staircase to the largest possible share each time to reduce your costs. Some of these fees may be added to the mortgage if required and allowed by the lender. Fees to pay will include:

- Valuation fees;
- Your legal fees;
- Stockport Homes' administration fees;
- Stamp Duty;
- Any fees your lender may charge.

Can you afford to buy more of your home?

There are lots of budgeting calculators available online to help you decide if you are in a position to make a further purchase. If you decide to buy more of your home without buying the full 100%, Stockport Homes will carry out an affordability check with you, just as we did when you first

bought your property. If you are buying 100% of your home we will not do this.

If you are taking a further mortgage, your mortgage lender will check affordability. As part of your mortgage application your lender will illustrate what your mortgage will be, not only at current interest rates, but at much higher rates. Mortgage repayments may work out higher than your rent, especially if interest rates rise in the future. Interest rates are set by the Bank of England, independently of Government and may be affected by all sorts of economic factors. Post 2008, interest rates have remained at historically low levels. As a rough calculation your rent is set at approximately 2.75% of the unowned percentage per year, e.g. if your property is valued at £100,000 and you own 50%, your rent will be approximately £50,000 x 2.75% = £1,375 per year.

You should be satisfied that you can afford to buy more of your home before you start to incur costs. If you decide that you want to go ahead, the next step is to contact us. We will ask you to fill out an Intention to Staircase form, pay our administration fee and advise you how to go about getting your valuation.

Property valuation

The valuation that sets the price for your further purchase must be carried out by an independent Royal Institute of Conveyancer (RICS) surveyor and be arranged via Stockport Homes. An estate agent or mortgage valuation will not be valid. The build of your home was grant funded and so must be independently valued to ensure that the public purse is protected. The valuation will be valid for three months. It is possible that your mortgage company valuation will be different from the RICS valuation. Where that occurs the RICS valuation must be used.

The RICS valuer will disregard any improvements or alterations that have been made to the property. Improvements and alterations are not generally allowed under the terms of the lease. If they have been made without permission we may give retrospective permission. To apply for retrospective permission please search our website for 'alterations' and fill in the online form and pay any associated fees. If we do not give retrospective permission you may be asked to remove the

improvements/alterations and return the property to its original state at your own expense.

Legal advice

You will need to appoint a legal adviser to act for you during your further purchase. The procedure for Staircasing is contained within your lease and your legal adviser will guide you through the process and answer any queries you may have.

Your solicitor is responsible for keeping you up to date with the progression of your purchase. Once Stockport Homes passes control of the process to our solicitors for conveyancing any further information will have to be requested via your own solicitors.

If you wish to buy more of your property please contact the Home Ownership Team to discuss the next steps.

8. Selling or transferring your property

You can sell your leasehold interest in your property at any point during the lifetime of the lease. You can also assign it to someone, leave it to someone in your will, or agree to remove someone from the lease, as a result of relationship breakdown for example. All of the above are legal processes that cannot be carried out by Stockport Homes, although we will be consulted as we have an interest in your property. You should always take independent legal advice on any property transfer or sale as complex legal documents are involved.

Selling your property

As your property is an affordable home built with public monies there is prescribed process for selling set out in your lease and there are fees to pay including:

- Valuation fees;
- Your legal fees and Stockport Homes' legal fees;
- Stockport Homes' administration fees;
- Any fees your lender may charge.

If you wish to sell the percentage of the property you own, under the terms of your lease Stockport

Homes have eight weeks to either purchase your property or to nominate a buyer. We do not have to purchase or nominate, we just have an option to do this. In this scenario a purchaser will be a shared owner and will need to meet the Government's criteria for shared ownership and they will pay both rent and service charges just as you do. Stockport Homes will check that they meet the criteria for shared ownership as part of the resales process.

Property

The valuation that sets the sale price for your property must be carried out by an independent Royal Institute of Conveyancer (RICS) surveyor and arranged via Stockport Homes. An estate agent or mortgage valuation will not be valid. The build of your home was grant funded and so must be independently valued to ensure that the public purse is protected. The valuation will be valid for three months.

The valuer will disregard any improvements or alterations that have been made to the property. Improvements and alterations are not allowed under the terms of the lease. If they have been made without permission we may give retrospective permission. To apply for retrospective permission please search our website for 'alterations' and fill in the online form and pay any associated fees. If we do not give retrospective permission you may be asked to remove the improvements/alterations and return the property to its original state at your own expense.

Legal advice

You will need to appoint a legal adviser to act for you during your further purchase. The relevant procedures are contained within your lease and your legal adviser will guide you through the process and answer any queries you may have.

Your solicitor is responsible for keeping you up to date with the progression of your property sale. We have no control once the conveyancing has been handed to our solicitors so any further information should be requested from your own solicitors.

Leasehold Enquiries

If you sell your home on the open market you will usually be asked by any prospective purchaser to provide a Leasehold Enquiry Pack (sometimes called an LPE1). This pack is provided by Stockport Homes and contains lots of useful information about the leasehold property, e.g. service charges, fire risk assessments, major works planned. There is a fee for this service and you should contact the Home Ownership Team for more details or check our website.

If you wish to sell your property please contact the Home Ownership Team.

10. Other useful information

Gas safety

To ensure the safety of all our residents the lease requires leaseholders to keep any gas equipment in a good condition. The Health and Safety Executive (HSE) recommends an annual service of all gas appliances by a qualified tradesperson with Gas Safe Registration. Under the terms of the lease we may require you to provide evidence of this annual check.

Gas Safety (Installation and Use) Regulations 1998 states that you must not use a gas appliance or fittings you know or suspect to be unsafe.

11. Stockport Homes' Contact details

We will endeavour to keep this list up to date, however, all current contact details can be found on our website at **www.stockporthomes.org**

Many teams can be contacted online at the same address.

Anti-Social Behaviour

Please report any ASB issues online. **www.stockporthomes.org/asb**

In an emergency contact the police by ringing **999**. The non-emergency police number is **101**.

Tel: **0161 217 6016**

Buildings Insurance

Any queries about your insurance or to make a claim please contact our insurance broker direct advising that you are a Stockport Homes leaseholder. The telephone number can be found on the Home Ownership pages of our website **www.stockporthomes.org**

Customer Finance Team

Please contact the Customer Finance Team if you want to make a payment, make an arrangement to pay, change direct debit details or let us know if you are struggling to pay your rent and/or service charges.

Email: **customerfinance@stockporthomes.org**

Tel: **0161 217 6016**

Home Ownership Team

For more information on your lease or to discuss purchasing more of your property or selling your property.

Email: **leasehold@stockporthomes.org**

Tel: **0161 474 4507**

Neighbourhood Management

For home owners with any queries or feedback on the standard of services they are receiving as well as any issues about any communal areas or neighbourhood management issues. This team can also help with requests for new keys / fobs.

Email: **neighbourhoods@stockporthomes.org**

Tel: **0161 217 6016**

Repairs and maintenance

To report repairs to communal areas of the development report online at

www.stockporthomes.org/report-a-repair

Tel: **0161 217 6016**

Accessing our services

If you would like a copy in large print, Braille, on audio tape or CD, please contact the Social Inclusion Team on **0161 474 2860** or email: **inclusion@stockporthomes.org**

