



Homeownership

Homeownership Policy

Regulation and Legislation	This policy links to: • Regulator of Social Housing, Tenant Involvement and Empowerment Standard • The Landlord and Tenant Act 1985; The Landlord and Tenant Act 1987 • The Commonhold and Leasehold Reform Act 2002 • Housing Act 1980 (Amended 1985); Housing Act (1988, 1996, 2004) • Housing (Right to Acquire) Regulations 1997 • The Housing (Right to Buy) (Cost Floor) (England) Determination (1998) • The Housing (Preservation of the Right to Buy) Amendment Regulations (1998) • Leasehold Reform Housing & Urban Development Act 1993 (as amended) • Localism Act 2011 • Capital Funding Guide (CFG) • Money Laundering Regulations
Supporting documents	• Property Management Policy • Homeownership Procedure • Service Charge Policy & Procedure • <i>Residential Long Leaseholders Rights and Responsibility Guide</i>
Scope	Orbit aims to support the aspirations of our customers to own their own home. This policy outlines Orbit's range of initiatives for assisting low cost homeownership, as well as the assistance we provide to shared owners/ leaseholders in financial difficulty. In addition, it sets out our approach to managing services for freeholders and 100% leaseholders.
Reference to "Orbit" means Orbit Group which consists of Orbit Group Limited, Orbit Housing Association Limited, Orbit Homes (2020) Limited, Orbit Treasury Limited and Orbit Capital Plc.	

1. Introduction

- 1.1 Orbit aims to support the aspirations of our customers to own their own home. This policy outlines Orbit's range of initiatives for assisting low cost homeownership, as well as the assistance we provide to shared owners/ leaseholders in financial difficulty. In addition, it sets out our approach to managing services for freeholders and 100% leaseholders.
- 1.2 Orbit aims to ensure all applications are processed accurately, in accordance with relevant legislation and that customers feel they have been treated fairly.
- 1.3 This policy has been developed in accordance with regulatory requirements and to comply with the requirements of the Capital Funding Guide (CFG). It is supported by the Homeownership Procedure along with the provision of further information and forms on the customer website.

2. Right to buy your home

- 2.1 If you have been an Orbit tenant for at least three years¹, you may be able to buy your home at a discounted price under the **Right to Buy** for secure tenants. However, some homes don't qualify for Right to Buy. For example, some sheltered or adapted properties, or homes that are due to be demolished in the next two years.
- 2.2 If you don't qualify for the Right to Buy, you may still be eligible to buy at a smaller discount under another scheme called **Right to Acquire**.
- 2.3 Orbit will assess the eligibility of both the applicant(s) and the property in accordance with legislation and the terms of your tenancy agreement. We will accept your application if both meet the eligibility criteria.
- 2.4 Orbit or central government may offer new low-cost local homeownership products from time to time.

3. Increasing the share you hold in your property

- 3.1 Usually when you have lived in your home for a certain length of time², as the shared owner³, you can buy more shares in your property, enabling you to own a greater proportion of your home. This is known as **staircasing**. The greater the share you buy in your home, the less rent you will pay to Orbit; if you staircase to 100%, you will own your home outright and will no longer pay rent. Service Charges & other administration charges may still be charged.

¹ Does not have to be continuous or in the same property

² i.e. resident in the property for at least 12 months (original lessee) or 3 months (assignee)

³ Shared owners are those who have purchased a share in a property by way of a Do it Yourself Shared Ownership Lease, Shared Ownership Lease, New Build HomeBuy lease, Keyworker Shared Ownership Lease or any other variation of a grant funded shared ownership lease

- 3.2 The cost is calculated on the full open market value of the property, e.g. if your property is valued at £200,000 and you want to buy an extra 25% share, the purchase price of the extra share would be 25% of the valuation, i.e. £50,000.

4. Subletting

- 4.1 In exceptional circumstances, shared owners are entitled to sublet their property. Once approved, we will issue a signed, time-limited licence to the shared owner. When this expires, the shared owner must re-establish the property as their main residence.

5. Remortgages and further advances

5.0 Remortgages

- 5.0.1 A shared owner may apply to Orbit to remortgage their property if they would like to change to a different mortgage product/ lender but do not require additional borrowing.

5.1 Further advance

- 5.1.1 As a homeowner, you can also apply to borrow more money for improvements or maintenance to your home, using your property as security for the loan. This is referred to as a **further advance**. Usually this is in the form of further borrowing from your existing lender, or as part of a remortgage with further borrowing. Orbit will carry out checks to ensure borrowing is within the equity of the shared owner.

6. Sale of property

- 6.0 A shared owner must notify Orbit if they wish to sell (**assign**) their property⁴. The property will then be advertised on the Homebuy agent's website as a shared ownership resale.
- 6.1 If the prospective purchaser meets all of the eligibility criteria, the sale will be agreed.
- 6.2 Orbit will also assist with the sale of 100% leasehold or freehold properties if there are covenants within the title.

7. Equity Loan Redemptions

- 7.0 Owners can redeem their equity loan:
- **either** when they sell their property
 - **or** earlier if they are in a financial position to do so

⁴ In some leases or nominations agreements, restrictions have been placed for nominations through the Local Housing Provider. In the case of New Build HomeBuy (properties funded from April 2006) this will be the HomeBuy agent for the area the property is located in. Orbit will contact the Local Housing Provider for a list of people interested in shared ownership properties when the acceptance form is returned

8. Purchasing the freehold of a block of flats

8.0 It is the right of the owners of flats in a building, and sometimes part of a building, (subject to qualification), to join together to buy the freehold of that building. This is called **Collective Enfranchisement**. The leaseholders will have to pay to buy the freehold; the payment is known as the **premium**.

8.1 To be eligible to do this, they must have:

- **a qualifying building** - at least 66% of the total number of flats must house qualifying tenants (100%ers), e.g. if there are 12 units, at least 8 of them must house qualifying leaseholders
- **a sufficient number of qualifying leaseholders** participating in the collective enfranchisement - at least 50% of the number of flats must participate, e.g. if there are 12 units then at least 6 must participate. However, if there are only 2 qualifying leaseholders then both must participate

8.4 On completion, the tenancies for 100% leaseholders will be ended and Orbit will no longer have any responsibility for maintenance of/ repairs to the transferred unit.

9. Leaseholders' right to manage their building

9.0 If they wish, leaseholders are entitled to manage⁵ the building they live in themselves and make their own decisions about its upkeep without having to prove that their manager is at fault or pay any premium.⁶ Orbit's consent is not required. This is known as the **Right to Manage** (RTM).

9.1 To be eligible for RTM, at least two thirds of the total number of flats must have qualifying leaseholders (ie they own 100% of their apartment), e.g. if there are 12 units that form the premises, at least 8 of them must have qualifying leaseholders.

9.2 On completion, ground rent (if applicable) will continue to be payable, but service charges, including management charges and insurance, will cease.

9.3 If the RTM Co ceases to exist, Orbit will resume responsibility for the management of the building.

10. Lease extensions

10.0 Statutory lease extension

10.0.1 Leaseholders are eligible to extend their lease if they are 100% leaseholders and

⁵ Management includes insuring the building, repairs, upkeep of communal areas, collecting/ apportioning service charge, dealing with complaints about the building, looking after gardens, etc

⁶ See Commonhold and Leasehold reform Act 2002

have been leaseholders for a minimum of two years⁷.

10.0.2 A new lease extension will be drafted on the same terms as the original lease and issued to the leaseholder on completion and payment of all fees as below:

- **Flats** - 90 years to be added on to the existing term
- **Houses** - we normally encourage leaseholders with houses to purchase the freehold

10.1 Voluntary lease extension

10.1.1 Shared owners who are not eligible for a statutory lease extension **and** 100% leaseholders may apply for a voluntary lease extension. The term of the lease can be negotiated with Orbit.

10.1.2 Appropriate fees and legal costs will be payable for lease extension.

11. Assistance to shared owners in financial difficulty

11.0 Orbit recognises that people's circumstances change over time and commits to working with customers to enable them to remain in their home where practically possible. We will provide advice and signposting to other agencies wherever appropriate.

11.2. In some cases, we may be able to offer **Flexible Tenure (Reversed Staircasing)**. This is a safety net to enable shared owners to remain in their home **or** to allow the leaseholder to pay for essential repairs or maintenance if they cannot afford to pay for the work, despite a change in their financial circumstances.

11.3 Occasionally, a shared owner may be facing financial difficulty but not wish to remain in their home. Where they cannot find a suitable buyer for their share and they are at risk of repossession, Orbit may be able to offer **Leasehold Repurchase**. This means Orbit will buy all of the current leaseholder's share of the property.

11.4 It is **not** compulsory under the CFG to offer to customers **either** Flexible Tenure **or** Leasehold Repurchase, but all Orbit shared ownership customers are eligible where the relevant percentage owned by the customer is less than 100%.

12. Roles and Responsibilities

12.0 Those responsible within Orbit for delivery of this policy are as follows:

Post	Duty/Responsibility
Head of Commercial	• Overall responsibility for implementation of the Homeownership policy

⁷ If a qualifying leaseholder serves notice that they wish to extend the lease and then assigns before the lease is extended, the right to extend the lease assigns to the new owner and they do not have to wait two years to qualify

Homeownership Services Manager	• Manages, develops and supports the Homeownership Team • Ensures Homeownership procedures are carried out consistently. • Works with other teams/ departments to build relationships within those teams to ensure excellent customer service to our customers • Reviews procedures to ensure they are in line with current legislation
Homeownership Officers	• Front facing delivery of our services and providing outstanding service to our customers • Take ownership for the delivery of all our procedures • Ensure compliance within timescales and legislation
Homeownership Administrator	• Provides administrative support to the Homeownership Team
Property Managers	• Will assist as appropriate in resolution of issues arising in relation to flexible tenure or subletting
Customer Service Centre	• The first point of contact for shared owners, leaseholders and freeholders ensuring queries are escalated to the Homeownership team

13. Performance Controls and Business Risk

- 13.0 Performance in the delivery of the service will be assessed by the Homeownership Services Manager and reported to the Head of Commercial and Director of Support and Service Development. The Homeownership team actively meet with the Income team to ensure accounts are monitored and customers with arrears are supported.
- 13.1 Satisfaction surveys are used to ensure services remain responsive to customers and continue to meet their needs
- 13.2 Orbit will carry out a fundamental review of this policy every three years subject to legal, regulatory changes or in accordance with the agreed Policy Review programme.

14. Essential information

- 14.0 All Orbit policies and procedures are developed in line with our approach to the following, data protection statement, equality diversity and inclusion (EDI) approach, complaints and customer care policy and our regulatory and legal obligations to ensure we deliver services in a lawful manner and treat people equally and fairly. Orbit's privacy policy can be accessed on our website www.orbitcustomerhub.org.uk/publications/policies/

EA	An Equality Analysis was completed March 2021 and reviewed March 2022 and is available to view
DPIA	A screening DPIA for the Homeownership Policy was completed with low impact recorded however following discussions with our Information Governance team, a full DPIA was carried out on both the Homeownership policy and the procedure. To enable a full review, a number of data flows were created. The DPIA was approved by Information Governance March 2022.
Consultation	Internal: Property Management; New Homes into Management; Service Charge; Lettings Services; Tenancy Sustainment; Strategic Asset Management; Finance; Insight and Data Science team; Customer Involvement; CSC; People Development
	External: Additional recruitment for engaged customers is focussing on enrolling homeowners. Further consultation on the policies will take place during the policy post implementation review. Existing involved customers read through the policy to ensure it was understandable
Applies to	Homeownership Team; Lettings Services; Voids Sales Team

Document control

Status

Approved

Date Issued

May 2022

Version

v1.0

Revision

Uncontrolled if Printed

Title	Homeownership Policy			ID	487
Doc Type	Policy	Review Cycle	3 Yearly		
Circulation	All Departments	Classification	Public		

Doc Level 3

Author	Julie Frew	Sponsor	Robert Field
Team	Homeownership	Department	Commercial

Directorate Strategic Asset Management

Approved by	S&SDSMT	Date	26 Apr 2022
Last review			
Next Review (or sooner if changed)			Quarter 1 2025 Ext Jun 2026 Ext Dec 2026

Revision History

Version Number	Date	Comments / Reason for revision
v1.0	May 2022	Published