



Access Ownership Acquisitions and Management Policy

**November 2017
November 2020**

This policy applies to

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| <input checked="" type="checkbox"/> Link Group | <input type="checkbox"/> Link Housing | <input type="checkbox"/> Link Living | <input type="checkbox"/> Link Property |
| <input checked="" type="checkbox"/> Horizon | <input type="checkbox"/> Larkfield | <input type="checkbox"/> West Highland | <input type="checkbox"/> Lintel Trust |

Policy Summary

The policy sets the objectives and principles for the Access Ownership programme – a unique approach to enabling disabled households to find or stay in a home suitable for their needs, and operating with no government subsidy. It covers the eligibility criteria for the scheme, partnership arrangements, and the decision making and financial frameworks which support implementation of the scheme

Equalities

An Equalities Impact Assessment has been carried out. The programme targets housing inequalities for disabled people and their families.

Financial eligibility criteria integral to the programme design mean that it is not open to all: it is an additional option, not a replacement one. No loan finance is required and the programme can be considered Sharia compliant.

The operation of this policy will always be in accordance with Link's Equality, Diversity and Inclusion policy.

Privacy

This policy fully complies with the Data Protection Act 1998 and Link's Data Protection Policy

Policy Owner

Managing Director - Horizon Housing

Approved by

Horizon Board

1. INTRODUCTION

Link's overarching aim is to improve lives. Horizon's purpose is to promote and provide affordable housing and services that enable people, irrespective of impairment, to live full independent lives in the community of their choice.

Link, including Horizon, is aware of the particular barriers experienced by disabled people and their families in accessing suitable housing. Disabled people are disadvantaged in the housing market for a number of reasons, including difficulties in accessing the type of property required in the area where they need or want to live, and face additional financial barriers.

Originally operated by Link and Housing Options Scotland, Horizon has developed the Access Ownership model such that each element can be tailored to individual circumstances to assist disabled people and their families to overcome barriers to accessing suitable housing in the owner occupied sector. This is a shared ownership scheme with a difference: it is entirely financed by investment by Horizon or Link and the sharing owner or family on their behalf. The approach offers more flexibility and choice of property type, level of share purchased, and services included in the occupancy agreement than traditional grant aided shared ownership. The scheme also lends itself, for lower priced properties, to individual house purchase for rent.

This policy sets out the objectives and principles of the scheme and the policy for its implementation and further development.

2. PRINCIPLES

Link and Horizon's vision and values have led to the development and support for the scheme, and this policy is governed by a set of principles:

Accessibility: The scheme is open to any disabled person or household that contains a disabled person, with simple, easy to understand eligibility criteria; and simple referral routes.

Adaptability: The scheme is designed to adapt to individual household needs and circumstances; properties purchased under the scheme will be suitable or adaptable (at affordable cost) to meet the applicant's needs in the short and medium term.

Affordability: This is an ownership project where financial risks are shared between Link/Horizon and the sharing owner. A key part of the financial appraisal process is consideration of the short- and long-term affordability of the occupancy charge, of reasonably predictable maintenance costs, and of Link or Horizon's capacity to make the financial investment. The Association will not approve a purchase where this principle cannot be demonstrated.

Person-Centred: Working with Housing Options Scotland and other

housing advice and advocacy services, Horizon will work in a person-centred way with applicants. This means actively listening to their needs and aspirations, being clear about the options available and any constraints on these, and working with the client to tailor the agreed property specification, service offer and property share to their particular circumstances.

Fair: By definition this scheme is varied to suit individual needs and requirements. Horizon aims to be consistent in deciding eligibility and to financial and property appraisal and is open to challenge if any applicant thinks our decision is unfair or inconsistent.

Sustainability of the arrangement: Horizon aims to support Access Ownership sharing owners with maintenance of their home, and with managing the financial commitments of home ownership. Horizon will offer advice and assistance with benefit claims, and with carrying out minor and major repairs within the financial provisions agreed at the outset. Where a disabled person or household lives in property adapted for their needs and is at risk of losing this, Access Ownership may offer a solution.

Self financing: This scheme operates outside traditional housing models and social housing finance models. A full cost recovery approach will be applied to providing the resources required for administering and managing the scheme at each stage.

3. OBJECTIVES

The objectives of this policy are to ensure that:

- The design of the scheme and its principles are set out for any prospective partners or funder.
- Levels of delegation to staff are clear.
- The decision making framework, including eligibility criteria, financial and property assessment, is set out and can be shared with partners and prospective sharing owners.
- The basis for financial assessment protects Link, Horizon and prospective sharing owners from undesirable levels of financial risk.
- The scheme is operated consistently with Link and Horizon's vision and strategic objectives.

4. APPROACH AND METHOD

4.1 Applications for the scheme

Applicants to the scheme will complete Horizon's Access Ownership application form, providing information required to assess eligibility and feasibility of an individual house purchase.

Horizon will work in partnership with Housing Options Scotland, and other housing advice and advocacy services, to promote the scheme and to ensure that all applicants for the scheme have benefited from a full housing options appraisal, prior to or in tandem with assessment of eligibility for and suitability of the Access Ownership scheme. In any case where it is clear that the applicant has not had the benefit of a full housing options appraisal, the applicant will be referred to Housing Options Scotland or alternative suitable advice provider in the first instance.

4.2 Eligibility criteria

Eligibility for the scheme will be assessed by reference to simple eligibility criteria is as follows:

- Person or member of the family/permanent household is in receipt of DLA/PIP or other recognised disability benefit or is over pensionable age with a housing need resulting from age or health-related condition.

AND

- Person or family requires housing more suitable for their needs as a disabled person than where they live now; *or* person/family lives in housing adapted or otherwise particularly suitable for their needs as a disabled person and is at risk of being forced to move to less suitable accommodation.

AND

- The person or family has or can access sufficient funds to cover the start-up costs including project management and administration, legal and survey costs and, if applicable, Land and Buildings Transaction Tax. (This may be achieved by adjustment to the equity share arrangement depending on financial appraisal.)
- The person or family has or can access sufficient funds to purchase a minimum 25% share of a property. These may be from:
 - A traditional mortgage
 - Savings
 - Family funds
 - Equity from the sale of the applicant's current property
 - A combination of the above

4.3 Property selection and assessment

Before approving a purchase, Horizon will ensure that the property size, type and condition is appropriate for the needs of the disabled person or people in the household and for the rest of the family; or that it can be adapted or

improved within financial constraints. This assessment will consider short- and medium-term needs, and the impact of property condition or construction on immediate, medium- and long-term asset management requirements and costs.

4.4 Financial and affordability appraisal

Financial assessment and appraisal will be carried out at several different stages in the progress of a project to minimise the risk of a purchase proceeding which is not affordable to the applicant or Link/Horizon over the medium term.

- A first appraisal will be carried out when an application is received and accepted to establish the likely financial investment required by both parties, and confirm this is acceptable and affordable at that point. This will involve appraisal of the affordability of the proposition in terms of initial capital purchase, reasonableness and affordability of the consequent occupancy charges, and affordability of the upkeep of the property.
- A second appraisal will be carried out when a property has been identified and inspected, again requiring confirmation from both parties that this is acceptable and affordable at that point.
- A third appraisal is carried out immediately prior to an offer to purchase.

The financial appraisal process will include:

- Equity stakes will be calculated on the total capital and ancillary costs that need to be funded from the equity contributions of both parties, including, where applicable, project management and administration, legal and survey costs and the costs of any required or projected improvement or adaptation works to properties.
- If investment is required in the property which will not be reflected in an adjusted valuation, then the value for the purposes of calculating the equity stakes shall be set as the valuation less the estimated works costs.
- The minimum equity stake for Link/Horizon will be 25%.
- The maximum equity stake for Link/Horizon will be 75%.
- Between these parameters, the equity share will be set such that the applicant purchases the maximum affordable share, which may be any level between 25% and 75%
- The required occupancy charges to meet the investment costs plus management and maintenance charges shall be no greater than the relevant local housing allowance figure which would otherwise apply to the household. Horizon will carry out a risk assessment on the sustainability and affordability of the required occupancy charge by reference to housing benefit/Universal Credit eligibility and/or the applicant's financial situation and other circumstances.

- The maximum amount of Horizon investment per property shall be £100,000. It is acknowledged that this limit may mean the scheme cannot meet the needs of some applicants.
- In exceptional cases, should an investment of more than £100,000 be proposed, or an occupancy charge in excess of the LHA figure is proposed, the case for this shall be the subject of a separate assessment report and will require the approval of the Managing Director and an office bearer of the Board.

4.5 Tenure and ownership arrangements

The default tenure for the Access Ownership scheme will be shared ownership, generally with the occupiers. Where legal capacity of the occupier presents a barrier, the shared ownership and occupancy arrangements may be considered separately, accommodating arrangements with Trusts or relatives. Individual circumstances may mean that although a project is financially feasible there are legal or other barriers to shared ownership. Subject to meeting all financial appraisals, property may be purchased for rent under a Scottish Secure Tenancy and let at a rent level which shall not exceed the local housing allowance.

4.6 Authority to purchase

The scheme has a limited budget, which will be set as part of the annual budget approval process at the start of each year and reviewed during the year. At any point during the year, Horizon reserves the right to close the scheme to further applications, and to suspend activity on the scheme.

Where capital funds are being made available by Link, Horizon will manage all aspects of the project appraisal and purchase on Link's behalf. Link will become the sharing owner and Horizon will be its Managing Agent.

Offers to purchase **must** be authorised by a member of the Executive Team (Operations Director or Managing Director), following review of the financial appraisal and supported by confirmation by Horizon's Finance Business Partner/Link's Finance Manager that funds are available from Horizon or Link to complete the purchase.

4.7 Setting and review of occupancy and service charges

This scheme does not receive any government subsidy. To run the programme, Horizon will charge a standard project administration fee, including legal costs. This charge, which may be reviewed from time to time, contributes to the cost of Horizon's staff time working with the applicants to ensure they get the right home for their needs, including managing any repairs or adaptations needed before they can move in.

An occupancy charge will be levied comprising a 'basic charge' and service charges. The basic charge will be calculated to cover the costs of Horizon or

Link's loan or investment, and a small surplus towards securing Horizon or Link's investment and Horizon's management costs.

Service charges are separate from the rent and calculated in a different way and are intended to pay for the costs of:

- Essential day to day repairs
- Annual servicing of the central heating system and any repairs to it
- Cyclical repairs (such as external redecoration)
- Planned or major repairs or improvements
- Buildings Insurance
- Horizon's ongoing management fee

These costs shall be set initially based on technical appraisal and thereafter reassessed annually for each property based on known information about the property condition, location and experience of costs. Services and charges may be varied in discussion with individual owners to suit particular circumstances, owner or property. Where there are insufficient funds to support required or desired repairs or improvements, equity levels may be adjusted by agreement, subject to Link/Horizon's revised share not exceeding 80% of the original property value.

The basic charge will be calculated with reference to Horizon's assumptions for average loan interest for the next five years + 0.5%. The charge will be recalculated annually based on the prevailing assumption in Horizon's business plan.

Management charges will be increased each year by a formula that is currently the Retail Price Index (RPI). Other service charges will increase annually to reflect inflation and the actual amount spent or anticipated on reactive and planned repairs. Any surpluses on maintenance service charge income will be transferred into a sinking fund for future works. Where funds accrue without plans for expenditure in the following five years, a fresh stock condition survey will be carried out to establish if the service charge should be maintained or reduced. Decisions on reductions or other significant adjustments to charges will be made in conjunction with the Asset Manager and Finance Business Partner.

4.8 Property sales and equity return

If the property increases in value over time and is sold, the shared owners will benefit in accordance with their share of the property. If the property falls in value, the shared owner's mortgage will be paid off first, followed by the value of Horizon or Link's loan or investment and finally any investment by the shared owner or their family.

If requested, Horizon will sell the property on behalf of the shared owner and assist them to buy a replacement if they so wish. Horizon will need to be paid

for this work as a new transaction, with legal costs, survey and valuation fees, and project management and administration charges included in the new transaction financial appraisal.

Where Horizon or Link make a capital return, this shall be returned to Horizon to support the running costs of the project and/or investment in further Access Ownership purchases.

4.9 Property adaptation or improvement

Sharing owners will need permission from Horizon to carry out any adaptation or improvement which could affect the property value. Where applicable, Horizon may help with adaptations grant applications, identifying funding routes and project management of works. Horizon will need to be paid for this work, as it can involve significant time and commitment and this will be agreed with the owner before any work is carried out on their behalf.

4.10 Policy Implementation

Link Group and Horizon Boards, in formally approving this policy, acknowledge that full responsibility for its implementation. Responsibility for the operation and monitoring of this policy is delegated to Horizon's Managing Director and Management Team.

The policy will be implemented through:

- A range of internal control systems operated by Horizon to minimise the risks of individual property acquisitions.
- Maintaining partnerships with Housing Options Scotland and organisations of and for disabled and older people in order to promote and obtain support for the scheme.
- Promotion of the scheme to health and social care partnerships in terms of this potential housing contribution to integration.
- Supporting procedures which ensure relevant staff are aware of their responsibilities and obligations.
- Monitoring adherence to policy requirements.

5. MONITORING, PERFORMANCE MEASUREMENT AND REPORTING

Horizon's Board will receive reports of Access Ownership acquisitions and outcomes within half-year and end-of-year Business Plan monitoring reviews.

An annual review of the Access Ownership programme will be provided, including equalities monitoring, to the Horizon Board.

An annual review of the financial position of the programme will be provide to Horizon's Board and Link's Director of Finance and Corporate Services as part of the annual capital budgeting process.

6. COMPLAINTS AND APPEALS

Link welcomes complaints and positive feedback, both of which provide information which helps us to improve our services. We use a complaints handling procedure (CHP) developed by the Scottish Public Services Ombudsman (SPSO) and the Scottish Housing Regulator.

The CHP allows for most complaints to be resolved by front line staff within a five day limit (first stage), or if the complaint is complex, a detailed investigation will be made by a manager within a 20 day limit (second stage). At the end of the second stage our response will be made by a director. If the customer remains dissatisfied he/ she may then refer the matter to the SPSO.

The SPSO does not normally review complaints about our factoring service. If a factoring customer is dissatisfied after using the CHP, the complaint may be referred to the Homeowner Housing Panel.

At each stage Horizon will advise the customer how the complaint should be taken forward, and advise which agency would be most appropriate to consider the case.

7. POLICY AVAILABILITY

This policy is available on request free of charge from Horizon Housing. A summary of this policy can be made available in a number of other languages and other formats on request.

8. POLICY REVIEW

Horizon undertakes to review this policy within two years, to take into account changing markets, demand and the innovative nature of the project.