

Shared Ownership Policy

Ashford Borough Council

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1. Policy Statement

- 1.1. Ashford Borough Council recognises the challenge of home ownership affordability across the borough. Shared Ownership is a key mechanism to support residents who are unable to purchase a home outright, offering a more accessible route onto the property ladder.
- 1.2. This policy outlines the Council's approach to Shared Ownership, including eligibility, lease types, and rent calculations. It also details our approach that ensures compliance with Homes England grant rules and planning obligations such as Section 106 agreements.

2. Scope of the Policy

- 2.1. This policy does not cover shared equity or other forms of affordable homes ownership which the Council historically administers.
- 2.2. This policy does not apply to shared ownership on private developments. The required tenure mix on private developments is set out within Policy HOU1 of the Council's Local Plan 2030 Policy HOU1 and IMP2 allow for planning applicants to seek a change in tenure mixes on viability grounds.
- 2.3. The principles of this policy cover working in partnership with Registered Providers (RPs) in the delivery of Shared Ownership. RPs will have their own policies and procedures, and this policy does not seek to replace or dictate change to those.

3. Relationship with Other Existing Policies

- 3.1. This policy links to the Ashford Local Plan 2030 and emerging Local Plan, which recognises Shared Ownership as a form of affordable housing that contributes to meeting identified local housing needs.
- 3.2. This policy should be read alongside our Allocations Scheme regarding the allocation of Shared Ownership homes.
- 3.3. This policy specifically relates to how we manage shared ownership leases. How we manage owners of properties that were sold through the Right to Buy is covered by our Leasehold Policy.

4. Responsibilities

4.1. The key areas involved in shared ownership functions are:

- a. **Housing Strategy and Partnerships**
- b. **Leasehold Services**
- c. **Responsive Repairs**
- d. **Housing Assets**
- e. **Development**

5. Definitions

The definitions below clarify key terms used throughout this policy.

a) Affordable Housing

Housing provided to eligible households whose needs are not met by the open market, including Shared Ownership, as defined by national planning policy.

b) Capital Funding Guide

Homes England guidance setting out the requirements that must be met for grant-funded affordable housing, including the use of standard Shared Ownership model leases.

c) Completion

The legal point at which the Shared Ownership purchase is finalised, the lease begins, and the purchaser becomes responsible for rent, service charges, and other obligations under the lease.

d) Defects Liability Period

A period (typically 12 months for new build homes) during which the developer is responsible for rectifying construction defects, subject to lease conditions and restrictions on alterations.

e) Financial Assessment

An affordability assessment carried out by a financial advisor or mortgage broker to confirm that applicants can afford the combined costs of mortgage, rent, service charges, and living expenses on a sustainable basis.

f) Homes England Grant

Public funding provided by Homes England to support the delivery of additional Shared Ownership homes that are not secured through planning obligations.

g) Initial Repair Period (IRP)

A 10-year period applicable to new model Shared Ownership leases (post-April 2021) during which the landlord contributes to essential repairs while the shared owner owns less than 100% of the property.

h) Lease

A long-term legal agreement between the Shared Owner and the landlord (the Council or a Registered Provider) setting out ownership shares, rent, responsibilities, rights, and obligations.

i) New Model Lease (Post-April 2021)

The current Homes England standard Shared Ownership lease, featuring lower minimum initial shares, 1% staircasing, a 990-year term for new builds, CPI-linked rent increases, and repair support through the Initial Repair Period.

j) Old Model Lease (Pre-April 2021)

Shared Ownership leases granted before April 2021, typically with higher minimum staircasing increments, shorter lease terms, and full repair responsibility on the shared owner from the outset.

k) Registered Provider (RP)

A housing provider registered with the Regulator of Social Housing, including local authorities, that owns and manages Shared Ownership homes.

l) Rent (on Unsold Equity)

The rent paid by a Shared Owner on the share of the property that remains in the landlord's ownership, calculated as a percentage of the retained equity and reviewed annually in line with the lease.

m) Reservation Fee

A fee paid by an applicant to secure a Shared Ownership property, usually offset against the first rent payment on completion.

n) Resale

The sale of an existing Shared Ownership home by a current Shared Owner, usually subject to nomination, valuation, and eligibility processes set out in the lease or Section 106 agreement.

o) RICS Valuation

An independent property valuation carried out by a surveyor accredited by the Royal Institution of Chartered Surveyors, required for initial sales, resales, and most staircasing transactions.

p) Section 106 (s106) Agreement

A legal agreement attached to a planning permission that may secure Shared Ownership homes, set local eligibility criteria, and restrict staircasing or resale terms.

q) Service Charge

A charge payable by Shared Owners to cover the cost of managing, maintaining, insuring, and repairing communal areas or shared services, as set out in the lease.

r) Shared Owner

An individual or household that owns a share of a property under a Shared Ownership lease and pays rent on the remaining share.

s) Shared Ownership

A form of affordable home ownership that allows eligible households to buy a share of a home and pay rent on the remaining share, with the option to buy further shares over time through staircasing.

t) Staircasing

The process by which a Shared Owner purchases additional shares in their home, increasing their level of ownership and reducing rent on the unsold equity.

u) Unsold Equity

The share of a Shared Ownership property that is retained by the landlord and on which rent is charged to the Shared Owner.

6. Eligibility Criteria

6.1. To be eligible for Shared Ownership in Ashford, applicants must meet the national eligibility criteria, including:

- Minimum age of 18
- Household income below £80,000 per annum (outside of London).
- Inability to afford a suitable home on the open market.
- First-time buyers or those who previously owned a home but cannot afford to buy now.

6.2. Additional Local Criteria

- Where a s106 agreement is in place, applicants must meet any local connection requirements. For rural exception sites, this typically means prioritising applicants with a connection to the parish or adjoining parishes. On rural exception sites there may be a restriction on the maximum share that can be purchased.
- Applicants must undergo a financial assessment to confirm affordability and mortgage eligibility.

6.3. Financial Assessment

There are two parts to the financial assessment which will be carried out by the Mortgage Broker/Financial Advisor, to ensure the applicant (or applicants in the case of joint applications) can afford and sustain the property:

1. To ensure that the housing costs (i.e. the mortgage, rent and service charge) are no more than 30% of the household net income. This is known as the income to housing cost ratio.
2. Shared Ownership rent and service charges are now stress tested and so the financial advisor/ mortgage broker will take into account estimated rent and service charges increases, over the following 5 years from completion.

6.4. Bedroom Eligibility

Applicants for Shared Ownership are permitted to have “spare” bedrooms. However, to avoid overcrowding at the point of purchase we will have regard to the Allocations Scheme and the bedroom standards.

6.5. Existing Social Housing Tenants

Applicants that currently rent from Ashford Borough Council or another Registered Provider may be eligible. However, where an applicant is in breach of their tenancy agreement, they will not be considered eligible for Shared Ownership homes.

7. Marketing and Allocation

7.1. Marketing

The Council may work with agents to market Shared Ownership homes or directly advertise on the Share to Buy website (or similar) or other local platforms.

7.2. First-come, First-served

All applicants will be assessed for eligibility and prioritised based on a first-come, first-served basis. This means that the first applicant that meets the eligibility criteria and presents all of the required documentation will be offered the opportunity to buy the home. The only exception to this rule is applicants that are qualifying Armed Forces personnel.

7.3. Armed Forces Personnel

For Shared Ownership homes that are funded through Homes England grant, priority will be given to qualifying Armed Forces personnel. This is defined as:

- Serving members of the British Armed Forces (Regular Service personnel).

- Former members of the British Armed Forces who have left the service within the last two years, including those who have completed their engagement or been discharged early.
- Bereaved spouses or civil partners of service personnel whose death was wholly or partly attributable to their service, provided they have not since remarried or entered a new civil partnership.

11. Resales

11.1. Where a Shared Owner wishes to sell their share, officers will facilitate the marketing, typically via the Share to Buy website (or similar). The marketing of the home will take account of any stipulations set out in the lease or s106 agreement.

11.2. In accordance with the provisions of the shared ownership lease, the Council will normally have the benefit of a pre-emption (nomination) period, during which it has the exclusive right to nominate a purchaser. This period will typically be [e.g. 4–8 weeks, subject to lease terms], commencing from the date the shared owner notifies the Council of their intention to sell. During the pre-emption period, we will seek to identify a suitable purchaser from its housing register or through approved marketing channels. Any nominated purchaser must meet the eligibility criteria for Shared Ownership.

11.3. If a suitable purchaser is not secured within the pre-emption period, the shared owner will be permitted to market the property on the open market (via an estate agent or similar), subject to the continued requirement that any buyer meets Shared Ownership eligibility criteria and is approved by the Council or its agent.

11.4. Potential buyers of resale Shared Ownership homes will be assessed in the same way as new build homes.

12. Valuations

12.1. Before new properties are marketed the Council will arrange for a RICS qualified independent valuer to carry out a valuation of the property. This valuation will be used as the purchase price and will inform the rent that is charged in the first year.

12.2. For resales, the current Shared Owner will be responsible for arranging an independent valuation by a RICS certified surveyor.

13. Legal Process

13.1. All buyers will need their own solicitor.

14. Reservation Fee

14.1. In certain circumstances a reservation fee may be required to secure a property. This will apply for most new build schemes. The reservation fee will typically be taken off the first month's rent, which would become due on the day of completion.

15. Lease Types and Key Differences

- 15.1. To purchase a share of a home from the Council, applicants are required to enter into a lease agreement. For new build homes (under the New Model Lease) this will be a 990-year lease. For resales, the term of the lease will be dictated by the remaining duration of the original lease at the time of sale.
- 15.2. The type of lease that the Council will offer depends on when the property was granted planning permission.

Feature	Pre-2021 Lease (Old Model Lease)	Post-2021 Lease (New Model Lease)
Minimum initial share	25%	10%
Staircasing increments	Minimum 10%	1% increments allowed within first 15 years
Repairs responsibility	Full responsibility on leaseholder	10-year repair support for new builds (up to £500/year for essential repairs)
Rent review basis	RPI + 0.5% or fixed uplift	CPI + 1%
Lease term	Typically 125 years	990 years (standardised)
Right to Shared Ownership	Not applicable	Applies to new grant-funded homes post-April 2021

16. Charges

- 16.1. The details of charges that Shared Owners are required to pay to the Council will be detailed within the lease. These will include (but are not limited to)
- Rent (on the share that the Council owns)
 - Service Charges for the development which covers things like routine maintenance and landscaping.
 - Other service charges such as cleaning of communal stairs and hallways, communal lighting, building insurance, management and audit fees, etc.
- Routine service charges must be paid within 28 days of receiving a demand from the Council unless otherwise stated within the lease. Rent will be reviewed annually on 1st April. Rent increases will be undertaken in accordance with the lease type. Service Charges are based on expenses incurred by the Council.
- 16.2. In addition to the regular charges listed above, the Council will also charge administrative costs back to Shared Owners for services such as setting up the lease, re-mortgaging, or staircasing (pre-2021 leases only). Some charges, such as those specific to the development, are likely to remain due even if the Shared Owner staircases up to 100% ownership. However, when this occurs, the Managing Agent will charge the Shared Owner directly.
- 16.3. Buildings Insurance applies to all Shared Owners. Details of the charges and how to make claims will be provided. Contents insurance is the responsibility of the Shared Owner.

17. Staircasing

- 17.1. Shared Owners may be able to buy additional shares of their home through “staircasing”. The s106 agreement on some properties will have an upper ceiling that Shared Owners cannot exceed but in other cases Shared Owners can staircase to 100% home ownership. Rules differ again depending on the type of lease, as set out below.
- 17.2. Homes Let Under the Model Lease before April 2021 (**Old Model Lease**)
Shared owners may purchase additional shares, typically in minimum increments of 10%.

Some older leases allow final staircasing to 100% only; others permit intermediate staircasing up to 100%, subject to lease terms.
Staircasing opportunities are less flexible and generally involve higher transaction costs due to larger required share purchases.

Each staircasing transaction requires an independent RICS “Red Book” market valuation of the whole property. The valuation establishes the current open market value, and the price of the additional share is calculated proportionately. Valuations are repeated at each staircasing event, increasing costs for leaseholders who staircase multiple times.

Rent is payable on the unsold equity. As additional shares are purchased, the rent reduces proportionately in line with the reduced landlord’s share. Once staircasing to 100%, rent falls to £0, though service charges (for flats or those with estate charges) continue where applicable.

17.3. Homes Let Under the Model Lease from April 2021 (**New Model Lease**)

The new model lease allows:

- 1% staircasing increments each year for the first 15 years of ownership.
- Staircasing in larger tranches (e.g. 5%, 10% or more) remains possible at any time.

This significantly increases flexibility and enables shared owners to progressively increase equity in smaller, more affordable steps.

17.4. **Valuation Requirements**

For 1% staircasing no full market valuation is required. The price is calculated using the original purchase price, indexed annually in line with the lease (typically CPI or RPI, as specified).

For staircasing transactions of more than 1%, a full independent RICS valuation of the property is required, as under the old model. This approach substantially reduces valuation costs for customers who staircase gradually.

Rent continues to be charged on the unsold equity, typically set at a maximum of 2.75% of the landlord’s share at initial sale (subject to the lease). Rent reduces incrementally with each staircasing transaction, including each 1% purchase. Where 1% staircasing is used, rent adjustments are modest but cumulative, supporting affordability over time.

18. Repairs and Maintenance

Repair and maintenance responsibilities vary depending on the type of lease.

18.1. Homes Let Under the Model Lease Before April 2021 (**Old Model Lease**)

Shared Owners are generally fully responsible for all repairs and maintenance to their home from the outset, regardless of the size of their share. This includes internal, external and structural elements for houses, and internal repairs (and service charge contributions) for flats.

There is no initial repair period or landlord-funded repairs allowance under the pre-2021 model lease.

For flats, we will carry out external and structural repairs, but the shared owner contributes through the service charge and reserve/sinking funds where applicable, in accordance with the lease.

A shared owner may have protection from early repair costs through new-build warranties such as NHBC or similar.

18.2. Homes let under the model lease from April 2021 (**New Model Lease**)

Homes delivered are subject to a 10-year Initial Repair Period (IRP), which applies while the shared owner owns less than 100% of their home.

During the Initial Repair Period:

- The landlord is responsible for the cost of essential external and structural repairs, and these costs cannot be passed on through service charges or reserve funds.
- Shared Owners can claim up to £500 per year towards the cost of qualifying essential internal repairs, with the ability to roll forward one year's unused allowance (up to a maximum of £1,000).
- Qualifying repairs relate to installations for the supply of water, gas, electricity and sanitation, space and water heating systems, and other essential elements, but exclude improvements, appliances and routine servicing.

Where a shared owner has a New Model Lease, we will meet our obligations during the 10-year Initial Repair Period.

After the Initial Repair Period ends, or once the shared owner staircases to 100% ownership, full repairing responsibility transfers to the shared owner, consistent with standard long-leasehold practice.

19. Gas Safety

- 19.1. Shared owners are responsible for maintaining and regularly servicing all appliances within their home. Certificates from annual safety checks will need to be provided to the Council immediately after they are received.

20. Home Improvements

- 20.1. Alterations to a Shared Ownership property must be approved by us, in writing. Permission must first be sought from the Housing Department, but this does not pre-empt decisions or approvals that may be needed from the Planning Department or Building Control. Depending on the lease, a £50.00 fee may be payable for the Council to review any plans submitted with an Alteration Request. To seek approval Shared Owners should complete the application form found on the Council's website at: <https://www.ashford.gov.uk/housing/council-tenant/repairs-and-maintenance/guide-to-tenants-alterations/> (the form is the same for tenants as it is for leaseholders, including Shared Owners).
- 20.2. For new build homes it is commonplace to have a defects liability period where the developer is responsible for defects (normally 12 months from the completion of the building). During this time, Shared Owners should observe certain restrictions, that if ignored could void that liability. Details regarding this will be provided on a property-by-property basis.

21. Subletting

- 21.1. We will give permission to let a spare room, unless it is specifically prohibited within the lease.
- 21.2. Subletting the whole property is not permitted unless the Shared Owner has stair-cased to 100% ownership. In exceptional circumstances, we may grant permission, but this must be sought in writing. If subletting is approved, a Shared Owner would also be required to seek permission from their mortgage company.

22. Breach of Lease

- 22.1. Rent arrears, anti-social behaviour or other breaches of the lease will not be tolerated. We will work with Shared Owners to remedy any actions or failures to act that amount to a breach of the lease. Shared Owners should familiarise themselves with the terms of their lease before agreeing to them and seek legal advice where necessary. Where necessary, we will take legal action to end a lease.

23. Working with External Registered Providers

23.1. The Council may be required to approve new or resales of Shared Ownership homes that are owned and operated by other Registered Providers. Such arrangements are typically set out in the s106 agreement that relates to the development. Monitoring of sales is carried out by the Housing Service, with enforcement (which is incredibly rare) carried out by the Planning Department.

24. Complaints

If a shared owner is not satisfied with any aspect of the service, they can refer to and follow the Housing Service Complaints Policy.

The Housing Ombudsman Service can be contacted if further advice and support is needed on making a complaint to us. Their contact details are as follows:

Website: www.housing-ombudsman.org.uk

Telephone: 0300 111 3000

Email: info@housing-ombudsman.org.uk

Write to them at Housing Ombudsman Service, PO Box 152, Liverpool L33 7WQ

25. Data Protection Responsibilities

The Data Protection Act 2018 and the UK GDPR regulate the processing of information relating to individuals, which includes the obtaining, holding, using or disclosing of such information.

We need to collect and use certain types of information about our service users in order to carry out our everyday business and to fulfil our objectives and statutory functions.

We operate a [Privacy Policy](#) and this explains how we as a data controller collect use and protect your personal data.

We are signed up to the [Kent and Medway Information Sharing Agreement](#) and will abide by the conditions set out in this document that applies to all ABC directorates. The agreement ensures that appropriate information is securely exchanged between the agencies when dealing with management transfer cases, and that such information is used appropriately in accordance with the Data Protection Act 2018, UK GDPR, and

the Human Rights Act 1998.

We will treat all information received with the strictest of confidence wherever possible. Information relating to management transfer cases may however be shared with other agencies for lawful purposes such as the purpose of preventing domestic abuse, anti-social behaviour, crime or if there is a safeguarding concern.

26. Equalities Impact Assessment

We are committed to welcoming and valuing diversity, promoting equality of opportunity and tackling unlawful discrimination in accordance with the Equality Act 2010. We, in delivering this policy, will have regard to the Public Sector Equality Duty and ensure that no individual is discriminated against based on their sex, sexual orientation, marital status, pregnancy and maternity, gender reassignment, race, religion, belief, disability or age.

The Public Sector Equality Duty is a duty on us and that responsibility cannot be delegated to a contractor/service provider and is a continuing duty.

An Equality Impact Assessment has been undertaken to assess the impact this policy will have on affected persons with protected characteristics. The review concluded there were no known circumstances of a negative impact.

27. Policy Review

This Policy will be reviewed every three years, or sooner, in the event of major legislative or operational changes.