# Buy Back Policy

## 1.0 Introduction

1.1 This Policy explains how and when we will use our discretion to buy back shares (equity) from shared owners. This is sometimes known as downward staircasing.

1.2 When we use the terms ‘you’ and ‘your’, we mean shared owners. The terms ‘we’, ‘our’ and ‘us’ mean Southern Housing.

1.3 This Policy aims to help shared owners who are at risk of being re-possessed by their lender due to financial hardship and/or a change in circumstances that impacts their affordability. The objective of selling equity back to us is to help reduce outgoings and avoid shared owners losing their home.

1.4 The Policy also allows us to consider buying back when a resident needs to sell and is unable to do so because their block needs remedial works due to building safety issues and these works are yet to be firmly scheduled. The Policy also allows us to consider other exceptional circumstances.

1.5 Each buy back request is subject to an individual assessment to ensure eligibility for consideration. We’ll then confirm if we’re able to buy back shares (up to your full equity stake) under this Policy.

1.6 This Policy doesn’t apply to other owner occupiers, including:

- Former shared owners
- Those who have bought a property through a discount scheme such as Right to Buy or Right to Acquire
- Leaseholders who own 100% of their property.

1.7 **Any buy back is at our absolute discretion. It’s not a right or entitlement.**

1.8 We are unable to buy back just because you are unable to sell your home. There must be other reasons meeting the criteria set out in this Policy.

1.9 Southern Housing will only usually be able to help if it has access to grant (known as Recycled Capital Grant Funding – RCGF) to help with the cost of buying back. Without RCGF it is extremely unlikely we will be able to buy back.

1.10 Even if there is RCGF available it may only cover part of the cost of the buy back, which means additional funding will be needed to meet the full cost. There’s very limited additional funding available so we may not be able to buy back your shares even if you meet all the criteria in this Policy and RCGF funding is available.

## 2.0 Who can make a buy back request?

2.1 You can ask us to buy back shares of your home if you meet each of the following criteria:

- Are or will be in financial difficulty and have exhausted all other options **and**
- Own less than 100% of the property **and**
- Pay rent on the unsold equity in the property (excluding ground rent and service charges) **and**
- This is your:
    - first application **or**
    - you have new exceptional circumstances not considered before.

  Or

- Need to sell and unable to do so due to building safety issues and not able to make any other alternative arrangements (e.g. sublet your home temporarily)

  Or

- You have other very exceptional circumstances. RCGF funding is restricted to helping people avoid losing their homes and moving where outstanding building safety issues prevents them from doing so. This means the funds to help are very limited and assistance is likely to be only in very rare cases.

## 3.0 Other options

3.1 We'll only consider your request if you've exhausted all other options, which may include:

- Contacting your mortgage lender; if you're in financial difficulty and have trouble paying your mortgage, your lender may be able to work with you to reduce your mortgage payments
- Seeking and following professional budgeting or debt advice and seeking to reschedule any loans you have. Many local authorities offer free debt advice, or they'll be able to put you in touch with independent debt counselling agencies.
- Seeking and following benefits advice; you may be entitled to some benefits to increase your income
- Speaking to our Financial Inclusion Team for advice on maximising your income and budgeting
- If appropriate, trying to take in a lodger or sub-tenant for any spare rooms. You'll need to ask our permission beforehand. We won't unreasonably withhold permission.
- Trying to sell your share and moving.

## 4.0 Eligibility

4.1 You must meet the following criteria:

- Your household income meets the government's eligibility criteria for shared ownership
- You have a clear rent account **or** agree you will clear any arrears from the proceeds of the buy back
- You can demonstrate you'll be able to pay your rent and service charge after the buy back
- You can evidence you'll be better off after the buy back and your home will be financially sustainable for you
- **You have taken independent financial and legal advice that confirms this is the only viable option you have, and you are satisfied with this advice and that it was made based on the advisor having all relevant information.**

4.2 If you're in negative equity, it will make it very difficult for us to buy back shares of your home. As a minimum for us to consider it, you need to contact your bank and get agreement to either:

- Write off the debt to avoid repossession
- Convert the outstanding debt to a personal loan. You'd need to be able to repay the loan and the increased rent on your home. We strongly suggest you seek independent financial advice before going ahead with this.

4.3 We're more likely to buy back shares of your home if:

- It will prevent you being repossessed by your lender
- You're in debt or not able to meet your financial commitments because of a change in circumstances (rather than over-borrowing), such as:
    - reduced work hours or you (or your partner) have lost your job
    - relationship breakdown leading to reduced household income.

- It should make your circumstances more manageable, for example:
    - you could adapt your home due to ill-health or disability
    - you have a large service charge/major works debt you're unable to afford
    - we've issued a Section 20[1] notice about forthcoming major work and you're unable to pay (even with a 10-year loan).

- There are other very unusual and exceptional circumstances which can only be addressed by buying back.

4.4 If you've built up debts through unsecured loans or credit cards, we'll consider your request for buy back but we won't give you priority. We'll consider each case on its individual merits.

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[1] Section 20 of the Landlord and Tenant Act 1985

## 5.0 Terms of the buy back

5.1 You must pay:

- All legal fees, both yours and ours
- An administration fee for us to process the buy back
- Valuation fees.

We can defer payment for these fees until completion but will need your confirmation you undertake to meet these costs even if we aren't ultimately able to offer to buy back. Wherever possible we will avoid incurring or asking you to incur any costs when it's unlikely we will be able to buy back.

5.2 If you remain a shared owner following completion of a buy back, we'll adjust your rent proportionate to the additional equity we have bought. Other than adjusting the rent to reflect the new percentage we will continue to deal with all matters including the annual rent increases in accordance with the terms of your lease.

5.3 If we buy back your whole share and agree you can remain in the property, we'll calculate the rent and grant you a new appropriate tenancy. Our offer will set out the proposed rental arrangement which will have been decided as part of the approval process.

5.4 If we buy back your whole share and you vacate the property, we'll use the property according to our priorities.

5.5 If you remain a shared owner following completion of the buy back, your service charge remains the same. All your rights and responsibilities remain the same, including repair obligations.

5.6 Where there is equity greater than the money owed on loans, this will be returned to you upon completion in accordance with the terms of the offer to buy back. This will be in the case of buying back all our share.

5.7 We will instruct an independent surveyor to value the property. The valuation will consider the current condition of the property. We reserve the right to reduce the buy back offer if the property has fallen into a state of disrepair that requires considerable repairs to bring it back to an acceptable standard to rent or sell. This would include where you will remain in your home after completion.

## 6.0 Supporting evidence

6.1 Along with your buy back request, you must provide:

- A copy of your most recent mortgage redemption statement
- Full written details of your current financial situation explaining why you wish to be considered for buy back
- A financial statement for us to assess your financial commitments
- Evidence you've exhausted all other options (see section 3).

**You must confirm in writing you've taken independent financial and legal advice and that you fully understand the implications of buy back.**

6.2 Variations to the list in 6.1 will apply if you have asked us to buy back your shares due to outstanding building safety issues. We'll advise you accordingly.

## 7.0 Processing your request

7.1 When we have all your information, we'll review and process your request by:

- Obtaining a current valuation of your home. You'll need to pay for this valuation even if we go on to reject your buy back request.
- Considering your ability to meet all your financial obligations after buy back. We may need you to provide more information to help with this.
- Check if there are any planning conditions which may restrict us making any changes to the tenure of the home
- Where needed, asking for formal consent to buy back from any relevant housing agency and for RCGF funding to cover all or part of the costs. For properties inside London this may be the Greater London Authority. For properties outside London this may be Homes England.

7.2 If you meet the criteria, our internal Risk Appraisal Group (RAG) will consider your application for buy back. They'll make their decision based on your circumstances and if there are funds available.

7.3 We should provide you with a response within 15 working days from date we receive all the requested information outlined at 6.1 and 7.1 of this Policy.

7.4 If we approve your application, you'll need to:

- Liaise with your lender
- Instruct a solicitor
- Start the conveyance process within three months of our decision.

## 8.0 If you're unhappy with our decision

8.1 You can ask us to review our decision within ten working days of us letting you know.

8.2 A member of our Executive Team will consider your case and review the decision. They'll consider your views and any changes in your circumstances.

## 9.0 What we've done to ensure this Policy is fair

9.1 We've carried out an Equality Impact Assessment to consider the positive and negative impacts this Policy may have on people with protected characteristics under the Equality Act 2010.

9.2 We recognise some residents may need adjustments due to a language barrier, disability, cultural need, or vulnerability. In these circumstances, in line with our Reasonable Adjustments & Vulnerable Needs Policy, we'll work with residents to ensure we consider their specific needs, on a case-by-case basis, provided it doesn't compromise health and safety to individuals or homes. This includes working in partnership with other agencies to ensure we manage and mitigate any known risks of safety and wellbeing.

9.3 We aspire to embed diversity and inclusion within the culture of our business activities.

## 10.0 Review

10.1 We will review this Policy to address legislative, regulatory, best practice or operational issues.

| Policy controls |
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