

Appendix 1: Additional Management Procedure

Shared Ownership Additional Management Procedure

1	Introduction <p>Wolverhampton Homes (WH) manages a portfolio of shared ownership properties on behalf of the City of Wolverhampton Council (CWC). This document details additional procedures that are essential to the good management of shared ownership properties:</p> <ul style="list-style-type: none">• Rent Review• Structural Alterations and Improvements• Property Inspections• Complaints
2	Responsibilities <p>The following are responsible for the implementation of this procedure: Head of Home Sales and Leases (HHSL) Home Sales & Leases Officer (HSLO) Legal Services team</p>
3	Legal and Regulatory Framework <p>This guidance incorporates and complies with the following legal and regulatory requirements: Lease Agreements Homes and Communities Agency – Capital Funding Guide</p>
4	Rent Review
4.1.1	Introduction <p>Shared ownership rents are reviewed annually and the method for setting increases is written into Schedule 4 of the lease. Annual increases are limited to RPI plus 0.5% using the RPI figure for a specified month published annually. When the RPI figure for a specified month is nil or negative any rent increase will be limited to a maximum of 0.5%. The rent review is “upwards only” which means the level of rent will never decrease.</p>
4.1.2	WH will increase its shared ownership rents on 1 st May using the RPI figure for the previous December.
4.1.3	Notice of rent increases must be given in writing to the shared owner in the form that is detailed in the lease.
4.2.1	Procedure <p>In February each year the HSLO will obtain the RPI Indexes for the previous December and for the December the year before from the Office for National Statistics website www.ons.gov.uk</p>

4.2.2 The HSLO will then calculate the increase using the following procedure:

- Take the RPI Index for the previous December and divide it by the RPI Index for the December of the year before
- Add the resulting figure to 0.005 (the 0.5% increase)
- Multiply the resulting figure by the Gross Rent (the 100% rent)
- This gives the rent increase on the Gross Rent. Apportionment then needs to be made according to the share owned by the shared owner, for example, if a 45% share is owned the new rent the shared owner will pay is 55% of the Gross Rent

4.2.3 A worked example is shown below. The RPI Index figures shown are not accurate but the example shows how the annual rent increase will be calculated;

The next Rent Review Date under the Shared Ownership lease is 1st May 2017

The Gross Rent fixed at the rent review on 1st May 2017 is £100.00 per month

The RPI Index for December 2015 was 237.9

The RPI Index for December 2016 was 244.2

Take 244.2 divide by 237.9 plus 0.005 equals £103.15 per month

Therefore, if the shared owner has a 45% share of the property and CWC has a 55% share the shared owner must pay a rental share of 55% which equates to £56.73 per month.

4.2.4 All rent increases must be signed off by the HHSL.

4.2.5 The Notice of Rent increase (in the format as prescribed in Appendix 2 of the Lease) must be sent out to all the shared ownership properties by no later than 31st March. Letter 1 will also accompany the Notice. This is because the Notice is rather complex and the letter will explain the increase in an easier to understand format. If there is an increase in service charges form Summary of Rights and Obligations must the accompany the Notice and Letter1.

5 **Structural Alterations and Improvements**

5.1. **Introduction**

The lease provides that the shared owner cannot make alterations or additions to the exterior, cannot make structural alterations or additions, cannot erect any new buildings and cannot remove any of our fixtures. The shared owner can make (minor) alterations of a non-structural nature to the

	interior provided that they have had our consent (which is not to be unreasonably with-held).
5.2.1	<p>Procedure</p> <p>When a shared owner contacts WH to advise them that they wish to improve their home the HSLO will sent them the Alterations Request form to complete.</p>
5.2.2	The shared owner must complete the form and return it with copies of any relevant permissions for example, planning permission, building regulations.
5.2.3	The HSLO will consider the detail in the Alterations Request form. If it is considered necessary the HSLO will contact a WH Property Inspector for his views and if necessary will conduct a visit to the property.
5.2.4	Once the application has been considered the HSLO will decide, taking into account the view of the Property Inspector if consent can be granted. If there is any doubt as to whether consent should be given the HSLO will consult with the Legal Services team. The HSLO will write to the shared owner to advise them of the decision. If consent is not granted the letter should detail why consent has been with-held.
6	Property Inspections
6.1.	<p>Introduction</p> <p>The lease agreement requires shared owners to keep the property in a good and substantial repair condition and decorated.</p>
6.2.1	<p>Procedure</p> <p>The HSLO will carry out six monthly external inspections of shared ownership properties to check that gardens are not overgrown, check for signs of disrepair and for any improvements/alterations where consent has not been issued.</p>
6.2.2	The HSLO will discuss any issues identified with the shared owners and request that steps are taken to rectify the situation. Any agreed actions along with a time scale will be confirmed in writing to the shared owner by the HSLO.
6.2.3	When the HSLO carries out a home visit for any reason, for example, rent arrears, anti-social behaviour they will take the opportunity to check the internal condition of the property. Any issues identified will be discussed with the shared owner and any agreed actions along with a time scale will be confirmed in writing to the shared owner by the HSLO.

