



Leaseholder Buy Back Policy

1.0 Purpose and scope

This policy sets out the circumstances where NHG will consider buying back the full equity owned by a leaseholder or undertake reverse staircasing of a portion of a shared ownership property. This document outlines the criteria the applicant is required to meet and how these decisions will be made.

This policy primarily applies to residents owning leasehold or freehold homes through Notting Hill Genesis (NHG), or one of its subsidiaries. It also applies to freehold homes previously owned by one of these entities.

We understand that the financial situation of our residents can change, impacting their ability to afford their home. While we aim to help homeowners avoid financial difficulty, as a charity, it is also important that any surpluses we make are reinvested to provide and maintain quality affordable homes. We therefore are only able to buy back or reverse staircase properties in the limited circumstances prescribed below.

2.0 Buyback criteria

We will only consider buying back the full equity of a property in the following limited circumstances:

- Where there are immediate building health and safety concerns that cannot be sufficiently mitigated through on-site measures and require permanent or long-term decanting.
- Where we are undertaking regeneration or redevelopment.

Given the circumstances, in most cases determining if these criteria have been met, will be decided by a project team. They will do so on the basis of professional advice and either seek the approval of the NHG Executive Board or act by delegated authority.

In cases where there is no project team, the Local Officer and their Manager (with the support of other teams as appropriate) will consider whether properties are deemed to meet the prescribed criteria in the first instance. If not, an explanation will be given to the resident.

If deemed eligible a property will then be put forward to the relevant Director. If agreed, they may seek the approval required in accordance with our financial

regulations to make an offer to buy-back. Any decision will be made carefully on a case by case and scheme by scheme basis as the decision-making process will be heavily circumstantial. No decision made will set precedent for any further decision on the same site or another.

Whilst the above forms the main criteria for why a buy-back would be agreed, the Executive Board retains authority to consider and approve cases on an exceptional basis outside of this.

Decisions will be made at their discretion and it will be decided on a case by case basis if the circumstances are considered as an exception to the prescribed criteria based on detailed analysis of the situation. But if approval is not given, an explanation of why the property presented was not considered suitable to be offered a buy back will be given to the resident.

3.0 Offering buy backs of full equity

If agreed, residents for any property identified as meeting the prescribed criteria for a buy back will be contacted and receive a formal buy back offer endorsed by independent professional advice.

As part of this we may consider a Compulsory Purchase Order (CPO) for which the rights of resident and non-resident leaseholders and freeholders are set out in legislation.

4.0 Reverse staircasing

Reverse staircasing is an option available to allow shared owners in financial difficulty to release equity in their property and reduce their mortgage payments. We acknowledge that, as there is a corresponding increase in rent, it is not often a practicable or sustainable solution.

We will therefore only consider reverse staircasing where the shared owner is in proven financial difficulty and not where building safety concerns are the issue, or a sale is prevented.

NHG will only consider an application to reverse staircase if all the following conditions are met:

- The shared owner owns less than 100% of their property but more than 10%
- The shared owner is in severe financial difficulty, has evidenced that they are at immediate risk of repossession and have exhausted all other options for avoiding repossession. These include, but are not limited to:
 - Contacting the lender to restructure the mortgage payment terms to make them more affordable
 - Seeking professional and independent qualified debt advice
 - Considering taking in a lodger

- Considering selling the share of the property to move home
- That they remain eligible for shared ownership under prevailing requirements
- That they can demonstrate that they will be able to afford the combined rent and service charge payments after reverse staircasing
- Any further criteria which might reasonably be prescribed in the circumstances

Any decision will be made on a case by case basis in accordance with these set criteria with the appropriate amount of equity repurchased decided by NHG at its sole discretion. If approval is not given, an explanation of why the property presented was not considered suitable to be offered a buy back will be given to the resident.

5.0 Handling resident requests

5.1 Buy backs

Residents will not be able to make an application for a buy back as properties which meet the prescribed criteria (or form exceptions) will be identified and determined by NHG. However, residents are encouraged to discuss their circumstances with their Local Officer to support NHG's understanding of their circumstances so the situation can be appraised properly.

We are committed to supporting our residents and protecting them from financial distress. Residents of properties which are not deemed suitable for a buy-back will be signposted to appropriate support offered by NHG or external agencies by the Local Officer.

5.2 Reverse staircasing

Residents can make applications for reverse staircasing if they can demonstrate they have met the above conditions. In the first instance, they should talk to their Local Officer to provide the appropriate evidence. Only if the above conditions are met will the application be reviewed by the appropriate Director. Any agreement to purchase resident equity will be done in line with financial regulations, based on a RICS accredited valuation and at NHG's discretion. NHG reserves the right to deduct fees associated with the transaction from the purchase price.

After completion, the resident will remain a shared owner and the rent will be increased to reflect the new level of equity. Service charges will not change and rights and responsibilities will remain the same.

Our approach

In writing this policy we have carried out assessments to ensure that we are considering:

- Equality, Diversity & Inclusion
- Privacy & Data Protection

Document control

Author	Victoria Onyon
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Approved by	Pippa Fleetwood-Read
Policy owner	Ashley Hassell
Accountable Director	Pippa Fleetwood-Read