

Shared Ownership Sales, Re-sales & Allocation Policy

Reference:	SOAL/CL/2016	Approved: SMT - 15/08/2016 ET – 23/08/2016
Scope:	Shared Ownership Sales, Re-sales & Allocations	Revised:
Related Policies:	Leasehold Management Policy Service Charge Policy Stair-casing Policy Shared Ownership Forfeiture & Possession Policy	Date of next Review: August 2019
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Policy Statement

This policy outlines Housing Solutions approach to the sale and allocation of shared ownership homes. Shared Ownership provides a solution to the housing needs of those who would otherwise not be eligible for social housing nor be able to buy on the open market. Such households often work in sectors where incomes have not kept pace with increases in house prices.

This policy supports Housing Solutions obligations relating to sales allocations in accordance with the Homes and Communities Agency (HCA) Capital Funding Guide.

Aims

- To establish a sales process that is non-discriminatory and responsive to demand, while contributing to the need to be inclusive and ensure sustainable communities.
- To establish an efficient, transparent, fair and effectively controlled basis for the acceptance and processing of applications for low cost home ownership.
- To provide a system of prioritising applicants ensuring that homes are allocated to people in housing need and to those whom shared ownership is an appropriate solution.
- To ensure Housing Solutions meet their social objectives whilst recognising the financial importance of selling properties promptly.

- To ensure that Housing Solutions complies with all financial and regulatory controls including those set out in the Homes and Communities Agency Capital Funding Guide.
- To comply with all other financial and regulatory controls that Housing Solutions have to satisfy.

1. Sales

Housing Solutions offer the following types of home ownership for sale:

Shared Ownership – New build properties where buyers can initially purchase between 25% and 75% of the lease, whilst paying rent on the remaining amount. Over time shared owners can then build up their share in the property through stair-casing. Shared owners of houses will be on a lease until such time as they purchase 100% interest in the property when they will become the freeholder (subject to mortgage).

Resale Shared Ownership – homes that a current owner bought through Shared Ownership and now wishes to sell on. The principle is the same as buying a new build Shared Ownership but you must purchase the share that the seller currently owns.

Older People's Shared Ownership – Homes specifically for people aged 55 or over. It works in the same way as general shared ownership but generally buyers are only able to purchase a maximum 75% of the property.

DIYSO (Do it yourself shared ownership) – This is a scheme operated by Housing Solutions in partnership with the Royal Borough of Windsor and Maidenhead. Applicants with a local connection, who are approved to take part, are able to choose a property on the open market. The property is bought by Housing Solutions and the shared ownership buyer purchases a share of property between 25% - 75% and pays rent on the share of the property they don't own.

2. Eligibility Criteria

2.1 There are set criteria for who can buy a shared ownership property. This will vary between schemes and Local Authority area but applicants are expected to:

- be at least 18 years of age;
- be unable to purchase, outright or with a mortgage, a home of suitable size and location for their household needs on the open property market;
- have a household income of no more than £80,000;
- have sufficient savings to meet the one-off costs of buying a shared ownership home, and access to capital or a mortgage to fund their share of the purchase;

- clearly demonstrate their ability to sustain the affordability of outgoings (mortgage, rent, service charge, repairs etc.) over the long-term future
 - be first time buyers, although some applicants who own or have previously owned a home may be eligible. This includes older people and people who have lost a home through a relationship breakdown and shared owners whose family has grown and they need a larger home but who are still unable to afford to buy outright
 - meet the relevant local authority eligibility criteria
- 2.2 Applicants for shared ownership must demonstrate housing need, and when assessing need, consideration will be given to:
- current accommodation and its suitability;
 - ability to meet housing need through other housing options.
- 2.3 Applicants must be a British or EU/EEA citizen¹ or have indefinite leave to remain in the UK. Applicants without indefinite leave to remain who are interested in buying a home must be able to demonstrate that they are able to raise a mortgage with an acceptable lender and that they can afford to sustain home ownership in the longer term. This will normally require a detailed individual assessment.
- 2.4 For some schemes, the Eligibility Policy will be extended to include criteria linked to funding arrangements, planning conditions, property constraints or scheme design. Where these additional conditions apply, this will be made clear to applicants when schemes are marketed.
- 2.5 An eligible applicant who wishes to buy a home with someone else can only proceed on the condition that all joint applicants become joint owners.
- 2.6 We are unable to accept applications from people who:
- have had arrears of rent in the past six months;
 - would be named on an existing mortgage or property deeds when the sale of the shared ownership property is completed, this includes properties outside of the UK;
 - have outstanding County Court Judgments against them or other outstanding credit issues, such as unsatisfied defaults:

3. Shared Ownership & Resale Allocations

- 3.1 Prospective shared ownership and resale shared ownership buyers must register with the Help to Buy Agent and in some areas, their local authority as well. The Help to Buy Agents for the areas in which we have properties are:
- Berkshire & Hampshire – Help to Buy South

¹ This is the current position as at August 2016, however may be subject to change

- Buckinghamshire & Hertfordshire – Help to Buy East and South East

3.2 There are set criteria for who can buy a shared ownership property as detailed in section 2. There may also be specific conditions detailed in the lease and/or accompanying legal documents on re-sale shared ownership properties, this will be made clear to applicants when properties are marketed.

Priority is given to the following applicants:

- existing social tenants and serving military personnel and former British Armed Forces personnel discharged in the last two years;
- those for whom it will address housing problems in local and regional housing markets as defined by the local authority;
- other first time buyers.

3.3 The relevant local authority approves all applicants and prioritises candidates according to their local housing criteria, which will be detailed in the information on specific properties.

3.4 Purchasers of a shared ownership home must live in the home purchased. Subletting of shared ownership homes is not permitted, unless all of the remaining share has been purchased and the property is owned outright.

3.5 Purchasers must proceed diligently, in particular have a full mortgage offer in place within two weeks of Memorandum of Offer and be able to proceed to exchange of contracts within 28 days of issue of Memorandum of Sale.

4. Financial Assessment

4.1 All prospective purchasers are subject to a financial assessment carried out by a qualified Independent Financial Advisor. The financial assessment is to establish affordability based on criteria set by the Homes and Communities Agency (HCA). The assessment of affordability to buy will be based on net income (child tax credit and child benefit do not count towards the mortgage multiple calculation and are not accepted forms of payment) and as well as the home ownership costs (mortgage repayments, rent and service charges) it will also include:

- Repayment of any outstanding debt;
- Size of family (i.e. number of children or other dependents);

4.2 We would expect all applicants to fall within the current HCA thresholds for shared ownership affordability. These stipulate that a minimum of 25% of an applicant's net wage and 2.5x their gross income should be used as a minimum towards home ownership. There is also an upper limit of 45% of net wage and 4.5x gross salary; this is to ensure long term sustainability. Applicants who fall outside of the lower end caps maybe considered in exceptional circumstances at the discretion of Housing Solutions. The higher end cap is an absolute limit and cannot be breached.

- 4.3 Applicant's purchasing shared ownership through re-sales are required to broadly fit the HCA financial eligibility criteria, as above, and should be able to sustain the share they need to purchase.

5. Tenure

- 5.1 All shared ownership homes are sold as leasehold properties and sale prices are based on independent valuations of market value at the sales stage. While properties remain on the market valuations are updated in line with HCA requirements. Leases on all new build shared ownership properties are for 125 years.

6. Rent

- 6.1 Rent on new build and DIYSO shared ownership properties is calculated using the initial sales price, with rent at 2.75% of the unsold equity, except in areas where rent levels are restricted by the Section 106 agreement.
- 6.2 Rent on re-sale shared ownership homes are calculated in line with the lease and/or other legal documents associated with the property. Details of the rent applicable to individual re-sale properties will be included in the marketing material for the property.
- 6.3 Generally for Older People's shared ownership homes, where a 75% shared has been purchased, no rent will be payable on the remaining share. There may however be exceptions, as agreed by the HCA and the relevant Local Authority, where the share proportion will be lower than 75%, in which case rent will be payable on the remaining share.

7. Marketing Shared Ownership & Resale Properties

- 7.1 As part of any marketing campaign, all of Housing Solutions shared ownership properties will be advertised on both HS Living and the Help to Buy website. A link from Housing Solutions website will also be provided. The websites will give information about where and how to apply for advertised properties.
- 7.2 Where appropriate, we will also advertise schemes on other websites, for example Rightmove and in the local press.
- 7.3 Any applicant wishing to purchase Housing Solutions shared ownership properties must apply via the Housing Solutions application form on the HS Living website.

8. Equal Opportunities

- 8.1 Housing Solutions work in multi-cultural and diverse communities and believe

that no person should suffer disadvantage by reason of their race, religion and believe, gender, sexual orientation, gender reassignment, disability, marital status, age or responsibility for dependents. We will ensure adherence to our Equality & Diversity Strategy.

- 8.2 We will also ensure that if our customers have difficulty in understanding any document or other information we will provide a translation service.

9. Monitoring

- 9.1 All sales allocations will be recorded on our Housing Management System.
- 9.2 A quarterly report will be presented to the Senior Management Team which will include details of sales allocations.

10. Review

- 10.1 This policy will be reviewed on a 3 yearly basis or in response to changes in legislation, regulatory guidance, good practice or changes in other relevant Housing Solutions policy.

11. Data Protection

- 11.1 Under the Data Protection Act 1998 and the Human Rights Act 1998, all personal and sensitive information supplied to Housing Solutions, however received, is treated as confidential. This includes anything of a personal nature that is not a matter of public record about a resident, client or applicant
- 11.2 Every care will be taken to keep information secure and confidential and held only for as long as is necessary for the purpose it is intended for. The data can only be disclosed to relevant third parties provided it is for the purposes of accessing eligibility of applicants and for audit purposes. Housing Solutions reserves the right to contact third parties to request information for the purposes of assessing eligibility of applicants.
- 11.3 Housing Solutions will ensure that they only involve other agencies and share information with the consent of the applicant concerned, unless:
- To help to prevent fraud or if required to do so by law
 - The information is necessary for the protection of children
- 11.4 For further information on how applicant's information is used, how we maintain the security of information, and rights to access information we hold on, is included in Housing Solutions Data Protection Policy, available on the Housing Solutions website.