Shared Ownership Sales, Re- sales & Allocations Policy

Scope:	Shared Ownership Sales, Re-sales & Allocations	**Author:**	Shared Ownership Sales Manager
Legislation: (if required)	HM Government Affordable home ownership schemes	**Approved by:**	Board
		Date of approval:	13th March 2025
Regulatory/ Governance:	Homes England		
		Date of next review:	13th March 2028
Related Policies:	Leasehold Management Policy Service Charge Policy Shared Ownership Management Policy		

1. Policy Statement

1.1. The policy outlines Housing Solutions (HS) approach to the allocation and sale of shared ownership homes. Shared ownership provides a solution to meet the housing needs of those who would otherwise not be eligible for social housing nor be able to purchase on the open market due to high property prices. This may include households who work in sectors where incomes have failed to keep pace with house price increases in the market area.

1.2. The policy supports Housing Solutions corporate objectives and obligations relating to the sale and allocation of shared ownership homes in accordance with the Homes England (HE) Capital Funding Guide and incorporates updates from the Affordable Homes Programme 2021-2026

2. Aims and Objectives

2.1. To establish a sales process that is fair and open to all, is responsive to demand, and contributes to sustainable communities.
2.2. To establish an efficient, transparent, fair and effectively controlled basis for the acceptance and processing of applications for low cost home ownership.
2.3. To provide clarity surrounding allocation of properties to applicants and ensure shared ownership is an appropriate solution to meet their housing needs.
2.4. To ensure that Housing Solutions meets its social objectives whilst recognising the value for money considerations of selling properties promptly.
2.5. To ensure that Housing Solutions complies with all applicable financial and regulatory controls including those set out in the Homes England – Capital Funding Guide.
2.6. To comply with all other financial and regulatory controls that Housing Solutions must satisfy from time to time.

3. Roles and Responsibilities

Board	Responsible for approval of the Shared Ownership Sales, Re-sales and Allocations Policy
Executive Team	Where the applicant(s) is / are employee(s) of Housing Solutions the Executive team will review and approve the application to purchase a shared ownership property.
Director of Property & Development	Responsible for the overall implementation and review of this Policy.
Shared Ownership Sales Manager & Shared Ownership Sales Co-ordinator	Responsible for the day to day management and implementation of processes as required by this Policy.
Head of Development	Responsible for overseeing the operation of the policy and its day to day implementation together with the review and sign off of applications prior to an offer of a property being made to the applicant(s).
SIT Panel/Leasehold forums	Responsible for reviewing and providing feedback for this policy

4. Overview

Shared Ownership is designed as an affordable way to purchase a home. It is a flexible way to buy a home as it offers you the chance to buy an initial share of a home worth between 10% and 75% of its market value and pay rent on the remainder. The amount of rent will be based on the size of the share of the home not purchased. More shares can be purchased in the future. This is known as 'staircasing'. If more shares are purchased, the rent payable will be reviewed accordingly. Shared owners of houses will be party to a lease until such time as they may purchase 100% interest in the property when they will become the freeholder (subject to property and financial checks).

4.1 Models of Shared Ownership

There are two models of shared ownership referred to as 'old' and 'new' models, each with differing features. The 'old' model applies to shared ownership properties built through the Shared Ownership Affordable Homes Programme (SOAFP) 2016-2021, while the 'new' model applies to all new grant-funded shared ownership properties delivered through Affordable Homes Programme (SOAFP) 2021-2026. The Government's intention for the new model is for it to be fairer, more affordable and consumer friendly.

Shared ownership model	2016 or before	Old shared ownership model 2016-2021	New model shared ownership 2021-2026
Minimum initial share	25%	25%	10%
Lease length	Typically, leases were issued for 99 years from new	Typically, leases are for a minimum of 99 years from new but typically at least 125 years	Leases will be for a minimum of 990 years from new
Initial repair period	No	No	Yes - the shared owner will receive support from their landlord to pay for essential repairs for 10 years from the lease start date up to £500 per annum
Buying more shares - minimum purchase	10% or 25%	10%	1% once a year for first 15 years or 5% at any time
1% share purchase	No	No	Yes
Landlord's nomination period	8 weeks or 12 weeks	8 weeks	4 weeks

4.2 Since there is an overlap between both the SOAHP and AHP funds, some shared ownership properties sold may be either old or new model leases. Applicants and leaseholders will be made aware of the type of model they are purchasing by Housing Solutions at the point of advertisement and initial enquiry. Details may also be contained within the individual lease agreements.

4.3 Resale Shared Ownership

Homes that a current owner bought through Shared Ownership and now wish 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 or higher.

4.4 Older People's Shared Ownership

Homes specifically for people aged 55 or over. The scheme works in the same way as general shared ownership but generally buyers are only able to purchase a maximum 75% of the property

4.5 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 the property between 25% - 75% and pays rent on the share of the property they do not own. Housing Solutions can determine the minimum share percentage in order to maximise the scheme budget to help as many households as possible.

5. Legislation and Eligibility

In line with Homes England eligibility requirements, to purchase a property through shared ownership applicants are expected to meet the following criteria:

5.1 Be at least 18 years of age;

5.2 Applicants must have a gross annual household income of less than £80,000 and be otherwise unable to purchase a suitable property for their housing needs on the open market;

5.3 Have already sold their property or sell their property at the same time as buying through shared ownership;

5.4 Have sufficient savings to meet the one-off costs of buying a shared ownership home, along with access to capital or a mortgage to fund their share of the purchase;

5.5 Demonstrate their ability to sustain the affordability of outgoings (mortgage, rent, service charge, repairs, etc) over the long-term via Housing Solutions approved financial broker(s) - these checks will be completed without cost to purchaser(s);

5.6 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 who need a larger home but are unable to afford to buy outright;

5.7 Meet the relevant local authority eligibility criteria.

5.8 Applicants must demonstrate they can afford and sustain home ownership long-term. Those subject to immigration control under the Immigration Act 1971 may find this harder unless they have indefinite leave to remain. However, there is no legal barrier preventing them from accessing Shared Ownership if they meet the Housing Solutions eligibility requirements. If a qualifying lender offers finance, the applicant may be considered eligible. Housing Solutions will assess each case individually and determine eligibility based on the applicant's ability to sustain home ownership.

5.9 For some schemes, the Eligibility criteria 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.

5.10 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. It is permissible for one person in a household to submit an application as a sole applicant. In such circumstances the sole applicant would become the sole legal owner of the home and only their eligibility would be assessed. The exception to this would the assessment of gross annual household income which will need be based on all household members and will be required to be within the £80,000 threshold.

6. Shared Ownership and Resale Allocations

6.1 Applicant Priority

In 2016, the Government removed all priority groups for assistance, where there is an under-supply of shared ownership homes. Homes should be available on a first come, first served basis to shared ownership applicants providing that they meet the relevant eligibility and affordability criteria. In some cases, there may be additional rules dictating the allocation of our properties which include:

- A local connection – applicants may have to live or work in a specific area locally to qualify

- Applicants in certain jobs may take priority such as Ministry of Defence and Armed Forces

6.2 First Come First Served Priority
Housing Solutions' 'first come first served' policy is based on the following:

- For new build customers:
  - Priority is given to the first applicant who passes their 'Stage 1' financial assessment by Housing Solutions-approved financial broker following a development price release. The applicant will have 5 days to submit the required documents to the financial assessor or Housing Solutions may move on to the next applicant.
- For resales customers:
  - Priority is given to the first applicant who passes their 'Stage 1' financial assessment by Housing Solutions approved financial broker and successfully completes a property viewing. The applicant will have 5 days to submit the required documents to the financial assessor or Housing Solutions may move on to the next applicant.
- Offer acceptance timeline:
  - Housing Solutions reserves the right to withdraw from the sale if the applicant does not accept the agreed sale within 5 working days from the date a full offer is made.
- Special considerations:
  - Housing Solutions may consider holding a property for a limited time if an applicant requires special consideration and cannot complete the process within the stated timeframe.
  - Applicant confirmation received from financial assessors are date and time stamped to ensure a fair process is followed.

6.3 Purchasers of a shared ownership home must live in the home purchased as their place of residence. Subletting of shared ownership homes is not permitted, unless all of the remaining share has been purchased and the property is owned outright and permission is sought where relevant.
Purchasers must proceed diligently, in particular have a full mortgage offer in place within four weeks of issue of the Memorandum of Offer and be able to proceed to exchange of contracts within 28 days of issue of the Memorandum of Sale.

6.4 Cash Buyer
Housing Solutions uses external specialised brokers to financially qualify applicants. The below guidelines are in place to determine suitability of a cash buyer:

- Cash buyers will be required to undergo a financial assessment via the approved broker to confirm they are unable to obtain a mortgage or that no suitable mortgage products are available, for example due to age.
- All cash buyers will be subject to a credit file being reviewed to ensure they can afford and sustain the cost of the home ownership, with income being considered sustainable with outgoings being realistic. ONS data for example, may be used in some instances.
- Budget planners must be completed for cash buyers. The budget planner must be based on the household composition and include realistic figures for all expenditure, backed up by bank statements, where necessary.

6.5 Adverse Credit Policy

Housing Solutions uses external specialised brokers to financially qualify all applicants. The below guidelines are in place to determine suitability of any potential purchaser and confirm where we are unable to accept applications:

- Those named on an existing mortgage or property deeds when the sale of the shared ownership property is completed, this includes properties outside the UK;
- Have outstanding County Court Judgements (CCJs) relating to them or other outstanding credit issues, such as unsatisfied defaults:
- Existing Housing Solutions tenants should have a clear rent account and no substantial breaches of tenancy conditions prior to purchasing a shared ownership property.

6.6 Shared ownership applicants can expect their financial assessment to be carried out without charge by suitably qualified and experienced financial broker, regulated to give mortgage advice Applicants are not obligated to arrange a mortgage with the financial broker, undertaking their financial assessment.

6.7 Surplus Income Policy

In addition to the guidance from Homes England, Housing Solutions follows guidance to ensure a potential purchaser has a safety net of surplus income as to be able to comfortable avoid the mortgage and related costs of shared ownership.

Housing Solutions minimum surplus income is 10%. This is the minimum amount of your gross income that you should have remaining after commitments.

7. Procedure

7.1 Financial Assessment

All prospective purchasers are subject to a financial assessment carried out by a qualified independent financial broker. The financial assessment is to establish affordability based on criteria set by the Homes England.

Step 1: Initial Fact Find

7.1.1 This is the preliminary stage of gathering essential financial information from the applicant, often through an affordability form or during an interview. It typically includes:

7.1.2 Income assessment: review of the applicant's income from all sources (including employment, benefits, pensions.)

7.1.3 Outgoings: assessment of current financial commitments (including existing loans, credit cards, utility bills, rent.)

7.1.4 Savings/deposit: determining whether the applicant has sufficient savings for a deposit (usually between 5-10% of the share value).

7.1.5 Future Costs: estimating monthly costs of the property (including mortgage, rent on the unsold equity, service charges, insurance.).

7.1.6 Eligibility: ensuring the applicant meets eligibility criteria for shared ownership (including income caps, first-time buyer status).

Step 2: Document Review

7.1.7 After gathering initial information, a detailed review of the supporting documents are carried out to verify an applicant's financial situation. This step usually includes:

7.1.8 Proof of income: reviewing payslips (typically last 3 months), P60, and/or tax returns if self-employed.

7.1.9 Bank statements: checking the applicant's bank statements (usually last 3-6 months) to verify income, spending habits, and financial commitments.

7.1.10 Credit report: reviewing the applicant's credit history for any outstanding debts, defaults, or missed payments

7.1.11 Proof of savings/deposit: verification of savings or other funds being used for the deposit.

7.1.12 ID and residency status: checking identification documents and residency status to ensure eligibility.

7.1.13 Applicants purchasing shared ownership through re-sales are required to broadly fit the Homes England financial eligibility criteria, as above, and should be able to sustain the share they need to purchase.

7.2 Tenure

All shared ownership homes are sold as leasehold properties and sale prices are based on independent Red Book RICS valuations of market value at the sales stage. While properties remain on the market valuations are updated in line with Home England requirements

7.3 Rent

7.3.1 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 were rent levels are restricted by the Section 106 agreement.

7.3.2 Rent on re-sale shared ownership homes is 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.

7.3.3 Generally for Older People's shared ownership homes, where a 75% share has been purchased, no rent will be payable on the remaining share. There may however be exceptions, as agreed by Homes England 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.

7.4 Marketing Shared Ownership and Resale Properties

7.4.1 As part of any marketing campaign, all of Housing Solutions shared ownership properties will be advertised on both the Housing Solutions website and other relevant shared ownership websites. The websites will give information about where and how to apply for advertised properties.

7.4.2 Any applicant wishing to purchase a Housing Solutions shared ownership property must complete the Housing Solutions application form and be qualified by a Housing Solutions-approved financial broker.

7.5 Monitoring

7.5.1 All sales allocations will be recorded within the sales tracker and monitoring spreadsheet.

7.5.2 A quarterly report will be reported within the Development Board Report and Sales Board report which will include details of sales allocations, recycled grant and void properties.

8 Equality & Diversity

8.1 Housing Solutions recognises the needs of a diverse population and always acts within the scope of its own Equality, Diversity & Inclusion Strategy and Policy, the Human Rights Act 1998, and Equality Act 2010 to ensure that all tenants and prospective tenants are treated fairly and equally in making decisions under this policy. Housing Solutions works closely with its partners to ensure it has a clear understanding of its resident community with clear regularly updated service user profiles. Housing Solutions will record, analyse and monitor information on ethnicity, vulnerability and disability to support the fair application of this policy.

9 Confidentiality

9.1 Under the Data Protection Act 2018and the Human Rights Act 1998, all personal and sensitive information, 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, applicant, staff or board member
- confidential organisational information.

9.2 HS employees will ensure that they only involve other agencies and share information where there is a legal basis for processing the information.

10 Review

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

10.2 Our performance in relation to the delivery of the services and activities set out in this policy will be monitored on an ongoing basis through our established reporting mechanisms to our Executive Team, Board and associated committees.