

Shared Ownership Sales, Re-sales & Allocations Policy



Reference:	HS_POL_HOU_SRA_2.0	Author:	Head of Development
Scope:	Shared Ownership Sales, Re-sales & Allocations	Approved by:	Board
Legislation: (if required)	HM Government Affordable home ownership schemes	Date of approval:	28/07/21
Regulatory/ Governance:	Homes England	Date of next review:	28/07/24
Related Policies:	Shared Ownership Management Policy Service Charge Policy		

1. Policy Statement

- 1.1. The policy outlines Housing Solutions 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 increase in the market area.
- 1.2. The policy supports Housing Solutions obligations relating to the sales allocations in accordance with the Homes England (HE) Capital Funding Guide.
- 1.3. For details of staircasing and the management of shared ownership properties please refer to the Shared Ownership Management Policy

2. Scope

- 2.1. To establish a sales process that is non-discriminatory and responsive to demands, while contributing to the need to be inclusive and ensure sustainable communities.
- 2.2. 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 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 meet their housing needs.
- 2.4. To ensure Housing Solutions meet their social objectives whilst recognizing the financial importance of selling properties promptly.
- 2.5. Ensure that Housing Solutions complies with all 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. Definitions

- 3.1. **Shared Ownership** – New build properties where buyers can initially purchase between 25% and 75% of the lease, whilst paying rent on the remaining amount. Housing Solutions can determine the minimum share percentage in line with the S106. Over time shared owners can then build up the share in their 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). There are properties where the maximum percentage of staircasing is capped. This will be define in the S106 Planning agreement and the properties will be advertised accordingly.
- 3.2. **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, however the purchaser is required to purchase the share that the seller currently owns or a higher percentage.
- 3.3. **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.
- 3.4. **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. Housing Solutions can determine the minimum share percentage in order to

maximise the scheme budget to help as many households as possible.

4. Roles and Responsibilities

- 4.1 The Board is responsible for Approval of the Shared Ownership Sales, Re-sales and Allocations Policy
- 4.1. The Director of Development is responsible for implementation and review of the Shared Ownership Sales, Re- sales & Allocations Policy.
- 4.2. The Shared Ownership sales manager and Shared Ownership sales coordinator are responsible for the day to day management and implementation of processes as required by the policy.
- 4.3. The Head of Development is responsible for overseeing the operation of the policy and day to day implementation. Along with the review and sign off of applications prior to an offer of a property being made to the applicant(s).
- 4.4. 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. Only when approval has been issued by the Executive team can the Memo of offer be issued to the applicant(s).

5. Legislation

- 5.1. The HM Government Affordable home ownership schemes criteria clearly define the eligibility requirements for shared ownership property. This will vary between schemes and Local Authority area. Applicants are expected to:
 - 5.1.1. Be at least 18 years of age;
 - 5.1.2. 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;
 - 5.1.3. Household income of no more that £80,000
 - 5.1.4. 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;
 - 5.1.5. Clearly demonstrate their ability to sustain the affordability of outgoings (mortgage, rent, service charge, repairs, etc) over the long-term future;
 - 5.1.6. Be first time buyers, although some applicants who own or have

previously owned a home maybe 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;

- 5.1.7. Meet the relevant local authority eligibility criteria
- 5.2. Applicants for shared ownership must demonstrate housing need and when assessing need consideration will be given to:
 - 5.2.1. Current accommodation and its suitability;
 - 5.2.2. Ability to meet housing need through other housing options.
- 5.3. Applicants must be a British or EU/EEA citizen 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.
- 5.4. 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.
- 5.5. 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.
- 5.6. We are unable to accept applications from people who:
 - 5.6.1. Have had arrears in rent in the past 6 months;
 - 5.6.2. Would be named on an existing mortgage or property deeds when the sale of the shared ownership property is completed, this includes properties outside the UK;
 - 5.6.3. Have outstanding County Court Judgements (CCJ's) against them or other outstanding credit issues, such as unsatisfied defaults:

6. Shared Ownership and Resale Allocations

- 6.1. 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, Buckinghamshire & Hampshire – Help to Buy South (Agent 3)

6.2. 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.

6.3. 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.

6.4. 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 and permission is sought where relevant.

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

6.6. When an employee of Housing Solutions is seeking to purchase a shared ownership home. The Executive Team must review the application and either approve or reject the application prior to the memo of offer being issued.

7. Procedure

7.1. Financial Assessment

7.1.1. All prospective purchasers are subject to a financial assessment carried out by a qualified Independent Financial Advisor the purchaser(s) are responsible for any charges related to the financial assessment. The financial assessment is to establish affordability based on criteria set by

the Homes England. The assessment of affordability to buy will be based on net income (benefits such as child tax credits, housing benefit (monthly only commonly acceptable to lenders will be used in calculations) 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);

7.1.2. We would expect all applicants to fall within the current Homes England 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.

7.1.3. Applicant's 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

7.2.1. 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 Home England requirements. Leases on all new build shared ownership properties are for 125 years.

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 where rent levels are restricted by the Section 106 agreement.

7.3.2. 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.

7.3.3. 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 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 Housing Solutions website and the Help to Buy website. The websites will give information about where and how to apply for advertised properties.

7.4.2. Where appropriate, we will also advertise schemes on other websites, for example Share to Buy, New Homes for Sale and Facebook.

7.4.3. Any applicant wishing to purchase Housing Solutions shared ownership properties must register for a Help to Buy account and complete a Housing Solutions application form, this can also be completed via Housing Solutions online application form.

7.5. Monitoring

7.5.1. All sales allocations will be recorded within the sales folder file.

7.5.2. A quarterly report will be presented to the Senior Management Team which will include details of sales allocations.

8. Equality & Diversity

8.1. Housing Solutions recognises the needs of a diverse population and always acts within the scope of its own Equality and Diversity and Inclusion Policy and Equalities Act 2010. 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.

9. Confidentiality

9.1. Under the Data Protection Act 2018 and the UK General Data Protection Regulation (UKGDPR) 2016, all personal and sensitive organisational 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
- sensitive organisational information.

9.2. Housing Solutions 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.

10.2.1 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 Senior Management Team, Executive Team, Board and associated committees.