



POLICY DOCUMENT

Group Member: Progress Housing Group

Service Area: Development

Document Ref No: GRPOLDV01

Subject Title: Shared Ownership Allocation Policy

Version: 1

Effective Date: 24/07/2024

Last Reviewed: 24/07/2024

Next Review Date: 24/07/2027

Document Owner: Head of Development and Sales

Date of Approval: 24/07/2027

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1. Introduction

- 1.1 This policy sets out how the Progress Housing Group (the Group) intends to allocate the Group's shared ownership properties, both new build and existing homes.
- 1.2 The policy is the Group's commitment to the following principles:
- To contribute towards sustaining the areas in which the Group operate
 - To contribute to local authority housing strategies
 - To offer shared ownership housing for those who are unable to afford an equivalent property on the open market
 - For all shared ownership transfers to be in accordance with both the Capital Funding Guide and the Group's exempt charity registered providers' charitable aims.

2. Scope of the policy

- 2.1 This policy applies to all shared ownership homes within the Group's portfolio.
- 2.2 This policy applies to applicants of shared ownership properties.
- 2.3 This policy can be made available in different accessibility formats as required.

3. Responsibility

- 3.1 The Head of Development and Sales is responsible for ensuring the policy is implemented within their area and monitor performance.
- 3.2 The Sales Manager is responsible for ensuring policies and procedures are applied consistently within their team, training and guidance is provided, and supporting systems are updated.

4. Compliance

- 4.1 The policy has regard to the Group's status as a Community Benefit Society, registered and regulated by the Regulator of Social Housing (RSH). The Group considers the guidance on the housing need and affordability of customers for its homes as set out in the Homes England Capital Funding Guide.

For more information about this follow this link:

<https://www.gov.uk/guidance/capital-funding-guide/1-help-to-buy-shared-ownership>

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4.2 The Group's regulatory obligations are to ensure that shared ownership properties are allocated in line with capital funding guidance, overseen by Homes England.

For further information then click on below link:

<https://www.gov.uk/government/organisations/homes-england>

4.3 The Group will also comply with any planning conditions listed within a Section 106 agreement.

5. Eligibility Criteria

5.1 For applicants to qualify for shared ownership, the Group must undertake eligibility checks in line with current regulation, planning restrictions and Homes England guidance.

5.2 Homes England requirements state that the applicant can buy a home through shared ownership if both of the following are true:

- their household income is £80,000 a year or less.
- they cannot afford all of the deposit and mortgage payments for a home that meets their needs.

One of the following must also be true:

- they are a first-time buyer.
- they used to own a home but cannot afford to buy one now.
- they are forming a new household - for example, after a relationship breakdown.
- they are an existing shared owner, and they want to move.
- they own a home and want to move but cannot afford a new home that meets their needs.

For some homes, the applicant may have to show that they live in, work in, or have a connection to the area where they want to buy the home.

5.3 Applicants must reside or be eligible to reside within the UK.

5.4 If the applicant already owns their own home, they may still be eligible for shared ownership, but will need to be assessed by an Independent Financial Advisor (IFA) and be able to confirm that they have:

- formally accepted an offer for the sale of their current home (called 'sold subject to contract' or 'STC').

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- written confirmation of the sale agreed (called a ‘memorandum of sale’) including the price and their intention to sell.

The applicant must have completed the sale of their home on or before the date they complete buying their shared ownership home.

6. Allocation Criteria

6.1 The Group will allocate property based on:

- 1) The Homes England eligibility criteria (see 5.2 above).
- 2) Local authority conditions (detailed in planning and s106 documents for each site).
- 3) On a first come, first served basis, following the eligibility and financial assessment (see 6.5 below).

6.2 All applicants will be referred for an affordability assessment for homeownership with an independent financial advisor (IFA) who specialises in shared ownership. This assessment is free of charge to the applicant and is a requirement to proceed with the application for a shared ownership property with the Group.

6.3 All applicants who wish to buy a home with someone else can only proceed on the condition that all joint applicants become joint owners.

6.4 The Group is unable to accept applications from people who would be named on an existing mortgage or property deeds when the sale of the shared ownership property completes, this includes properties outside of the UK.

6.5 “First come, first served” is the first application to receive eligibility and equity percentage share sign off from the IFA. This includes confirmation to the Group that all requested financial and identity documents have been received and signed off as meeting the necessary requirements for the application. These documents include:

- Bank statements for 3 months
- Credit card statements for 3 months
- Savings details
- Pay slips for 3 months
- Proof of identity (e.g. Passport)
- Proof of address
- Anti money laundering check
- Biometric check
- Credit check

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7. Adverse Credit

- 7.1 Applicants with an adverse credit history are not ineligible to apply for a shared ownership property, but certain checks will be made by the IFA to ensure that the applicant meets the parameters of the Group's policy.
- 7.2 The following points are to be confirmed by the IFA to allow the application to continue:
- i. No County Court Judgements (CCJ's) or defaults that remain unsatisfied, of any age.
 - ii. No CCJ's or defaults within the last 2 years over £300 in total.
 - iii. Individual Voluntary Arrangement (IVA) or Bankruptcy discharged 3 years ago is acceptable, or registered over 6 years ago and satisfied with no further issues.
 - iv. Debt management plans paid off over 12 months ago are acceptable.
 - v. No mortgage arrears in the last 12 months.
 - vi. Previous repossession over 3 years ago is acceptable, provided there is no outstanding debt to the lender and no other credit issue in the last 3 years. (A letter from the repossession lender is required to confirm no outstanding debt).

8. Financial Eligibility

- 8.1 Each applicant is expected to buy a share in the property that is both affordable to them and the largest share that they can afford. This would normally be in line with the IFA's recommendation. If the share is lower than the recommendation, the applicant would need to provide reasons for this reduction, which would not automatically be approved.
- 8.2 Savings would usually be expected to be used to support the purchase, but the applicant is not required to use all their savings.
- 8.3 To be eligible for a shared ownership property, the IFA will need to confirm that the applicant cannot afford an equivalent property on the open market.
- 8.4 Individuals will not be eligible for a shared ownership property without IFA sign-off.
- 8.5 Mortgage offers should specify that they are a shared ownership product.

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- 8.6 The Group will not approve mortgage offers from mortgage providers who offer rates that are 3%, or more, above the Bank of England base rate. This is to ensure that the product remains affordable for the applicant.
- 8.7 Applicants will be expected to have 10% surplus from their monthly salary after all outgoings (including mortgage and rent). This is to allow a buffer for unforeseen payments and cost increases. The 10% is reached by:
- (A) gross household income
 - (B) deductions from gross income
 - (C) known commitments
 - (D) housing costs (excluding mortgage)
 - (E) net income remaining for mortgage purposes ($E = A - B - C - D$)
 - (F) mortgage cost ($F =$ no greater than 30% of E)
 - (G) other essential expenditure
 - (H) minimum surplus income policy ($E - F - G$ must be equal to or greater than 10% of A)

For further detail see appendix 1: Homes England Budget Planner.

- 8.8 Cash buyers may be eligible for a shared ownership property if they are unable to get a suitable mortgage and are not able to buy a market property outright. Eligibility will be assessed by the IFA as set out in section 6.

9. Applicants with support needs

- 9.1 The Group will support applications from applicants with individual support needs and will provide adjustments where required.

10. References

- 10.1 Homes England Capital Funding Guide - Capital Funding Guide - 1. Shared Ownership - Guidance - GOV.UK (www.gov.uk)

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11. Appendices

11.1 Appendix 1: Homes England Budget Planner

12. Data Protection

12.1 This policy has been written in compliance with the principles and requirements of the current data protection legislation. A Data Protection Impact Assessment (DPIA) has been completed for the processes detailed in this policy and has been signed off by the Group's Data Governance Manager.

13. Review

13.1 This policy will be reviewed every three years, or because of a change in legislation.

14. Equality impact assessment

14.1 An Equality Impact assessment has been completed and it has been assessed that this policy will have a low impact on the nine protected characteristics.

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Appendix 1

Item	Examples / Explanatory Notes
A. Gross Income	<ul style="list-style-type: none"> Gross monthly pay to include the relevant amount of any overtime, commission or bonus as determined by the advisor. Any Universal Credit or benefit income Any guaranteed maintenance payments
B. Gross Deductions	<ul style="list-style-type: none"> Income Tax National Insurance Pension Contribution Student Loan Other payslip deductions
C. Commitments	<ul style="list-style-type: none"> Credit commitments to include personal loans, PCP, HP, etc Credit and store cards Childcare costs Care costs
D. Housing Costs	<ul style="list-style-type: none"> Stress tested rental figure (<i>please refer to Chapter 1, section 6B.7.7 of the Capital Funding Guide</i>) Service charge <p><i>NB: A lender may use the specified rent for mortgage affordability purposes. The stress tested rent must be used for the <u>budget planner</u>.</i></p>
E. Net Income for Mortgage Purposes	E is the remaining income once B, C and D have been deducted from A.
F. Mortgage Payment	<p>The indicative Mortgage Payment as determined by the advisor.</p> <p>Where possible, the Mortgage Payment (F), should not exceed 30% of E.</p> <p><i>NB: This may be exceeded in cases where the advisor feels that there is a justification for doing so and where the customer is still subsequently able to satisfy the provider's budget surplus policy.</i></p>

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G. Essential Costs	<ul style="list-style-type: none"> • Council Tax • Utilities • Food • Fuel and Travel • Insurances • Other
H. Surplus Income	This is the figure remaining once F and G have been deducted from E. This figure should be within the provider's policy in respect of surplus income, or within their agreed and tolerance.

Homes England Budget Planner Guidance Note

The below is intended to aid advisors in completing a suitable budget planner as required by Homes England's affordability guidance. The items and examples above do not represent an exhaustive list but should serve as a guide setting out the minimum expectations for what such budget planners should contain.