

Shared Ownership Eligibility and Affordability Policy

1.0	SCOPE
	Purpose
1.1.	This document sets out whg's policy in relation to the allocation and eligibility for Shared Ownership properties. The Shared Ownership Policy has been revised following the Government announcements in April 2021 and changes to the Homes England Capital Funding Guide (CFG) and sets out the criteria for eligibility and allocation on any future Shared Ownership homes which are sold as part of whg's Development Programme.
	Legal and Regulatory Framework
1.2.	<p>The aim of the Policy is to ensure compliance with the CFG, relevant legislation, that whg assess all applications fairly and that any risks associated with providing affordable home ownership are managed appropriately. It takes account of the following legislation: The Estate Agents Act 1979, Consumer Protection from Unfair Trading Regulations (CPR) 2008, Business Protection from Misleading Marketing Regulations Act (BPR) 2008, Consumer Code for Home Builders (2010) and Consumer Rights Act (2015).</p> <p>This document is intended to:</p> <ul style="list-style-type: none"> • Ensure whg Shared Ownership products are offered for sale and sold in accordance with Homes England's requirements. • Detail the differences between the two models of Shared Ownership leases available until 2026. • Set the eligibility for applicants. • Detail how applications can be made. • Maximize share receipts to meet the approved income budgets agreed within the development appraisals • Encourage sustainable home ownership for purchasers in accordance with statutory and charitable status. • Offer Shared Ownership products that are compatible with mortgage lender requirements.

	<ul style="list-style-type: none"> Meet the conditions set through any grant funding or Section 106 agreements. Operate a fair and transparent selling process.
2.0	POLICY AIMS
	Sales Approach
2.1.	Each customer must undergo a financial assessment to ascertain whether they can afford the proposed purchase. Our aim is to maximise the equity share percentages sold on all initial tranches for homes sold via Shared Ownership, subject to what the customer can demonstrably afford.
2.2.	<p>An average sales target to be applied across the Shared Ownership programme will be agreed annually, with the flexibility of offering initial tranches ranging from 25% to 75% which will be aligned to the outcome of the affordability test.</p> <p>Homes offered for sale under the 2021-2026 Affordable Homes Programme (AHP) can be purchased in shares from 10% to 75%. The share offered will be confirmed once a Homes England affordability assessment has been carried out.</p>
2.3.	The first tranche sales target for individual schemes will be agreed by Capital Development Appraisal Panel (CDAP) / Development Committee at scheme approval stage.
2.4.	All initial sales or purchases of additional tranches, via staircasing, will be subject to an open market value of the property, which will be determined by a Red Book Valuation provided by an independent member of the Royal Institute of Chartered Surveyors (RICS). Purchasers buying Shared Ownership under the 2021-2026 AHP will be able to purchase an additional share of 1% each year for the first 15 years of ownership, with the market value being determined by the House Price Index (HPI).
2.5.	The annual programme sales budgets will be set in advance of the financial year and aligned to financial benchmarks review and budget. This will be based on the anticipated Shared Ownership homes due for handover in the forthcoming financial year and will be subject to approval.
	Geographical Coverage and Demand Requirements
2.6.	All future Shared Ownership homes to be developed or acquired will be situated within the priority geographical locations outlined within the Development Strategy 2020-24.
2.7.	All new development scheme proposals including Shared Ownership homes will be supported by a Hometrack and Sales and Marketing report for consideration

	at CDAP / Development Committee. For developments where whg does not currently hold stock, has no previous sales knowledge, or higher value areas, we will obtain a third-party independent market report to independently substantiate demand.
	Eligibility
2.8.	Shared Ownership homes will be available on a first come, first served basis to applicants providing that they meet the relevant eligibility and affordability criteria. The exception is when Armed Forces personnel apply in circumstances of under supply where priority must go to serving military personnel and former members of the British Armed Forces discharged in the last two years.
2.9.	<p>In line with the CFG, in order to be eligible to buy a home through Shared Ownership both of the following must be true;</p> <ul style="list-style-type: none"> • The household income is £80,000 a year or less (£90,000 or less in London). • Applicants cannot afford all the deposit and mortgage payments for a home that meets their needs. <p>One or more of the following must also apply:</p> <ul style="list-style-type: none"> • Applicants must be a first- time buyer. • Applicants used to own a home but cannot afford to buy one now. • Applicants are forming a new household, for example, after a relationship breakdown. • Applicants are an existing shared owner who wants to move. • Applicants own a home and want to move but cannot afford a new home that meets their needs. • Applicants must be able to prove that any previous bankruptcy has been discharged and any previous CCJs have been satisfied. • Applicants must be over the age of 18 and living in the UK. • Applicants must be a British or EU/EEA citizen with a settled status, or have indefinite leave to remain in the UK. <p>whg also requires the following criteria to be met:</p> <ul style="list-style-type: none"> • Applicants should have enough funds to meet the initial costs of buying the Shared Ownership home and can provide evidence of funds or mortgage availability for the purchase - a guide figure of £3000 being to cover solicitor's fees and other costs associated with moving. • Applicants must be able to demonstrate they can afford to purchase a share equal or greater than the initial tranche advertised, but that they are unable to afford to purchase 100%. • Applicants must demonstrate the ability to afford the regular payments and costs involved in buying a home.

	<ul style="list-style-type: none"> For some new homes, applicants will be required to demonstrate a local connection, and show that they live, work or have close family members in the area they are interested in. Applicants must provide a declaration of any relationship with whg or any of its subsidiaries and/or whg Board Members or colleagues. All applicants must be over the age of 18 and living in UK. Applicants with time-limited leave to remain in UK will be considered on a case by case basis by the Director of Housing. If applicants are currently not working, the initial tranche will be purchased through cash funds and the rental element to be assessed for payment through housing benefit or private funding arrangements. Applicants must meet any additional eligibility requirements linked to funding arrangements or planning conditions Current or former whg tenants should have a clear rent account and have no substantial breaches of tenancy conditions. whg will reserve the right to consider such applications on a case by case basis.
	Joint Applications
2.10.	Joint applicants for a Shared Ownership home can only proceed on the condition that both applicants become the joint legal owners of the home. For a joint application both applicants must meet these eligibility criteria and the assessment of affordability will be based on the financial circumstances of both.
2.11.	It is permissible for just one person in a household to apply as a sole applicant. In such circumstances, the sole applicant would become the sole legal owner of the Shared Ownership home and only their eligibility and affordability would be assessed. The exception to this would be the assessment of gross household income, which would need to be based on all household members and would be required to be within the £80,000 threshold.
2.12.	All applicants who already own or part own a home must sell it either before or at the same time as buying through Shared Ownership.
2.13.	An applicant may be supported in their purchase of a Shared Ownership home by a trust fund held by an external party, family members, etc. However, the application should still be in the name of the applicant(s) and it is they who will become the legal owner of the home. It is not possible for a trust fund to become a joint legal owner of a Shared Ownership home, as the trust is unable to join in the application and be assessed according to the same criteria.
	If an Applicant Already Owns a Home
2.14.	When buying a Shared Ownership home, the purchaser must have:

	<ul style="list-style-type: none"> Formally accepted an offer for the sale of their current home (called “sold subject to contract” or “STC”); and Provide whg with written confirmation of the sale agreed (memorandum of sale) including the price and the intention to sell.
2.15.	The applicant must have completed the sale on their existing home on or before the date they complete buying the Shared Ownership property. Evidence will be required to establish this, and this could be in the form of a solicitor’s property completion statement, confirmation from the mortgage lender and Land Registry that the applicant is no longer on the mortgage or property title respectively, or conveyancing letter in the case of property transfers.
	Colleagues and Relatives
2.16.	<ul style="list-style-type: none"> Colleagues and their relatives are eligible to apply for whg Shared Ownership properties. Applications will be treated in accordance with whg’s Probity Policy. Any colleague who is a *close relative of an applicant must not be involved or have any influence over the process of selling a home to that applicant. All applications for Shared Ownership homes where the applicant is a colleague, or a close relative of a colleague, must be approved by the relevant Corporate Director. <p>*A close relative would include a partner (married, civil partnership or living together), parent, parent of a partner, son or daughter, stepson or stepdaughter, the child of a partner, brother, sister, brother or sister of a partner, grandparent, grandchild, uncle or aunt, nephew or niece, the partners of any of these people, any dependents, and any person on whom the individual depends. It also includes estranged, separated and divorced family members.</p>
	Priority for Members of the Armed Forces
2.17.	<p>In the case of under supply, Ministry of Defence personnel will be prioritised for whg Shared Ownership homes where:</p> <ul style="list-style-type: none"> They have completed their basic (Phase 1) training and they are one of the following: <ul style="list-style-type: none"> Regular service personnel (including Navy, Army and Air Force); Clinical staff (except for doctors and dentists); Ministry of Defence Police Officers; and Uniformed staff in the Defence Fire Service. They are ex-regular service personnel who have served in the Armed forces for a minimum of six years and can produce a Discharge Certificate (or similar documentation) as proof, where they apply within two years of the date of discharge from the service.

	<ul style="list-style-type: none"> They are surviving partners of regular service personnel who have died in service, where they apply within two years of the date of being bereaved. <p>Any lump sums paid to eligible members of the armed forces as a result of illness or injury are to be disregarded when assessing eligibility and sustainability in accordance with the CFG.</p>
	Older Persons' Eligibility (Older Persons Shared Ownership)
2.18.	<p>In addition to the eligibility criteria set out above, the following exceptions and additions should be followed when considering an application for the OPSO scheme:</p> <ul style="list-style-type: none"> Must be aged 55 or over. OPSO applicants who are currently homeowners will need to sell their existing property before buying using OPSO. They will not require a local authority nomination in order to be approved as eligible. In determining eligibility, whg will take into account the level of equity available from the sale of any existing property along with any additional savings. Applicants with enough equity to be able to purchase a suitable property on the open market should not be assessed as eligible. Applicants may need to retain a higher level of savings or investment than other applicants to provide income to cover ongoing living and care costs. There is no cap on the level of savings or investments that an applicant can retain for this purpose. whg will make a judgement on a case by case basis according to the individual circumstances of the applicant. However, the overall expectation is that the applicant should use most of the capital to fund the purchase of the property.
	The Right to Shared Ownership
2.19.	<p>The Right to Shared Ownership (RTSO) allows some tenants to buy a share of their rented home on a Shared Ownership lease. Not all homes are eligible for RTSO and upon application whg will check the following criteria:</p> <ul style="list-style-type: none"> Applicants must have lived in the property for at least one year. The property is their only home. The property must be eligible for the RTSO. Applicants must have been in social or affordable housing for at least three years. The household income must be less than £80,000 a year. Applicants cannot otherwise afford all the deposit and mortgage payments for a home that meets their needs. Applicants must not be overdue with rent or credit payments. <p>One of the following must also be true:</p> <ul style="list-style-type: none"> Applicants must be a first-time buyer.

	<ul style="list-style-type: none"> Applicants may have previously owned a property but cannot afford to buy one now.
2.20.	<p>Joint Applications: whg can accept joint applications from either:</p> <ul style="list-style-type: none"> Someone who shares the tenancy with the applicant; Up to three family members may be accepted, however they must have lived with the tenant for the past 12 months.
2.21.	<p>Following an affordability check, applicants may purchase between 10-75% of the value of their property. Applications will be subject to anti-money laundering checks, carried out by a qualified Independent Financial Advisor.</p>
	Affordability and Assessment
2.22.	<p>In accordance with the CFG requirements, Shared Ownership purchasers will be required to:</p> <ul style="list-style-type: none"> Provide a copy of a current credit report produced by a company regulated by the Financial Conduct Authority; Provide evidence of funds or mortgage availability; and Speak with a member of the Sales and Marketing Team, who will explain how Shared Ownership works and advise of the current availability of new homes.
	Affordability
2.23.	<p>It is essential to check whether applicants can afford the mortgage, rent and service charge payments combined when purchasing a Shared Ownership property.</p>
2.24.	<p>The Homes England affordability calculator will be used to undertake an assessment of each prospective purchaser and this will be completed by an Independent Financial Advisor (IFA) appointed to work on behalf of whg.</p>
2.25.	<p>In order to complete an in-depth financial assessment and guard against fraudulent applications, each applicant will be required to provide the following information. This list is not exhaustive and if fraud is suspected the IFA will likely require further documentation.</p> <ul style="list-style-type: none"> Proof of earnings (last 3 months wage slips). Proof of savings (bank account statement). Details of any outstanding loans and debts (e.g. credit cards). Proof of current residency (e.g. utility bill). Proof of identity (e.g. passport, driving licence). Proof of landlord (e.g. rent book, letter of confirmation).

	<ul style="list-style-type: none"> The credit history of applicants may be checked with a credit reference agency and Land Registry searches may be carried out to ensure the applicant does not own another property at the point of purchase.
2.26.	<p>The appointed IFA will undertake all assessments using the Homes England affordability calculator, in line with the Homes England guidance as outlined in the CFG.</p> <p>In addition, whg requires the following from applicants for consideration when assessing potential customers for Shared Ownership:</p> <ul style="list-style-type: none"> Mortgage term: until the age of 75 or 40 years maximum. Mortgage Income: 2.5 x income lowest and any difference must be approved by the Head of Sales and Marketing. 4.5 x income the highest and this cannot be breached. In the case where a lender charges interest rates 3% higher than other high street lenders, the maximum will be 3.5x in order to mitigate the risk of the property becoming unaffordable in the event of interest rate rises. Mortgages must be obtained from a lender regulated by the Financial Services Authority. A minimum deposit of 5% must be available towards the purchase. whg will not accept 100% mortgages. If the deposit is being gifted by a family member, evidence will be provided of the source of funds, along with a letter stating there are no rights sought in return over the property. Any applicant with a poor credit history may be subject to further checks to satisfy the affordability requirements such as: <ul style="list-style-type: none"> Credit report, including CCJ certificate of satisfaction. IVA completion certificate. Bankruptcy certificate of discharge. Copies of last three months' rent statements. Landlord Reference. <p>The appointed IFA will not charge whg for providing the Homes England calculator assessment service. They will, however, charge applicants a mortgage administration fee (currently £499) if they chose to use their services to submit their mortgage application. The fee is refundable if they do not receive a mortgage offer.</p> <p>The IFA will carry out all anti-money laundering checks on behalf of whg and will sign off the application to confirm this.</p> <p>Purchasers are not obliged to use our recommended mortgage/financial advisor and may procure the services separately.</p>

2.27.	Purchasers will be encouraged to buy the maximum share they can afford and sustain. A maximum 45% of net income for housing costs will be the basis of eligibility, which is in accordance with Homes England guidance.
2.28.	<p>Equity shares will be sold flexibly in accordance with purchaser's specific circumstances and CFG requirements.</p> <ul style="list-style-type: none"> For properties sold under the 2016-21 AHP scheme, the initial share sold to the buyer can be between 25%-75% For properties sold under the 2021-26 AHP scheme, the initial share sold to the buyer can be between 10%- 75% <p>whg appraises its developments at an average of 40% per scheme. Whilst whg can sell higher and lower shares than 40% in accordance with the Homes England guidance, whg is not obliged to sell the maximum share a customer can afford. whg is not obliged to sell a lower share than is financially viable to business.</p>
2.29.	<p>whg understands that sometimes purchasers may have a capital sum (e.g. from a previous house sale or relationship breakdown) to put towards their purchase, but still need to access Shared Ownership schemes.</p> <ul style="list-style-type: none"> Applicants may purchase their share in cash if they are unable to obtain a mortgage but have enough savings, for example if an older person could not take out a mortgage due to their age, or someone with a lower income could afford the rent element but not a mortgage. These applicants should still be referred for financial advice so that a detailed affordability assessment can be carried out. A cash purchase will be considered in circumstances where no appropriate mortgage product is available, even if this causes the debt to net income ratio to be below 25% or lower than the applicant could otherwise afford. An exception may be if mortgage products is unavailable due to an applicants' adverse credit history: in this case, whg would need to be satisfied a share purchase is sustainable. Where an appropriate mortgage product is unavailable and a cash purchase is made, maximising the share purchase means that applicants should buy as large a share as they are able to afford. Cash purchasers should be able to demonstrate that the housing costs are affordable. These payments (including rent, service charges and other housing costs) should not be more than 45% of their net income. Cash purchasers must still meet the eligibility requirements of being unable to afford to purchase a suitable home on the open market and having a household income of under £80,000. The affordability assessment should recommend a suitable share purchase based on the applicants' savings and access to capital.

2.30.	<p>Thereafter, Shared Owners will be able to buy additional shares known as “staircasing”. Leaseholders can staircase up to 100% of the property, however there are some exceptions to this:</p> <ul style="list-style-type: none"> • Older Persons Shared Ownership (OPSO); • Rural exception sites where staircasing is restricted to 80%. <p>For homes provided through the Shared Ownership and Affordable Homes Programme 2016-21 and previous programmes, the minimum staircasing transaction is 10%. This includes Shared Ownership homes that were completed after 1 April 2021.</p> <p>For homes funded through Homes England’s 2021-26 AHP, the minimum staircasing transaction is from 1%. For the first 15 years, shared owners can buy additional shares in 1% increments.</p> <p>If they do not use this opportunity, the minimum share they can purchase is 5%.</p>
	Allocation
2.31.	<ul style="list-style-type: none"> • CFG outlines the Government has removed all priority groups for assistance where there is under supply. The exception is when Armed Forces Personnel apply in circumstances of under supply, priority must continue to go to serving military personnel and former members of the British Armed Forces discharged in the last two years. • Applications are normally allocated on a first come, first served basis, based on Metro Finance being able to fully document the application and confirm the % share affordable, upon receipt of all required documents from the applicant. • Any applicant who is an existing whg tenant must not be in arrears or in breach of their current tenancy agreement in line with the Allocations Policy. • Applicants are not restricted to purchasing property that only fulfils their current household levels (e.g. a couple can purchase a three bedroom home). • When a purchaser has access to public funds for the rental element, the allocation of a property will be based on their occupancy levels. • If the development has a local connection criterion, priority will be given to those who can evidence the required local connection over other applications received.
	Equality and Diversity
2.32.	whg will ensure that a fair and transparent process is followed in the allocation of and selling of Shared Ownership homes.

2.33.	In accordance with the Equality Act 2010, whg will ensure that applicants are not discriminated against on grounds such as age, race, disability, ethnicity, marriage, gender, gender reassignment, religion, sexual orientation.
2.34.	whg colleagues are eligible to apply for Shared Ownership and will be treated on the same basis as any other applicant in line with the Probity Policy.
3.0	PERFORMANCE MEASURES
3.1.	A monthly sales and marketing report, including KPI and performance outcomes, will be presented by the Head of Sales and Marketing to CDAP on a monthly basis and to the Development Committee quarterly.
4.0	MONITOR AND REVIEW
4.1.	This Policy will be monitored by the Director of Development and Regeneration and reviewed every three years by Policy Group and the Development Committee, or earlier should legislation be changed.
4.2.	The Shared Ownership financial assumptions and benchmarks included within the financial viability appraisal will be reviewed annually as deemed appropriate and approved by the Development Committee.
5.0	ASSOCIATED DOCUMENTS, POLICIES AND PROCEDURES
5.1.	<p>Documents, policies and procedures associated with this policy are:</p> <ul style="list-style-type: none"> • Homes England Capital Funding Guide • Shared Ownership – Joint Guidance for England • Development Strategy 2020-24 • Consumer Protection Regulations • Customer Complaints Policy • Customer Excellence Policy • Allocations Policy • whg Risk Management Framework • Probity Policy • Equality, Diversity and Inclusion Policy

APPENDIX 1

Shared Ownership Eligibility and Affordability Equality Assessment

Equality Analysis (EA) Form

What is being analysed?	Shared Ownership Eligibility and Affordability Policy
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Sources of information used in this EA:

The Shared Ownership programme is a nationwide programme and is monitored by Homes England. Homes England set the Capital Funding Guide which gives guidance and advice on all aspects of the Shared Ownership process that gives clarity on ensuring compliance and allows for a standardised Affordability and Eligibility process. As Shared Ownership has a set criterion to follow to ensure compliance many of the aspects that were highlighted to be discussed as part of this Equality Analysis were able to be satisfied with no further action required.

Protected group	Impact Positive/Neutral/Negative	Action	Comments
Age	Negative Applicants for the 55+ scheme are subject to additional eligibility tests.	N/A	Supports compliance with the Capital Funding Guide (CFG) as set out by Homes England.
Age	Positive The additional eligibility tests for the 55+ applicants will ensure tenancy sustainability.		
Disability	Positive Any lump sums paid to eligible members of the Armed Forces as a result of illness or injury are to be disregarded when assessing eligibility and sustainability.	N/A	This stipulation is in accordance with the Capital Funding Guide (CFG) as set out by Homes England.

Ethnicity / Race	Positive The scheme is inclusive of applicants with time-limited leave to remain status and will assess these on a case by case basis.		
Gender reassignment	Neutral		
Religion/ Belief	Neutral		
Sex (Gender)	Neutral		
Sexual orientation	Neutral		
Poverty/ disadvantage/ location (<i>not a protected characteristic</i>)	Negative In order to maximise income and achieve targets, applicants who can purchase higher tranches will be given priority.	Where schemes are ahead of target, policy discretion and flexibility can be applied.	
Poverty/ disadvantage/ location (<i>not a protected characteristic</i>)	Positive Lower rent levels will be set for schemes in areas of high value or where Local Authority rent restrictions apply.		
Poverty/ disadvantage/ location (<i>not a protected characteristic</i>)	Positive All applicants will be subject an affordability test to ensure tenancy sustainability.		
All Groups or General Comments	The collection of diversity data from the whg application form will enable the monitoring of whg sales and the promotion of the scheme to any underrepresented groups if required. Sales data is recorded on CORE following sales completion		

Date analysis completed	01/05/2023
Timescale for actions	N/A
Date for Policy subgroup meeting	12/05/2023
Signed off by (policy owner/author)	04/05/2023

Version control

Version	2.0
Document author	Sales and Marketing Lead
Document owner	Corporate Director of Development
Legal advice	Obtained updates from Homes England CFG and inserted all amendments since last policy review. Policy checked and approved by Shakespeare Martineau Solicitors.
Consultation	See Policy Review Checklist.
Approved by	Policy Group June 2023 Development Committee September 2023
Review Date	September 2026
Corporate Plan aim	<ul style="list-style-type: none"> • Deliver high quality homes and services for our customers • Grow and extend our services, our reach and our range
Equality analysis	At Appendix 1.
Key changes made	<p>The Policy has been updated to incorporate the changes required under the Shared Ownership new model lease. These include a reduction in the initial first tranche to 10%, a landlord repair liability for the first 10 years up to a maximum of £500 per year, a reduction in yearly staircasing from 1% and an increase in lease term to 990 years. The Policy recognises that we will be operating under two forms of Shared Ownership leases, depending on which grant funding the home has been purchased through.</p> <p>The Policy has also been amended to give greater detail on the eligibility criteria and a section has been included for joint applications, and applications from current homeowners, colleagues and members of the Armed Forces.</p> <p>The Policy also references the requirement to use a suitably qualified Independent Financial Advisor to provide initial financial assessment for potential customers.</p>