

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 changes to the Homes England (HE) Capital Funding Guide (CFG) May 2024 to be effective from 1 August 2024 and sets out the criteria for eligibility and allocation on any future Shared Ownership homes which are sold as part of our Development Programme.
	Legal and regulatory framework
1.2	<p>The aim of the policy is to ensure compliance with the CFG and relevant legislation, that whg assess all applications, in an impartial, equitable and consistent manner and that any risks associated with providing affordable home ownership are allocated appropriately. It takes account of the following legislation: The Estate Agent’s 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 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. • Sell shares that are financially sustainable to the applicant. • Encourage sustainable home ownership for purchasers in accordance with statutory and charitable status. • Offer shared ownership products that are compatible with mortgage lender requirements. • 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	All shared ownership applicants must undergo a financial assessment, to be carried out free of charge, by a suitably qualified and regulated mortgage advisor. Applicants are not obligated, however, to arrange a mortgage with the advisor undertaking their financial assessment.
2.2	Our aim is selling shares that are financially sustainable to the applicant, the final share to be confirmed following the assessment. A full range of applicable share percentages will be offered, as determined by the relevant shared ownership model.
2.3	Equity shares will be sold flexibly in accordance with purchaser's specific circumstances and CFG requirements. <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%.
2.4	whg markets its developments at an average 40% initial tranche per development. Whilst we can sell higher and lower shares than 40% in accordance with the HE guidance, we are obliged to sell the most sustainable share a customer can afford.
2.5	The first tranche sales target for individual schemes will be agreed by Capital Development Appraisal Panel (CDAP) at scheme approval stage.
2.6	All initial sales or purchases of additional tranches via staircasing will be subject to an open market value of the property, provided by an independent member of the Royal Institute of Chartered Surveyors (RICS). Purchasers buying shared ownership under the 2021-26 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).
2.7	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	
2.8	All future shared ownership homes to be developed or acquired will be situated within the priority geographical locations outlined within the Development Strategy 2024-30.
2.9	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 we do not currently hold stock, have no previous sales knowledge, or higher value areas, we will obtain a third-party independent market report to independently substantiate demand.

Eligibility	
2.10	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.
2.11	On developments where there are multiple homes for sale, sales will be agreed across a range of equity shares. Applicants will not be excluded from lower shares if they fulfil the “first come, first served” criteria (FCFS). (See allocation section for further details on FCFS.)
2.12	In line with the CFG, to be eligible to buy a home through shared ownership, both of the following must be true: <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.
2.13	One or more of the following must also apply: <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 and want to move. • Applicants own a home and want to move but cannot afford a new home that meets their needs.
2.14	whg will also require the following criteria to be met: <ul style="list-style-type: none"> • 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. Applicants with time-limited leave to remain in UK will be considered on a case-by-case basis by the Director of Housing and Customer Services. • 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 £3,000 being to cover solicitor’s fees and other costs associated with moving. • Applicants must be able to demonstrate they can afford to purchase a sustainable share determined by the affordability assessment, but 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, and show they have 10% minimum surplus net income remaining as detailed in our policy.

	<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. • 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
2.15	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.
2.16	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 be assessed. The exception to this would be the assessment of gross household income, which will need to be based on all household members and will be required to be within the £80,000 threshold.
2.17	Any applicant that may already own, or part own a home must sell it either before or at the same time as buying through shared ownership. They must have a sale agreed at the point of submitting an application.
2.18	An applicant maybe supported in their purchase of a shared ownership home by a trust fund held by and 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 is already a homeowner
2.19	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.

2.20	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
2.21	Colleagues and their relatives are eligible to apply for whg shared ownership properties. Applications will be treated in accordance with whg's Probity Policy.
2.22	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.
2.23	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.
	Priority for members of the Armed Forces
2.24	In the case of under supply, Ministry of Defence personnel will be prioritised for whg shared ownership homes where: <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. • 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.
2.25	Any lump sums paid to eligible members of the armed forces because of illness or injury are to be disregarded when assessing eligibility and sustainability in accordance with the CFG.
	Older Persons' Eligibility (Older Persons Shared Ownership)

2.26	<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 local authority nomination to be approved as eligible; • In determining eligibility, whg will take in to 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
2.27	<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 3 years • The household income must be less than £80,000 a year • Applicants cannot afford all the deposit and mortgage payments for a home that meets their needs • Applicants must not be overdue with rent or credit payments
2.28	<p>One of the following must also be true.</p> <ul style="list-style-type: none"> • Applicants must be a first-time buyer • Applicants may have previously owned a property but cannot afford to buy one now
2.29	<p>whg can accept joint applications from either:</p> <ul style="list-style-type: none"> • Someone who shares the tenancy with the applicant; • Up to 3 family members may be accepted, however, they must have lived with you for the past 12 months.
2.30	<p>Following an affordability check, applicants may purchase between 10-75% of the value of their property.</p>
2.31	<p>Applications will be subject to Anti-Money Laundering checks, carried out by a qualified Independent Financial Advisor.</p>

	Affordability and Assessment
2.32	<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
2.33	It is essential to check whether applicants can afford the mortgage, rent and service charge payments combined when purchasing a shared ownership property.
2.34	Once headline eligibility has been established, applicants will be required to undergo an affordability assessment. This will be completed by a third party Financial Advisor (Metro Finance/Mortgage Advice Bureau).
2.35	<p>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). <p>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.</p>
2.36	<p>The appointed IFA will undertake all assessments using a two-stage assessment process, in line with the Homes England guidance as outlined in the CFG. 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. • A minimum 10% surplus net income, taking into consideration all housing costs. We will not impose a maximum surplus income. • The mortgage cost will not represent more than 30% of an applicant's net income, following the detailed budget planner. • 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.

	<ul style="list-style-type: none"> • 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 an adverse credit history may be rejected through the following: <ul style="list-style-type: none"> ○ No CCJs or defaults that remain unsatisfied within last 2 years unless communication defaults. ○ No CCJs or defaults within last 2 yrs, satisfied or unsatisfied over £300. ○ No unsatisfied CCJs or defaults of more than £1,000, registered at any time. ○ IVAs or Bankruptcy discharged 3 years ago acceptable, or registered over 6 years ago and satisfied, with no further issues. ○ Missed mortgage payments or rent arrears within the last 12 months will not be accepted. ○ Previous repossession over 3 years ago acceptable, provided no outstanding debt to lender and no other credit issue in last 3 years.
2.37	The appointed IFA will not charge whg for providing 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.
2.38	The IFA will carry out all Anti-Money Laundering checks on behalf of whg and will sign off to confirm this.
2.39	Purchasers are not obliged to use our recommended mortgage/financial advisor to submit their mortgage application, however, they must obtain financial sign off from the appointed IFA. In the case of a discrepancy on what share is affordable between the purchaser's own mortgage broker and whg's appointed IFA, the panel broker (Metro Finance /Mortgage Advice Bureau's) decision will be final.
2.40	<p>whg understand 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 not afford the rent element but not a mortgage. These applicants should still be referred for financial advice so they may confirm the lack of availability and /or suitability of a mortgage for the applicant • A cash purchase will be considered in circumstances where no appropriate mortgage product is available, however, the reason for needing to be a cash buyer cannot be because they are unable to obtain a mortgage due to adverse credit from a non-high-interest rate lender. • When buying with cash due to age, the assessment also needs to consider future income changes if still working as this will be changing imminently

	<ul style="list-style-type: none"> • A budget planner must be completed on all 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 • 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 income must be considered sustainable
2.41	<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%
2.42	<p>For homes provided through the SOAP 2016-21 and previous programmes the minimum staircasing transaction is 10%. This includes shared ownership homes that are completed after 1 April 2021.</p>
2.43	<p>For homes funded through Homes England’s 2021-26 AHP, the minimum staircasing transaction is from 1%. During the first 15 years, shared owners have the option to buy additional shares in 1% increments. If they do not use purchase by 1%, then the minimum share they can purchase is 5%. i.e. they cannot buy 2%, 3% etc.</p>
	<p>Allocation – First Come First Served</p>
2.44	<p>CFG outlines the Government has removed all priority groups for assistance, where there is under supply. The exception is when Armed Forces Personnel apply and 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.</p>
2.45	<p>Applications are allocated on a first come, first served basis. All applicants will undergo a detailed assessment that will involve a budget planner. This will determine the share suitable for the applicant in terms of their affordability and sustainability. In the case of under supply and over demand, the applicant who is signed off by the Financial Advisor first, after providing all required financial information, will be allocated the property.</p>
2.46	<p>Any applicant from existing whg tenants must not be in arrears or in breach of their current tenancy agreement in line with the Allocations Policy.</p>
2.47	<p>Applicants are not restricted to purchasing property that only fulfil their current household levels (i.e. a couple can purchase a three-bedroom home).</p>
2.48	<p>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.</p>

	Equality and Diversity
2.49	whg will ensure that a fair and transparent process is followed in the allocation of and selling of shared ownership homes.
2.50	In accordance with the Equality Act 2010, we will ensure that applicants are not discriminated against on grounds such as age, race, disability, ethnicity, marriage, gender, gender reassignment, religion, sexual orientation.
2.51	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/performance outcomes will be presented by the Head of Sales and Marketing to CDAP monthly and quarterly to the Development Committee.
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
	<p>Documents, policies and procedures associated with this policy are:</p> <ul style="list-style-type: none"> • Homes England’s Capital Funding Guide • Shared Ownership – Joint Guidance for England • Development Strategy 2020-24 • Consumer Protection Regulations • Customer Complaints Policy • Allocations Policy • Risk Management Framework • Probity Policy • Equality, Diversity and Inclusion Policy

Version control

Version	3.0
Document author	Head of Sales and Marketing
Document owner	Corporate Director of Development
Legal advice	Obtained updates from Homes England CFG and inserted all amendments since last policy review
Consultation	see Policy Review Checklist
Approved by	Development Committee September 2024
Review Date	August 2027
Our 2030 Plan	Making places
Equality analysis	Completed
Key changes made	<ul style="list-style-type: none"> • The policy has been updated to incorporate the Homes England changes to the Capital Funding guide. Homes England have withdrawn the use of the Affordability Calculator; this has been replaced using a more detailed Budget Planner carried out by an Independent Financial Advisor. • Each applicant must be prioritised on a First Come, First Served policy, and must not be influenced by the share an applicant is able to afford. Details of the FCFS are contained within this policy and must be available to view on whg website. • The policy has removed the reference to maximum income multipliers and debt to income ratios when calculating affordability, this has been replaced by a Minimum Surplus Income Policy, calculated following the budget planner assessment. • Homes England also require housing associations to publish the Minimum Surplus Income Policy, to be used within the financial budget planning discussion, details of this methodology have been included in this policy.