

Shared Ownership Allocations Policy

Introduction

This policy sets out Grand Union Housing Group's (GUHG's) approach to the allocation of Shared Ownership homes.

- Shared Ownership is a type of affordable home ownership.
- It's a part buy, part rent product that enables people to buy a home in stages. It's for people who are unable to buy a home outright on the open market.
- GUHG is a registered housing provider, regulated by Homes England, the Government housing and regeneration agency.
- As a charitable housing association and the recipient of Homes England grant funding, this policy ensures that we allocate affordable homes in accordance with GUHG's charitable objectives, any Section 106 planning requirements, and the Homes England Capital Funding Guide.
- Some of our Shared Ownership schemes do not receive grant funding from Homes England and although the same general principles are followed, GUHG can use its discretion to change some aspects of the policy for those schemes.
- This policy applies to new build Shared Ownership homes and to customers buying a resale Shared Ownership home.

Policy statement

GUHG will assess all applications fairly and without discrimination, in a transparent and consistent approach, to sell Shared Ownership to qualifying purchasers, in line with the Homes England's eligibility criteria. To help households on lower incomes, who would otherwise be unable to afford to buy and sustain home ownership.

Objectives

The policy aims to meet the following objectives:

- To be transparent on the eligibility criteria for Shared Ownership and how we prioritise customers.
- To ensure fair and equal access to Shared Ownership homes.

- Where GUHG is in receipt of grant funding, to operate within Homes England's requirements as set out in the Capital Funding Guide (CFG).
- To ensure, as far as practically possible, that Shared Ownership is a long term, sustainable housing option for our customers.

Eligibility

- To be eligible to purchase a Shared Ownership home, in line with the government set criteria, customers must have a gross household income of less than £80,000 (in areas outside of London) and be otherwise unable to purchase a suitable property for their housing needs on the open market.
- Only in exceptional circumstances can GUHG consider customers with a household income above the maximum threshold and only where we can secure written permission from Homes England.
- Where GUHG is in receipt of grant funding, all households that are interested in accessing Shared Ownership, must register and be accepted by the local Help to Buy Agent for their area. This is not a requirement on non-funded schemes.
- GUHG will conduct its own assessment of customers to ensure that they meet all eligibility criteria, and their purchase is affordable.
- All customers are required to complete a financial assessment by an independent mortgage broker appointed by GUHG.

Help to Buy Agent

- A Help to Buy Agent is a government appointed body that provides a service to check high level customer eligibility for Shared Ownership.
- The Help to Buy Agent will keep details of eligible customers on a central register and make them available to providers that have Shared Ownership schemes available.
- Where schemes are in receipt of Homes England grant funding, all Shared Ownership customers must register and be approved by their local Help to Buy agent before a purchase can proceed.
- Where schemes are not in receipt of Homes England grant funding, it is not a requirement for customers to register and be accepted by a Help to Buy Agent. GUHG will rely on its own assessment of eligibility.

Customer Priority

- Shared Ownership is prioritised on a first come, first served basis to all customers, providing they meet the relevant eligibility and affordability criteria.

- First come, first served applies to the first customers who can proceed with a full reservation. This means they've completed and passed all the necessary eligibility checks, have registered with and been accepted by the Help to Buy Agent (if a grant funded scheme), have completed and passed the full financial assessment, have provided all the satisfactory documentation to support their application, have a mortgage agreed in principle (if applicable), have provided their solicitor details and are fully ready to proceed with a reservation. It is not based on the date they first expressed an interest.
- The exception is when Armed Forces personnel apply, who are the only group to get priority. This applies to serving military personnel and former members of the British Armed Forces discharged in the last 2 years. If they die whilst in service, their priority can be transferred to their bereaved spouse or civil partner.
- Some Shared Ownership developments have specific eligibility criteria set out in the planning approval granted by the local authority and this will be clearly advertised where applicable. The criteria are set out in a Section 106 agreement. This could dictate that GUHG must give priority to customers who live or work in the area or other criteria that the local authority decides is important to meet local housing need. This may also mean that Staircasing is restricted to 80%.

Establishing Affordability

- GUHG requires all customers to have an independent financial assessment with a mortgage advisor.
- Customers are not required to take a mortgage or purchase any products through these advisors.
- It is the customer's responsibility to notify GUHG and the Help to Buy Agent (if a grant funded scheme) of any changes to their circumstances after the initial application.
- In order for GUHG to guard against fraudulent applications and anti-money laundering, our solicitors and mortgage advisors will carry out the necessary checks in line with the requirements set out in UK law. Each applicant will be required to provide proof of:
 - Identification
 - Address
 - Date of birth
 - Income
 - Source of funds for deposits
 - If a gifted deposit is being used from someone not buying the home, the person or persons gifting the funds will also need to provide the above proof of ID and funds.
- The credit history of customers may be checked with a credit-referencing agency. Customers that have un-discharged County Court Judgments against them may not be considered. Furthermore, if an applicant is offered a

property, our solicitors may carry out a Land Registry search to ensure that the purchaser does not own another property.

Information GUHG will hold about customers

- All information gathered and held about customers applying for shared ownership will be for the purpose of appropriate business activities in relation to the processing of sales, in line with our Privacy Statement and Data Protection legislation.

Maximising the share percentage purchased

- GUHG requires customers to purchase the maximum share they can afford. This is a condition of accepting Homes England grant funding to build Shared Ownership homes.
- GUHG recognises that customers will have individual circumstances which will determine what proportion of their income can be spent on housing costs. The mortgage advisor will consider all the customer's circumstances as part of the financial assessment and propose a share level that is deemed affordable.
- GUHG must sell shares flexibly in accordance with the purchaser's specific circumstances. Homes England recommends that Shared Ownership schemes should be based on an initial percentage purchase between 25% and 75%. GUHG will aim to adopt a flexible approach to the minimum (and maximum) initial purchase allowed. Normally purchasers will be allowed to staircase to 100%, although for certain schemes restrictions may apply.
- Schemes funded with grant from the 21-26 Homes England Affordable Homes Programme, can be purchased with shares as low as 10%, subject to an affordability assessment and the requirement for each purchaser to maximise the share level they can reasonably afford to buy and sustain.

Existing Owners

Owner occupiers can access Shared Ownership subject to the following conditions:

- That they meet the general eligibility criteria for the scheme. That their annual household income is no more than £80,000 and combined with any equity from the sale of their current home, they are otherwise unable to afford to purchase a suitable home to meet their needs without assistance.
- Each application will be assessed on its individual merits by the Help to Buy Agent (if the scheme is grant funded) and GUHG.
- They are required to have already sold their property or sell their property at the same time as buying through Shared Ownership.

- In exceptional cases where a customer is prevented from accessing or selling their existing home, the customer may still be considered, but only if GUHG can secure prior written agreement from Homes England.

Immigration Status

- GUHG is open to applications from customers without indefinite leave to remain. A key indicator we will use, is if a qualifying lending institution such as a bank or building society is willing to provide finance for the purchase. If so, the customer is likely to be considered to have the necessary financial security to buy and sustain the on-going costs.

Existing Social Housing Tenants

- Existing tenants of a housing association, housing trust, housing cooperative, local authority, or any other form of social housing landlord, need to declare their tenancy to GUHG.
- The tenant or tenants will need to notify their landlord that they are buying a Shared Ownership home. Usually, the landlord will check their rent account is not in arrears or any other issues with the tenancy.
- GUHG will contact the applicants' landlord to check the Shared Ownership application has been declared.
- The tenant or tenants will need to surrender their tenancy at the same time as buying the Shared Ownership home to relinquish any interest in the home and hand it back in good order to their landlord and clear any arrears.
- If the social housing home has joint tenants and only one wishes to purchase the Shared Ownership property, and the other wishes to remain in the home as a tenant, this must be discussed with their landlord. The tenant who is not taking part in the Shared Ownership purchase, may not qualify to remain as a single tenant and may need to move out of the home and surrender their tenancy and find alternative accommodation.

Joint Customers

- Customers can apply as joint customers to buy a Shared Ownership home on the condition that both customers become the joint legal owners of the home.
- For a joint application, both customers must meet the Shared Ownership eligibility criteria and the assessment of affordability will be based on the financial circumstances of both. It is possible for more than two people to form a joint application, providing all parties individually and combined meet the eligibility criteria for Shared Ownership (i.e. the total gross household income is less than £80,000).

Cash Purchases

- Customers may purchase their share in cash if they are unable to obtain a mortgage but have sufficient savings. For example, if an older person could not take out a mortgage due to their age. In all cases customers will be required to have a financial assessment to review affordability and eligibility.

Re-mortgaging

- As set out in the Shared Ownership lease, if a shared owner wishes to re-mortgage, they must submit a written request to GUHG and obtain written permission before entering into a new loan agreement.

Stamp Duty Land Tax (SDLT) Policy

- The responsibility for the calculation and payment of SDLT sits with the customer buying.
- All Shared Ownership customers must take responsibility for seeking correct advice and taking appropriate action to make payments. Customers should take advice from their chosen solicitor.

The threshold

- When customers buy a share in a property, they may have to pay SDLT. The 'threshold' is where SDLT starts to apply. If a property is bought for less than the threshold, there's no SDLT to pay.

Options - There are 2 ways to pay:

- Make a one-off payment based on the total market value of the property at the time of buying.

If customers decide to make a one-off payment up front, this is known as making a 'market value election' for SDLT. Once the customer has paid any SDLT due, they won't pay any more on the property sale. This is even if they 'staircase' in several stages and buy more shares in the property later on.

- Pay any SDLT due, in stages.

If the customer chooses to pay SDLT in stages, they'll pay anything that's due on the first sale amount. They then won't make any further payments until they own more than an 80% share of the property.

Customers will pay less to begin with, but they may have to make further payments if they increase their share of the property later. The value of the further payments will be based on the value of the property at the time they buy extra shares – this means the cost of the payments could go up or down depending on the value of the home at the time.

- Customers can choose which option is best for them, depending on their circumstances. They should seek advice from their chosen solicitor and if required, directly from Her Majesty's Revenue & Customs (HMRC).

Connected Individuals

- GUHG will check all customers to ensure no conflict of interest exists between the customer and GUHG. A conflict of interest could be if the applicant or a member of the applicant's household is considered to be a connected individual, such as:
 - They are a member of staff or a Board member
 - If they are related to a member of staff or Board member of GUHG, or to a person who has had such position within the previous twelve months.
 - If they have been employed by GUHG in the last twelve months.
- All customers will be asked if they have a connection to GUHG. They should openly and honestly declare any connection and the nature of the connection.
- Any conflict of interest will be identified prior to a formal offer.
- Where a connection is disclosed, GUHG will record the details of the connection to enable them to complete the internal process, to confirm no preferential treatment or unfair advantage has been given to the customer.
- GUHG must confirm due process, such as a financial assessment and the relevant eligibility checks, normal prioritisation processes have been followed, the value matches approved levels and the current valuation in line with other similar sales. All incentives offered must match the terms and conditions offered to other customers and follow appropriate internal sign off processes.
- The Executive Director of Operations or the Chief Executive will review the circumstances of the sale and the relationship with the buyer. If satisfied that all is appropriate and in order, they will sign to authorise the sale can proceed.
- If the nature of the relationship or any aspects of the sale are unusual or outside of normal policy The Executive Director of Operations or Chief Executive will contact the Homes and Services Committee for approval.

Exceptions to qualifying criteria

- In some circumstances, customers who do not strictly meet the above criteria may be considered for Shared Ownership. This will be on the basis that the applicant has no other reasonable housing option, which will have to be supported by substantial written evidence and agreement from Homes England.

- Grand Union will write to Homes England to request agreement in these circumstances.

Service charges

- Customers may be charged a service charge on Shared Ownership homes as per the lease.
- The service charge figure given at time of purchase is an estimate and the final amount will be calculated during the reconciliation of the end of year accounts.
- A new service charge figure will be issued to Shared Ownership customers annually.
- Shared Ownership customers will need to pay a month's service charge in advance at the time of purchase, followed by a monthly payment.

Rent

- Shared Ownership customers are charged a rent on the share of the home still owned by GUHG. The rent is calculated based on the value of the property and the share they haven't bought.
- The customer will be told the rent percentage being used to calculate the rent on their home and this is set out in the lease. The rent is reviewed annually – the formula used to calculate the annual rent increase is outlined in each lease and can vary. Customers should refer to their specific lease.
- Customers need to pay a month's rent in advance when they buy and monthly thereafter. On staircasing, the rent due is recalculated – the more shares a customer buys, the less rent is payable to GUHG.

Offer of a property

- This section applies to new build homes only.
- Once an applicant has been offered a property, they have 7 calendar days to accept the offer and reserve the property. This reservation involves forwarding details of their chosen solicitor and a holding fee of £500, by BACS payment.
- Customers need to exchange contracts by the stated exchange deadline – usually within 8 weeks of reservation. Any incentives offered at point of reservation are only valid if exchange happens before the stated deadline.
- The reservation fee will be deducted from the purchase price. If a customer withdraws from the purchase before exchange of contracts, the reservation

fee will be refunded, minus any costs incurred by GUHG such as abortive legal fees.

- In some cases, where buying off plan early, customers will be asked to exchange on notice, where the exact handover date of the home is not confirmed.

Valuations

- Shared Ownership must be sold with a valid RICS valuation (Royal Institute of Chartered Surveyors). This is a condition of the grant funding stated in the Homes England Capital Funding Guide. RICS valuations have to be updated every 3 months.
- The sales price at point of reservation is only guaranteed until the exchange deadline. After this period GUHG reserves the right to change the sales price, dependant on a current RICS valuation.

Solicitors

- All customers are required to instruct a solicitor to represent their legal interests in the purchase of the home.
- GUHG holds a panel of solicitors who are known to be experienced in Shared Ownership transactions. The panel can be provided at point of sale. GUHG will not recommend third party companies, and customers are encouraged to shop around to select their own company. However, using a company expert in Shared Ownership can save both time and money and make the home buying process significantly smoother.

Buying a new build home off plan

- Many people buy a home before the build has been completed and in some cases before its even started to be built – this is called buying off plan.
- At time of reservation, customers will be given an indicative completion date for their home to be completed. GUHG will communicate updates on the timescale as regularly as information is available to share.

Resales

- When a Shared Owner wishes to sell their share of a property, GUHG may nominate a purchaser to buy the share from the Shared Owner through the nomination provisions within the standard lease.
- Where a successful nomination is not made, (within the nomination period stated in the lease), the existing Shared Owner will be free to sell their share through the open market. The lease includes a mechanism to set the price paid for the share, based on a current RICS valuation. The lease will allow GUHG the right to approve the potential purchaser before any change of ownership and GUHG's consent to the assignment is required before a

property can be sold.

- This consent will be issued if the prospective purchaser:
 - Meets the general eligibility criteria.
 - Meets any specific eligibility criteria that may be set in the Section 106 agreement.
 - Meets the affordability criteria for the property.
 - Has a genuine reason to purchase the property with the intention of occupying it as their sole or principal home.

Subletting

Sub-letting the whole Shared Ownership property

- A Shared Owner does not have the right to sub-let their home as per the lease.
- GUHG will only consider granting permission to sub-let in exceptional circumstances and usually only for a limited pre-agreed period.
- The Shared Owner must write to GUHG in advance to clearly set out why their circumstances are exceptional.
- The Shared Owner must always seek additional permission from their lender

When reviewing a request to sub-let, GUHG will consider the following factors:

- Do the reasons for sub-letting genuinely stem from unavoidable need, and are not primarily for speculation or gain?
- Does the person(s) to whom the shared owner sub-lets also satisfy the criteria for Shared Ownership?
- Are the terms of the sub-let for a fixed period?
- If required, does the shared owner have the permission of the mortgage lender?
- If a request is from a serving member of the Armed Forces whose tour of duty requires them to serve away from the area in which they live (a distance of at least 50 miles or 90 minutes travelling time) for a fixed period, and the general criteria above are also met, the shared owner may sub-let subject at GUHG's discretion.
- If there is any doubt whether GUHG should grant permission to sub-let in specific cases, guidance will be sought from Homes England. In all cases, GUHG will seek its own legal advice on the implications of granting permission to sub-let. Unauthorised sub-letting is a serious breach of the lease terms and could result in GUHG taking legal action against the Shared Owner.

Taking in a paying guest or lodger

- The Shared Ownership lease does not prohibit the Shared Owner from taking in a paying guest/lodger.
- Therefore, Shared Owners do not need to request permission from GUHG to do so.
- However Shared Ownership homes should not be used as commercial bed and breakfast accommodation.
- The Shared Owner is responsible for obtaining permission from their mortgage provider.
- The property must remain the Shared Owner's primary residence.

Pets

- GUHG has a Pet Ownership Procedure which provides clear guidelines about our requirements for keeping pets.
- In some cases, there can be specific restrictions aligned to a developer. Customers should always refer to their lease for correct information for their development.
- Customers must check their lease and seek permission from GUHG prior to the ownership of any pet. In all cases, staff will refer to the terms and conditions of the lease in order to determine whether the Pet Ownership Procedure can be applied.
- Where permission is granted, it will be subject to appropriate conditions such as no nuisance being caused to neighbours or nearby residents. Permission may be withdrawn if complaints are received.

Financial Difficulty

- GUHG prides itself on supporting its customers in the short and longer term. If a Shared Ownership customer is experiencing difficulties in paying their rent, service charge or their mortgage, they should contact GUHG to discuss the issue as we may be able to support them.
- GUHG may be able to help with directing customers to financial advice or in some circumstances consider a payment plan to manage any arrears on their rent or service charge account.
- Customers should also let their lender know if they're struggling to pay their mortgage so their lender can potentially consider options to help and support.

- All customers should be aware their home is at risk if they don't keep up with payments. It's important they reach out and ask for support at an early stage.
- GUHG operates a Shared Ownership Flexible Tenure Policy, which can assist Shared Owners when other options have been exhausted.

Other related policies

Complaints Policy

Data Protection and Confidentiality Policy

Equality, Diversity and Customer Care Policy

Risk Management Policy and Framework

Shared Ownership Sales Procedure

New Business and Development Strategy

Homes England Affordable Housing Capital Funding Guide

Shared Ownership Allocation Pro Forma

Shared Ownership Flexible Tenure Policy

Pet Ownership Procedure

Shared Ownership Lease Policy

Customer consultation:

Equality impact assessment:

Person responsible for review: Director of Development & Commercial

Supported by: Sales & Commercial Manager

Ratified by:

Date policy reviewed: April 2022

Date of next review: April 2025