



## Shared Ownership Allocations Policy

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|-------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Title:</b>                             | Shared Ownership Allocations Policy                                                                                                                           |
| <b>Person responsible:</b>                | Head of Development                                                                                                                                           |
| <b>Customer consultation arrangement:</b> | Yes – Date TBC                                                                                                                                                |
| <b>EIA required:</b>                      | Yes                                                                                                                                                           |
| <b>EIA completed (date):</b>              | TBA                                                                                                                                                           |
| <b>Approved by:</b>                       | ELT                                                                                                                                                           |
| <b>Business Strategy Objective</b>        | Growing, Greening                                                                                                                                             |
| <b>Approval date:</b>                     | Oct 23                                                                                                                                                        |
| <b>Links to other key policies:</b>       | Shared Ownership Staircasing Policy, Shared Ownership Sales Process, Complaints Policy, Anti-Money Laundering Policy, Data Protection and Data Privacy Policy |
| <b>Review date:</b>                       | Oct 26 or earlier if required                                                                                                                                 |

### Document management

| Version | Date amended | Amendments                                                                                                                                                                 |
|---------|--------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1       | 11/07/2023   | Updates in line with current regs and process                                                                                                                              |
| 2       | 03/10/23     | Revisions on affordability                                                                                                                                                 |
| 3       | 23/07/2024   | Revisions on allocation (first come first served) and affordability (minimum surplus requirement, adverse credit), in line with updated Capital Funding Guide requirements |

## **1 Purpose and Scope**

- 1.1 This document outlines South Lakes Housing's (SLH's) policy for allocating shared ownership properties to ensure the process of allocation remains fair, unbiased and meets the regulatory requirements. The policy has been developed to:
- Allow an equal and fair opportunity to all interested parties to apply for properties
  - To assess applications using set criteria, to ensure equal and fair assessment
  - To ensure decisions are approved through a set process, and not by an individual, to safeguard from individual bias and judgement
- 1.2 When a Section 106 agreement (S106) is in place, this document is to be read in conjunction with the eligibility criteria in the S106 as any planning will take precedence over this policy. Certain additional conditions may also be applied to each individual scheme, depending on the planning and grant obligations.
- 1.3 Homes England 2021-26 New Model Lease will apply to all homes funded through the 2021-2026 Homes England programme.
- 1.4 Homes England 2021-26 New Model Lease will apply to S106 units that received full or outline planning permission after the 28th December 2021. Exceptions may include S106 schemes approved between 29th December 2021 and 31st March 2022 where a significant amount of pre-application work can be evidenced that caused delays.
- 1.5 The Policy does not conflict with any requirements of the New Model Lease.

## **2 Regulatory and Legislative Requirements**

Key relevant legislation and policy includes, but is not limited to:

- Homes England Capital Funding Guide
- Equality Act 2010
- Data Protection Act 2018
- Money Laundering

## **3 Application Equal Opportunity**

- 3.1 SLH will consider all applications regardless of the applicant's ethnicity, gender, nationality, sexual orientation, religion, disability, political views, marital status or appearance.
- 3.2 To promote equal opportunity and fairness in the application process, SLH has developed and will adhere to the following policy.

## **4 Equality Diversity and Inclusion**

- 4.1 SLH is committed to equality, diversity and inclusion and we will endeavour to provide a service that seeks to meet the needs of a particular individual or household and ensure no-one is disadvantaged in accessing our services. We recognise that some of our customers may have permanent or transitory vulnerabilities and where customers require additional support, we will endeavour to make reasonable adjustments.

## **5 Waiting Lists and Advertising**

- 5.1 SLH hold waiting lists for customers interested in acquiring shared ownership homes. Customers details are listed in date order following their expression of interest. The waiting list is maintained by the Development Team and reviewed and cleansed annually.
- 5.2 Shared ownership properties are initially advertised to applicants registered on SLH's shared ownership waiting list. At this stage, applicants are required to respond and express their interest via email or phone within 1 week to purchase a shared ownership home.

Homes will be allocated on a first come first served basis at point of full sign off. In order to be allocated a property an applicant will need to complete a full sign off with our chosen panel firm, Metro Finance. This will involve the applicant providing all required documents, including a valid Agreement in Principle.

If an applicant from the waiting list is not identified, the homes will be marketed externally.

- 5.3 Prior to initiating means of external advertising outside the waiting list, the terms of the S106 are to be reviewed, and if required, notification is to be sent to the Local Authority. The means of advertising include:
- Our appointed agent for Rightmove and Zoopla
  - SLH's communication channels – Website, social media etc.

Once properties are advertised externally, properties will be allocated on a first come first served basis at point of full sign off. In order to be allocated a property an applicant will need to complete a full sign off with our chosen panel firm, Metro Finance. This will involve the applicant providing all required documents, including a valid Agreement in Principle.

- 5.4 SLH reserves the right to advertise and use additional channels as necessary.

## **6 Applications and Assessment Process**

- 6.1 All prospective purchasers will be provided access to the online application form:  
[https://formsoffice.com/Pages/ResponsePage.aspx?id=rGOzizp3aEKv\\_WMLZEZ\\_ft3rk40zynIAokXUIoCjgthUQ09JUzE2QkVCOUhTVIE5TIE2RFdYMDRTNyQIQCN0PWcu](https://formsoffice.com/Pages/ResponsePage.aspx?id=rGOzizp3aEKv_WMLZEZ_ft3rk40zynIAokXUIoCjgthUQ09JUzE2QkVCOUhTVIE5TIE2RFdYMDRTNyQIQCN0PWcu)
- 6.2 All completed applications submitted to SLH will be subject to a financial assessment which will be undertaken by an agent appointed by SLH. SLH have appointed Metro Finance to conduct affordability assessments and to complete auditable files on SLH's behalf. Metro Finance is the trading name of Metro Finance Brokers Limited who are an appointed representative of Mortgage Advice Bureau Limited and Mortgage Advice Bureau (Derby) Limited which are authorised and regulated by the Financial Conduct Authority. SLH reserve the right to utilise services of additional finance companies regulated by the Financial Conduct Authority if required.
- 6.3 The assessment process considers 2 key areas: eligibility and affordability. This is implemented to prevent possible financial issues, maintain alignment with the standard criteria for shared ownership and to comply with any further restrictions e.g. S106.

## **7 Eligibility**

- 7.1 In accordance with Homes England's Capital Funding Guidance, the standard criteria that all purchasers must meet as a minimum are:
- Be unable to afford to buy a suitable property at open market value
  - Earn less than £80,000 annually as a household
- Additionally, the customer must fall into one of the following criteria:
- The customer is a first-time buyer
  - The customer used to own a home but can't afford to buy one now
  - The customer is an existing shared owner
- 7.2 For customers who already own a home, a sale must be agreed on their existing property before a reservation can be taken by SLH.
- 7.3 S106 agreements may stipulate additional qualification criteria for shared owners, and where a S106 is in place, all applicants will need to meet the criteria.

## **8 Affordability**

- 8.1 An affordability assessment is conducted by agents appointed by SLH to ensure that purchases are sustainable for the applicant. No internal affordability assessments are conducted within SLH on prospective shared ownership customers. The outcome of the financial assessment determines the appropriate percentage of equity considered affordable for the customer. All files relating to the affordability assessment are saved in the individual case files and include as a minimum: the Budget Planner, the letter confirming a pass or fail as per compliance audit requirements.
- 8.2 SLH assess applicants on the following affordability criteria:
- Applicants with 100% mortgage are typically not accepted and a minimum 5% deposit is required
  - Applicants' mortgage payments should represent no more than 30% of their net income after payment of rent and service charge (where applicable)
  - Applicants are required to have a minimum of 10% of their total net income remaining on the Metro Finance Budget Planner. This is increased to 20% for cash buyers who are purchasing lower than a 25% share.
  - Expenditure recorded in the Budget Planner should be realistic for the household composition. Anything which is below perceived average (ONS) spending will be required to be verified via bank statements and an explanation provided
  - All income used for the assessments must be considered sustainable
  - Projected incomes on affordability assessments are typically not accepted (usually applicable to self-employed applicants who are mid-way through a financial year or are waiting for year-end accounts)
  - SLH reserves the right to refuse an application due to financial risks that are identified during a mortgage application processes
- 8.3 If an applicant fails the affordability assessment they will be contacted and informed of the outcome and the possible recourse needed to make future applications viable.

## **9 Mortgage Providers and Adverse Credit**

- 9.1 SLH typically accepts mainstream, recognised shared ownership lenders who are authorised and regulated by the Financial Conduct Authority and, where required, regulated by the Prudential Regulation Authority.

SLH will not dictate which mortgage lenders buyers use, however SLH will seek to ensure arrangements are affordable and sustainable, and reserves the right to refuse an applicant if this is not the case.

It is not a requirement for an applicant to purchase a Shared Ownership home with the assistance of a mortgage.

- 9.2 SLH do not restrict access to purchase a shared ownership home to customers with a history of adverse credit, however we reserve the right to refuse an application due to financial risks that are identified during a mortgage application process.

The following Policy applies with regard to adverse credit:-

- Applicants should not have County Court Judgements (CCJ's) or Defaults that remain unsatisfied within the last 2 years, except for communication defaults
- Applicants should not have CCJ's or defaults within the last 2 years, satisfied or unsatisfied, over £300
- Applicants should not have unsatisfied CCJ's or defaults of more than £1000, registered at any time
- Any Individual Voluntary Agreements (IVA's) or Bankruptcy must have been discharged 3 years ago, or any registered over 6 years ago and satisfied, with no further issues are accepted
- Debt management plans that have been repaid are acceptable
- Applicants should have no mortgage arrears in the last 12 months
- Applicants with a previous repossession over 3 years ago are accepted, provided there is no outstanding debt to the lender and no other credit issue in the last 3 years. (A letter is required from the lender who repossessed to confirm there is no outstanding debt)

## **10 Allocation of Shared Ownership Property**

- 10.1 Once an applicant has been approved based on an affordability assessment and eligibility criteria, customers will be notified and will be awarded the right to reserve a property.
- 10.2 Where there are multiple applications for one property, homes will be offered on a first come first served basis at point of full sign off

## **11 Reservation Fee**

- 11.1 Following a successful application and affordability assessment, customers will be contacted and asked to pay SLH a reservation fee of up to £350 within 5 days of receipt of the letter. Discretion can be used on the amount paid subject to approval from the Senior Development Manager and the Head of Financial Planning and Treasury.
- 11.2 When the fee has been paid by the customer, no one else will be able to reserve the property.
- 11.3 The reservation fee will be taken off the final amount to be paid on the day when the home is purchased ('completion day'). This will be detailed on the completion statement that will be prepared by the solicitors.
- 11.4 If the purchaser decides they no longer wish to go ahead with the purchase, the reservation fee will be returned to the purchaser in full unless the sale has reached the stage of mortgage approval. After the stage of mortgage approval, SLH will not reimburse the reservation fee.

## **12 Conflict of Interest**

- 12.1 If a member of SLH staff or a Board Director applies for a shared ownership property, a probity form is to be completed and approved by the Director of Customer Experience.
- 12.2 If a member of the Development Team or a member of their family makes an application to purchase a shared ownership property, the same process detailed in 11.1 is to be followed. Where the purchaser is a member of the Development Team or a family member of a colleague in the Development Team, another team will oversee the process. The additional review will provide assurance that no preferential treatment has occurred.

## **13 Data**

- 13.1 All data will be handled in accordance with SLH's Data Protection and Data Privacy Policy.

- 13.2 Files for shared ownership sales, including the shared ownership waiting lists are stored within restricted areas on SLH's Sharepoint. The restrictive nature ensures that no internal or external member can access the information apart from the Development Team. Information retention is as follows:
- Sales – information to be retained for the duration of homeownership.
  - Applications made that do not result in sales will be deleted after all initial plot sales have concluded.
  - Waiting lists – data is reviewed and cleansed on an annual basis.

## **14 Complaints**

- 14.1 SLH strives to deliver an excellent customer service but we recognise that we do not always get it right. If customers are dissatisfied with the service they have received during the shared ownership application process they can submit a complaint which will be handled in line with SLH's Complaint's Policy.

## **15 Monitoring and Review**

- 15.1 Policies and Procedures will be reviewed in the post-construction review period of each scheme. This review and analysis of customer satisfaction and feedback will ensure the continual improvement and evolution of good practice.
- 15.2 This policy will be reviewed every three years, or where there have been significant changes to regulation, legislation, operations or best practice to warrant a further policy review.

If you have any questions about this policy, please contact SLH via email,  
[customerservices@southlakeshousing.co.uk](mailto:customerservices@southlakeshousing.co.uk)