



Shared Ownership – Sales, Re-sales and Allocations Policy

1. Introduction

This policy outlines Uppingham Homes Community Land Trust (UHCLT) approach to the sale and allocation of shared ownership homes. Shared Ownership provides a solution to the housing needs of those who would otherwise not be eligible for social housing nor be able to buy on the open market. Such households often work in sectors where incomes have not kept pace with increases in house prices. Our focus is on young people classed as being under the age of 35 with a local connection (residence, family or employment) to the Rutland parishes of Preston, Wing, Glaston, Bisbrooke, Seaton, Lyddington, Thorpe By Water, Caldecott, Stoke Dry, Belton, Wardley, Ridlington, Ayston and Uppingham. This policy supports UHCLT obligations relating to sales allocations in accordance with the Homes England Capital Funding Guide.

2. Aims

- To establish a sales process that is non-discriminatory and responsive to demand, while contributing to the need to be inclusive and ensure sustainable communities.
- To establish an efficient, transparent, fair and effectively controlled basis for the acceptance and processing of applications for low cost home ownership.
- To provide a system of prioritising applicants ensuring that homes are allocated to people in housing need and to those whom shared ownership is an appropriate solution.
- To ensure UHCLT meets its social objectives whilst recognising the financial importance of selling properties promptly. Shared Ownership Sales, Re-sales and Allocations Policy March 2020
- To ensure that UHCLT complies with all financial and regulatory controls including those set out in the Homes England Capital Funding Guide.
- To comply with all other financial and regulatory controls that UHCLT have to satisfy.

3. Sales

UHCLT offer the following types of home ownership for sale:

Shared Ownership – New build properties where buyers can initially purchase 50% of the lease, whilst paying rent on the remaining amount.

Resale Shared Ownership – homes that a current owner bought through Shared Ownership and now wishes to sell on. The principle is the same as buying a new build Shared Ownership but you must purchase the 50% share that the seller currently owns and obtain the agreement of UHCLT.

4. Eligibility Criteria

4.1 There are set criteria for who can buy a shared ownership property. This will vary between our schemes but applicants are expected to:

- be between the ages of 18 and 35 at the time of purchase;
- be unable to purchase, outright or with a mortgage, a home of suitable size and location for their household needs on the open property market;
- have a household income of no more than £80,000 and be otherwise unable to purchase a property suitable to meet their housing needs on the open market;
- have sufficient savings to meet the one-off costs of buying a shared ownership home, and access to capital or a mortgage to fund their share of the purchase;
- clearly demonstrate their ability to sustain the affordability of outgoings (mortgage, rent, service charge, repairs etc.) over the long-term future
- be first time buyers, although some applicants who own or have previously owned a home may be eligible. This includes people who have lost a home through a relationship breakdown and shared owners whose family has grown and they need a larger home but who are still unable to afford to buy outright
- meet any additional local authority eligibility criteria agreed with Rutland County Council.

4.2 Applicants for shared ownership must demonstrate housing need. When assessing need, consideration will be given to:

- current accommodation and its suitability;
- ability to meet housing need through other housing options.

4.3 Applicants must be a British or EU/EEA citizen or have indefinite leave to remain in the UK. Applicants without indefinite leave to remain who are interested in buying a home must be able to demonstrate that they are able to raise a mortgage with an acceptable lender and that they can afford to sustain home ownership in the longer term. This will normally require a detailed individual assessment.

4.4 For some schemes, the Eligibility Policy will be extended to include criteria linked to funding arrangements, planning conditions, property constraints or scheme design. Where these additional conditions apply, this will be made clear to applicants when schemes are marketed.

4.5 An eligible applicant who wishes to buy a home with someone else can only proceed on the condition that all joint applicants become joint owners.

4.6 UHCLT will not normally accept applications from people who:

- have had arrears of rent in the past six months;

- would be named on an existing mortgage or property deeds when the sale of the shared ownership property is completed, this includes properties outside of the UK;
- have outstanding County Court Judgments against them or other outstanding credit issues, such as unsatisfied defaults.

5. Shared Ownership & Resale Allocations

5.1 Prospective shared ownership and resale shared ownership buyers must register with the county's Help to Buy Agent. The Help to Buy Agent for Rutland is:

- Help to Buy Midlands and London <https://www.helptobuyagent2.org.uk/>

5.2 There are set criteria for who can buy a shared ownership property as detailed in section 2. There may also be specific conditions detailed in the lease and/or accompanying legal documents on re-sale shared ownership properties, this will be made clear to applicants when properties are marketed.

Priority is given to the following applicants:

- existing social tenants and serving or ex- military personnel meeting the qualifying criteria
- eligible applicants for whom it will address housing problems in the local housing market;
- other first time buyers.

5.3 UHCLT approves all applicants and prioritises candidates according to its local housing policies

5.4 Purchasers of a shared ownership home must live in the home purchased. Sub-letting of UHCLT homes is not permitted

5.5 Purchasers must proceed diligently, in particular have a full mortgage offer in place within two weeks of Memorandum of Offer and be able to proceed to exchange of contracts within 28 days of issue of Memorandum of Sale.

6. Financial Assessment

6.1 All prospective purchasers are subject to a financial assessment carried out by a qualified Independent Financial Advisor at cost to the purchaser. The financial assessment is to establish affordability based on criteria set by the Homes England (HE). The assessment of affordability to buy will be based on net income (child tax credit and child benefit do not count towards the mortgage multiple calculation and are not accepted forms of payment) and as well as the home ownership costs (mortgage repayments, rent and service charges). It may also include:

- Repayment of any outstanding debt;
- Size of family (i.e. number of children or other dependents);

6.2 UHCLT would expect all applicants to fall within the current HE thresholds for shared ownership affordability. These stipulate that a minimum of 25% of an applicant's net wage and 2.5x their gross income should be used as a minimum towards home ownership. There is also an upper limit of 45% of net wage and 4.5x of current gross salary; this is to ensure long term sustainability. Applicants who

fall outside of the lower end caps may be considered in exceptional circumstances at the discretion of UHCLT. The higher end cap is an absolute limit and cannot be breached.

6.3 Applicant's purchasing shared ownership through re-sales are required to broadly fit the HE financial eligibility criteria, as above, and should be able to sustain the share they need to purchase.

7. Tenure

7.1 All shared ownership homes are sold as leasehold properties and sale prices are based on independent valuations of market value at the sales stage. While properties remain on the market valuations are updated in line with HE requirements. Leases on all new build shared ownership properties are for 125 years.

8. Rent

8.1 Rent on new build shared ownership properties is calculated using 70% of commercial rent equity, except on those sites where rent levels are restricted by a Section 106 or Community Infrastructure Levy (CIL) agreement.

8.2 Rent on re-sale shared ownership homes are calculated in line with the lease and/or other legal documents associated with the property. Details of the rent applicable to individual re-sale properties will be included in the marketing material for the property.

9. Marketing Shared Ownership & Resale Properties

9.1 As part of any marketing campaign, all of UHCLT shared ownership properties will be advertised on both UHCLT and the 'Help to Buy' website. A link from the UHCLT website will also be provided. The websites will give information about where and how to apply for advertised properties.

9.2 Where appropriate, we will also advertise schemes on other websites, for example Rightmove and in the local press.

9.3 Any applicant wishing to purchase UHCLT shared ownership properties must apply via the UHCLT application form on the UHCLT website.

10. Equal Opportunities

10.1 UHCLT housing policies are intended to ensure that no person should suffer disadvantage by reason of their race, religion and believe, gender, sexual orientation, gender reassignment, disability, marital status, age or responsibility for dependents.

10.2 UHCLT will also offer additional support to any existing or prospective tenant who has difficulty in understanding any document or other information provided.

11. Monitoring

11.1 All sales allocations will be recorded on the UHCLT Housing Management System for future analysis and reporting.

11.2 A quarterly report will be presented to the UHCLT Board which will include details of sales allocations.

12. Review

12.1 This policy will be reviewed on a 3 yearly basis or in response to changes in legislation, regulatory guidance, good practice or changes in other relevant UHCLT policy.

13. Data Protection

13.1 All personal and sensitive information supplied to UHCLT will be treated as confidential. This includes anything of a personal nature that is not a matter of public record about a resident, client or applicant.

13.2 Personal data will only be held for as long as is necessary for the purpose it is intended for. Personal data can only be disclosed to relevant third parties provided it is for the purposes of assessing the eligibility of applicants and for audit purposes. UHCLT reserves the right to contact third parties to request information for the purposes of assessing eligibility of applicants.

13.3 UHCLT will ensure that they only involve other agencies and share information with the consent of the applicant concerned, unless:

- To help to prevent fraud or if required to do so by law
- The information is necessary for the protection of children or vulnerable adults

13.4 Further information on the security and use of information, and client rights to access information UHCLT holds, is included in UHCLT Data Protection Policy available on the UHCLT website.