

Shared Ownership

Allocation Policy

Including First come, first served policy and
Monthly minimum surplus income policy



BACKGROUND AND OBJECTIVES

1. The aim of this policy is to outline how Hastoe Housing Association will sell homes to qualifying applicants in a fair and transparent way. The policy aims to provide a framework for accommodating any requirements which may be placed on the allocation process by local authority partners, the regulator and our funders.
2. This policy outlines Hastoe Housing Association's 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. This policy supports housing solutions obligations relating to sales allocations in accordance with the Homes England capital funding guide.
3. The purpose of this policy is 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.
4. To establish an efficient, transparent, fair, and effectively controlled basis for acceptance and processing of applications for low-cost home ownership.
5. To provide a system for prioritizing applicants on a first come first serve basis with exception to priority groups identified by Homes England or local authorities.
6. To ensure that Hastoe Housing Association meet their social objectives whilst recognizing the financial importance of selling properties promptly.
7. To ensure that Hastoe Housing Association complies with all financial and regulatory controls including those set out in the Homes England Capital Funding Guide.
8. To comply with all their financial and regulatory controls that Hastoe Housing Association must satisfy.

Who this Policy Applies to

9. Applicants wishing to purchase generic and rural shared ownership homes (properties in National Parks, Areas of Outstanding Natural Beauty and rural exception sites) which have been constructed for sale by Hastoe Housing Association.
10. Applicants wishing to purchase any generic and rural shared ownership homes being offered for re-sale or assignment.

Compliance

11. The policy has regard to our status as a Community Benefit Society, registered and regulated by the Regulator of Social Housing (RSH). We consider the guidance on the housing need and

affordability of customers for our homes as set out in the Homes England Capital Funding Guide.

For more information about this follow this link:

<https://www.gov.uk/guidance/capital-funding-guide/1-help-to-buy-shared-ownership>

12. Our regulatory obligations are to ensure that generic and rural shared ownership is allocated in line with capital funding guidance, overseen by the Homes England.

For further information then click on below link:

<https://www.gov.uk/government/organisations/homes-england>

13. Hastoe Housing Association will also comply with any planning conditions listed within a Section 106 agreement.

Eligibility Criteria

14. For applicants to qualify for generic and rural shared ownership Hastoe Housing Association must undertake eligibility checks in line with current regulation, planning restriction and Homes England guidance.

Generic Shared Ownership

15. To qualify for generic shared ownership an applicant must:

- Be over the age of 18 of age.
- Be unable to afford a suitable property on the open market that will meet the applicant's needs.
- Have enough savings, or access to sufficient funds, to put towards the deposit and other purchasing expenses.
- Be able to afford the ongoing costs of homeownership.
- Have a gross household income of less than £80,000 per year
- Be able to demonstrate no mortgage or rent arrears
- Have no other property within their ownership at the time of completing on their new shared ownership home. Meet the relevant local authority eligibility criteria (if applicable).
- Applicants must reside or be eligible to reside within the UK

Rural Shared Ownership (Properties in National Parks, Areas of Outstanding Natural Beauty and rural exception sites)

16. In addition to the generic shared ownership criteria, applicants for rural shared ownership will require a local connection as set out in a S106 or Nominations Agreement.

17. Priority will be given to:

- Serving military personnel and former members of the British Armed Forces discharged in the last two years.
 - They have completed their basic (phase 1) training and they are one of the following:

- Regular service personnel (including Navy, Army and Air Force)
 - Clinical staff (except for doctors and dentists)
 - Ministry of Defence Police Officers
 - 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 (24 months) of the date of discharge from service or
 - They are the surviving partners of regular service personnel who have died in service, where they apply within two years (24 months) of the date of being
- National Parks, Areas of Outstanding Natural Beauty and rural exception sites
- Where Shared Ownership homes are being delivered in either a National Park, Area of Outstanding Natural Beauty or on a rural exception site then a prioritisation of applicants can be applied. In most cases this will be agreed by the local authority and set out in a Section 106 agreement or through other formal means. The agreement is likely to stipulate that priority will be given to applicants with some form of connection to the local area. Additionally, the agreement will also likely include a cascade system to identify in order the next areas and / or criteria for the priority of applicants that will apply.
18. Where there are no priority groups, applications will be assessed on a first come first serve basis. To ensure that the first come first serve policy is fair and transparent applications and financial information will not be accepted until the advert is made live.

Allocation Criteria

19. Hastoe Housing Association will allocate property based on:
- The priority groups listed in the capital funding guide and any
 - Local authority conditions including local connections where relevant
 - On a first come first serve basis
- This will be made clear to applicants when schemes are marketed.
20. All applicants will require an affordability assessment for homeownership.
21. All applicants who wish to buy a home with someone else can only proceed on the condition that all joint applicants become joint owners.
22. Hastoe operate a plot applicant ratio of 1:1. This means that the Sales Team will allocated one plot to one eligible applicant at the offer stage. If the applicant does not proceed, the plot will then be offered to the next applicant and so on.

Affordability

23. All prospective purchasers are subject to a financial assessment carried out free of charge by a suitably qualified and experienced advisor that is regulated to give mortgage advice. Applicants are not obligated, however, to arrange a mortgage with the advisor undertaking their financial

assessment. The financial assessment is to establish affordability based on criteria set by Homes England.

Minimum Surplus Monthly Income

24. To ensure a customer can afford and sustain home ownership, we will assess their affordability based on a monthly minimum surplus income requirement. The minimum amount of surplus income is an amount of money that a customer should have at the end of each month once housing costs, other commitments and expenditure have been accounted for.
25. These costs will be established as part of the affordability assessment using a budget planner carried out by a Specialist Mortgage Advisor. The Specialist Mortgage Advisor will consider all elements of the applicant's income and expenditure during the assessment.
26. At Hastoe Housing Association, our monthly minimum surplus income requirement is 10% of the applicant's net income. This amount has been determined using methodology from mortgage lenders and mortgage advisors and based on our knowledge of household incomes and the costs of living in our wide geographical area of operation.
27. Net income is calculated on the following basis:
 - (A) Gross income
 - (B) Less gross deductions (tax, National Insurance, student loan, etc)
 - (C) Less known commitments (loans, credit cards, childcare, etc)
 - (D) Less Shared Ownership rent and service charges – these are stress tested so will take into account estimated increased rent, and service charges, over the following 5 years from completion.
 - $(A - B - C - D) = E$
28. E is the income remaining that will be used to pay mortgage costs, other essential expenditure (identified through a budget planner) and to meet our 10% monthly minimum surplus income requirement.
29. Homes England guidance state that we must ensure that the mortgage a customer is able to secure represents no more than 30% of their net income (subject to recommendation from our Specialist Mortgage Advisor). This is after accounting for what are considered firm expenditure commitments and the rent and service charge costs of the Shared Ownership purchase. The customer must also meet our minimum surplus income requirement of 10%. If the customer does not meet the requirements in this policy, we would consider the property to be unaffordable to the customer.

Offers & Reservations

30. A non-refundable payment of £500 will be placed to secure reservation of the property. Applicants can request a refund of the reservation fee if they decide not to proceed as long as it is requested no later than 48 hours after viewing.
31. Hastoe may update the sales price of a property when suitable when in marketing. The value will not change once the property is reserved to a buyer.
32. Reservations can be placed off plan.

33. Hastoe Housing Association Group will invite applicants to attend viewings of the property they have applied for.

If you would like this information supplied in another format and/or have any questions above the above, please contact us at sales@hastoe.com.