

Home Ownership Policy

Linked strategies	Growth Strategy 2019-22
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Date approved by (State by whom and when)	EMT July 2021
Policy level	2
Agreed by Union (If applicable)	Not applicable
Date effective (Subject to staff consultation)	June 2021
Date of next review	May 2024
Policy Owner	Head of Development and Sales



1 Policy Statement

- 1.1 Greatwell Homes is committed to providing a diverse range of homes to meet local housing need. This policy sets out our approach to the sale and allocation of properties for affordable home ownership.
- 1.2 A key aim of this policy is to ensure that all applications are assessed fairly, and that Greatwell Homes sell homes to qualifying purchasers within an appropriate timescale and according to the rules set out in the relevant legislation and/or guidance.
- 1.3 The key guidance which relates to low-cost home ownership sales is published by Homes England (or successor body) as part of their funding programmes as well as details being set out within the Capital Funding Guide.

2 Scope

- 2.1 The Homeownership Policy covers Shared Ownership and Rent to Buy products. This policy does not apply to those properties being sold under Rentplus or Right to Buy/Acquire.
- 2.2 To set out how we will comply with relevant financial and regulatory controls including those within the Capital Funding Guide in relation to the sale and allocation of affordable home ownership properties.
- 2.3 Establish a sales process that is non-discriminatory and responsive to demand which is transparent, fair and provides a system of prioritising applicants ensuring that homes are allocated to people in housing need and to those whom low-cost home ownership is an appropriate solution.
- 2.4 This document is to be read in conjunction with the Leasehold Management and Rent Setting Policies which outlines how we will manage home ownership properties once they are purchased.

3 Definitions

- 3.1 There are various options available to purchase a home under affordable home ownership to help first time buyers and those on low to middle incomes. For the purposes of this policy Greatwell Homes offers the following types of products for home ownership:



General Shared Ownership - new build properties where buyers initially purchase between 25% and 75%, whilst paying rent (set at 2.75% and not greater than 3% of the unsold equity as outlined within the Development Financial Parameters February 2021) on the remaining amount. After the first 12 months shared owners can then acquire additional shares in the property through 'Staircasing'. Shared owners of houses will be on a lease until they staircase out to 100%, when they will then own the freehold.

New model for Shared Ownership – new homes delivered through the Affordable Homes Programme 2021-26, where the minimum share purchased is 10% although potential purchasers to be encouraged to buy the maximum share that they can afford. Staircasing is permitted at the current larger amounts, as well as the option to buy being limited to 1% increments each year, with this offer being available for a minimum of 15 years. There is also the 10-year repair free period offered to pay for essential repairs which are to be capped at £500 each year, which can be rolled over for 1 year only where there is an unused repairs allowance.

Right to Shared Ownership – applies to all new rented homes delivered through the Affordable Homes Programme 2021-26 allowing eligible tenants to purchase their social or affordable rented home on shared ownership terms. Ability to purchase between 10% and 75% of their property and buy further shares and staircase to full ownership.

Older People's Shared Ownership - homes specifically for people aged 55 or over. It works in the same way as general shared ownership, but buyers are only able to purchase a maximum share of 75%. Once ownership is at 75% no rent is payable on the remaining 25% share.

Resale - homes that the current owner bought through shared ownership and now wishes to sell on. All shared ownership leases contain the Pre-emption Clause which gives Greatwell Homes a specific period (currently 8 weeks moving to 4 weeks under the new model) to market the property and identify a new buyer. If a buyer cannot be secured within this timeframe, the property can be put on the open market and either sold through shared ownership or for outright sale.

Rent to Buy – new build properties which are let to working households who are looking to buy a home but have been unable to save for a deposit. These properties will be let at an intermediate rent for a minimum period of 5 years, providing the opportunity for customers to save for a deposit to buy.



4 Policy Principles

4.1 The factors around whether sites are developed using the new shared ownership model in the interim term are likely to be determined on a scheme-by-scheme basis and governed either by developers as set out on S106 sites or by grant funding requirements under the new AHP 2021-26 programme. Over the longer term, all homes will be delivered using the new model for shared ownership, a date which is yet to be determined.

4.2 Properties being acquired under a home ownership scheme, including resales can be bought if the household income, as outlined within the Capital Funding Guide published by Homes England (which is also subject to change) is currently £80,000 a year or less and if any of the following apply:

- Used to own a home but cannot afford to buy a new one now.
- Existing shared owners.
- Applicants are primarily expected to be first time buyers, though some applicants who own or have previously owned a home may be eligible.

NB. Owner occupiers in exceptional cases, have access to affordable home ownership products subject to the following conditions:

1. They meet the general eligibility criteria for the scheme - annual household income is no more than £80,000 and are otherwise unable to afford to purchase a property suitable for their needs without assistance.

That they are required to have already sold their property or sell their property at the same time as buying through shared ownership.

Applicant Eligibility

4.3 Applicants must:

- Be at least 18 years of age,
- A British or EU citizen or have indefinite leave to remain in the UK,
- Unable to purchase a home of suitable size/location on the open market,
- Have a good credit rating,
- Have at least £1,500 or more sufficient savings to meet the one-off costs of buying a home in addition to access to capital/mortgage to fund their share of the purchase.
- Complete the shared ownership affordability calculator to establish the percentage share they can afford. This is to be carried out with an independent financial advisor to demonstrate the affordability of the sale and rental element and ongoing costs of running a home.

4.4 Greatwell Homes will also accept applications from people accessing Shared Ownership via HOLD (Home Ownership for People with Long-Term Disabilities). This is specialist funding available for people with a long-term disability.

4.5 Greatwell Homes will not accept applications where:

- There have been rent arrears in the past three months.
- There are outstanding county Court Judgements or other credit issues.
- The affordability requirements are not met.

4.6 For applications being considered under **Rent to Buy** following the initial rental period (minimum let of five years) the following criteria will apply:

- Working households with an income of £80,000 a year or less.
- A first-time buyer.
- Returning to the market following a relationship breakdown and do not own any other residential property.

4.7 Applicants must:

- Be at least 18 years of age,
- A British citizen or have indefinite leave to remain in the UK.
- Have sufficient savings to meet the one-off costs of buying a home and access to capital/mortgage to fund their purchase. Rent to Buy homes will be sold at market value and customers wishing to purchase their home after the initial 5-year rental period will need to obtain a conventional mortgage to do so.
- Fulfil the financial checks as required by the mortgage lender. There is no additional affordability assessment over that required of the mortgage lender at the time of purchase.
- Not be subject to local authority nominations, although Greatwell Homes may choose to work with the local authority to identify potential applicants.

4.8 In addition, Greatwell Homes must:

- Give the existing customer the right of first refusal if we wish to sell the property after the initial period of letting. Greatwell Homes will reserve the right to continue to offer the property on an affordable rent basis if the customer is unable to purchase. Greatwell Homes can convert the home to market or another form of affordable rent and where appropriate, the normal grant recovery obligations will apply.



- If at any point, after the initial five years of letting, a request is submitted by the customer to buy their home, it is expected that Greatwell Homes would agree to sell where the customer can fulfil the affordability requirements.

Allocation Criteria

4.9 Applicants for prospective home ownership and resale properties that have received grant funding must register and be approved by the relevant Help to Buy Agent and they will process all applications to determine eligibility.

4.10 The only applications which take priority above others are:

- Those from members of the British Armed Forces which will be prioritised for shared ownership schemes according to the current guidance.
- Where conditions within the planning consent apply e.g., highest priority given to local people living within the community where the homes have been constructed.

4.11 Direct applications received and where there is no government funding, local connection, or planning conditions, will be dealt with on:

- A 'first come, first served basis', where we will prioritise completed applications (approved by mortgage broker and has all supporting information supplied) in the order in which we receive them.
- Consideration to be given to housing need. A general rule that bedroom need plus 1 additional bedroom will be accepted.
- Schemes are required to contain a mix of percentage shares and therefore this will also be reflected in the allocation of properties.

5 Implications for Customers

5.1 A privacy impact assessment (PIA) has been undertaken for this policy and the outcomes are available upon request.

6 Performance Management

6.1 We will make use of the following performance indicators to monitor and report on the effectiveness of the service. These will be reported on a quarterly basis:



Key Performance Indicators:	Operational Performance Indicators:
First tranche sales income compared to budget	<p>Average first tranche sale</p> <p>Percentage SO properties sold within three months of handover</p> <p>Average number of weeks from development handover to exchange</p>

7 Responsibility and Decision Making

7.1 The table below illustrates the structure for responsibility and decision making in relation to this policy.

Person Responsible	Scope
Board	Satisfying itself that our affairs are conducted lawfully and in accordance with generally accepted standards of performance, probity, good practice and compliance with the regulatory standards.
EMT	Enable the Board to accurately report and certify to the appropriate bodies on all compliance matters where necessary.
Head of Development and Sales	Policy owner and is responsible for ensuring that it is implemented effectively.
Homeownership Team	All relevant employees within the Homeownership team will be responsible for the day-to-day implementation of this Policy and the effective sale and allocation of our properties.

8 Review

8.1 This Policy will be reviewed every three years or in line with changes in legislation, whichever is the sooner, updates or recommendations for changes will be presented to EMT.

Associated Policies	Associated Procedures
Leasehold Management Policy	Shared Ownership Procedures
Rent Setting Policy	