

Winchester City Council
New Homes Shared Ownership Policy

Document history:

| <u>Version</u> | <u>Date</u> | <u>Description of update / change</u> |
|----------------|----------------|---|
| <u>1</u> | <u>07/2019</u> | <u>original shared ownership policy</u> |
| <u>2</u> | <u>10/2024</u> | <u>section 0 – background context added</u> <u>section 3 – eligibilty – reference to help to buy removed</u> <u>and ‘first come, first served’ principle established</u> <u>section 5 – surplus income section added</u> <u>sections 5, 6, 7, 8, 9 & 10 – removed</u> |
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0. Background context

The demand for Shared Ownership homes outweighs supply, so it is essential to be clear how we allocate and offer our Shared Ownership homes to prospective eligible customers.

1. Policy statement

This policy outlines Winchester City Council’s (WCC) approach to the allocation of Shared Ownership homes built and/or sold by WCC in accordance with the [Homes England Capital Funding Guide](#) (CFG). This policy applies to the allocation of all Shared Ownership homes for which WCC provides and carries out eligibility assessments. Other providers of Shared Ownership homes will have their own policies.

2. Aims and objectives

Aims – to comply with the Homes England CFG regardless of government funding and to provide a fair and transparent service delivering Shared Ownership homes.

Objectives – to establish an equitable method of processing applications so homes are allocated to eligible people for whom Shared Ownership is appropriate.

3. Eligibility

The council’s criteria for accepting applications are as follows:

- minimum age of 18 years
- bank or building society account holder
- annual household income of less than £80,000

Existing homeowners (owner occupiers) can access Shared Ownership homes subject to meeting general eligibility criteria and selling their current property. This may include existing homeowners who are going through a relationship breakdown

and will need to sell their current home. Individual circumstances should be discussed with the council.

Applicants are assessed according to the criteria and affordability guidance set out in the CFG.

4. First Come First Served

Shared Ownership homes will be offered in line with the eligibility criteria set out in the CFG. WCC Shared Ownership properties are allocated to eligible applicants on a 'first come, first served' basis*. When a Shared Ownership home is advertised, WCC accepts eligible applicants on this basis using the date and time applications are received by WCC.

Serving and former members of the British Armed Forces (discharged in the last two years) will be given priority above this.

An offer of a Shared Ownership home is dependent on the applicant providing accurate information. WCC reserves the right to withdraw the offer if information is found to be misleading or not provided in a timely manner. Applicants will be required to pay a reservation fee.

Shared Ownership properties in Extra Care schemes may have different eligibility criteria. Individual circumstances should be discussed with the council. Resale properties are outside the scope of this policy. Leaseholders should refer to the terms of their lease.

*Eligible households identified by the council and where the council owes the main homelessness duty in accordance with the 1996 Housing Act (as amended) may be given priority over other households.

5. Monthly surplus income

A minimum monthly surplus income is required as part of the financial assessment. Surplus income is the money applicants have available each month, after accounting for all housing costs, other commitments and expenditure as established by their budget planner. The minimum monthly surplus income required by WCC is 10%.

WCC will refer applicants to a professional financial advisor to undertake an affordability assessment. This will be used to determine an affordable share to purchase that is suitable and sustainable. This share should not unduly overcommit applicants financially, based on the information provided at the time. WCC ensures that independent financial advisors it suggests directly satisfy the criteria below;

- regulated and qualified to give mortgage advice
- good working knowledge of Shared Ownership
- access to a suitable range of Shared Ownership mortgage lenders in order to give an accurate assessment of mortgage availability
- has read and understood the CFG section 3 and section 6B on 'Applicant eligibility' and 'Affordability guidance'

- has confirmed they have read and understood our Shared Ownership Policy

Advisors will be reviewed periodically to assess their suitability and evidence will be retained.

If an applicant wishes to seek mortgage advice from an advisor not suggested/ recommended by WCC, there is a risk the information supplied will not be accepted. This will depend on WCC's assessment of the individual in relation to the criteria above. If WCC is dissatisfied with any element of the affordability assessment, it will refer the applicant to an alternative advisor of WCC's choice for a further assessment.

The purpose of ensuring adequate surplus income is to protect purchasers from the adverse effects of housing payment increases, which may otherwise present a financial risk. A minimum 10% monthly surplus income has been agreed by mortgage brokers, lenders and other providers of social housing in line with CFG guidance.

The advisor will summarise the outcome of the affordability assessment in a sign-off sheet, and uses lenders' criteria to ascertain this using the monthly planner. The planner takes the gross income and deducts living costs, commitments and the mortgage costs to leave a surplus.