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Shared Ownership Application and Allocations Policy

1.0 Introduction

- 1.1 The aim of the shared ownership programme is to make home ownership accessible to those who would be unable to afford to buy a property on the open market without assistance.
- 1.2 Where funding is provided by Homes England, the rules of the shared ownership programme are governed by Homes England Capital Funding Guide Procedures.
- 1.3 The rules of selling new build properties are governed by The Consumer Code for House builders.
- 1.4 The form of Shared Ownership lease granted by Coastline follows Homes England's standard form and is a form of Assured Tenancy under the Housing Act 1988.
- 1.5 The share level offered to an applicant will be based on the individuals financial circumstances following a full financial assessment to be carried out by Coastlines chosen financial advisor. Shares offered will range from 10% - 75% where the development is funded by Homes England. For developments where there is no Homes England funding, a minimum share level will be applied. Applicants will be allocated homes on a first come, first served basis where it can be evidenced that they can afford the minimum share level set for the development.

2.0 Aims of the Policy

- 2.1 To ensure the allocation of shared ownership homes is consistent with the rules and aims of the shared ownership programme and is fair and transparent in operation.

3.0 Eligibility for Shared Ownership

- 3.1 Coastline will sell shared ownership properties to applicants who meet the following criteria:
 - All applicants must be at least 18 years old
 - Have an annual gross household income of less than £80,000;
 - Wish to buy a property for use as their only and principal home;

- Are unable to afford to buy a property suitable for their needs on the open market without the assistance of an affordable home ownership scheme;
- Can provide satisfactory evidence that they are able to afford to meet the cost of purchase and to sustain their home ownership;
- Where there is a Section 106 planning agreement on the property the applicant must satisfy any local connection criteria and any other requirements of this agreement in order to become eligible.
- No automatic blanket ban will be imposed on prospective applicants without considering any overriding factors regarding the housing needs prevalent in each case at the time. However, unless such factors prove to override, Coastline may refuse to sell a shared ownership home to applicants who have at least one of the following:
 - A Community Protection Notice (CPN) or Criminal Behaviour Order (CBO) made against them in the previous two years;
 - A valid Housing Association tenancy and are subject to a valid Notice of Seeking Possession, Court Order or Anti-Social Behaviour Order and have broken conditions of their tenancy within the last 2 years; or
 - Been found guilty of conduct causing or likely to cause a nuisance or annoyance to a person residing, visiting or otherwise engaged in lawful activity in the locality.
 - In the past had issues with rent arrears, repayment of debts or missed payments, which has subsequently impacted on their credit rating. Each case will be judged on its own merits and an evaluation made of the likelihood of a future breach of the lease, or their mortgage.

3.2 Where it is found that an applicant has previous criminal convictions Coastline will undertake a risk assessment and liaise with other stakeholders and local agencies to determine whether it is suitable to continue with the application for that property or scheme.

3.3 Coastline reserve the right to reject an application should Coastline's chosen financial advisor not be able to provide a financial assessment.

4.0 False Statements by Applicants

4.1 If an applicant for shared ownership housing knowingly or recklessly supplies false information on their application, Coastline reserves the right to withdraw from any subsequent sale at any time during the sales process.

4.2 If an applicant for shared ownership housing knowingly or recklessly omits to supply information within the application documentation which would be detrimental to their application, Coastline reserves the right to withdraw from any subsequent offer or sale and reserves the right to terminate the process. This includes the failure to declare a connection to the Coastline group under their Probity Standard within the shared ownership application.

- 4.3 If a false statement is not discovered until after a sale is completed, Coastline may treat the application as fraudulent and take action to terminate the tenancy and evict the leaseholder.

5.0 Assessment of Eligibility

- 5.1 Buyers will be required to complete an application with supporting documentation which will be collected in order to obtain evidence to assess eligibility for the property or scheme, qualification with the Section 106 agreement if applicable, and a detailed financial assessment of their situation.
- 5.2 To assess the financial viability of the potential purchase, Coastline will require applicants to complete a financial assessment via Coastline's chosen financial advisor. The applicant is not obliged to use the financial advisor for their mortgage but must provide the required documentation to allow the chosen advisor to be able to carry out a complete financial assessment.
- 5.3 Documentation will be retained on the applicant's file for audit purposes. Coastline may require any documentation provided to the chosen financial advisor in order to complete a financial assessment or for audit purposes. It is the responsibility of the prospective purchaser to provide the specified evidence within the timescales provided by the Sales Team. Failure to adhere to these points within the stated timescales may result in a property being offered to an alternative purchaser or will see the property be re listed for sale.
- 5.4 Coastline will not accept a financial assessment from any financial advisor other than Coastline's chosen advisor. There will be no charge to applicants for the financial assessments.

6.0 Purchase for Use as Only and Principal Home

- 6.1 This will be assessed with reference to:
- A declaration made by the applicant(s);
 - The results of approved credit checks for all applicants; and
 - The results of landlord's references if required.
- 6.2 Applications may be accepted from existing home owners who have a pressing need to move house, under the following circumstances;
- A joint owner being forced to sell their property due to a relationship breakdown;
 - A home owner having to sell due to financial issues after being widowed;
 - Existing shared owners wishing to move home;
 - A home owner that cannot afford to purchase another property suitable for their needs on the open market;

- Other circumstances which are deemed to be critical (such as unfit or unsuitable accommodation) by Coastline and therefore will be considered on a case-by-case basis.

6.3 Existing home owners including shared owners are able to purchase through the shared ownership scheme. However, existing homeowners can only apply if they can evidence that their property is sold subject to contract. Coastline will not process applications from existing homeowners that are not in a position to proceed.

6.4 Where an application is accepted from an existing home owner, the applicant must sell or transfer their interest in the original property to another person before purchasing a shared ownership home, except for the following;

- Any other exceptional circumstances as agreed by Homes England, with support from Cornwall Council where applicable, and the Head of Development & Sales at Coastline.

6.5 Where the partner of an applicant already owns another property, and intends to occupy the shared ownership property there must be substantial written evidence provided to Coastline to confirm that the owned property is not suitable for their needs.

7.0 Inability to purchase on the open market

7.1 Applications will not be accepted from applicants whose gross household income exceeds the limit imposed within the Capital Funding Guide (currently £80,000).

7.2 Ability to purchase on the open market will be assessed with reference to:

7.2.1 The ability of the applicants to afford the buy the allocated plot at market value.

7.2.2 The percentage of a suitable home which an applicant could afford to buy based on detailed appraisal of their financial position and taking into account, where appropriate:

7.2.2.1 The availability to the applicant of any capital or assets;

- 2 Income from employment, investments, benefits, and or any other form of income;
- 3 Existing debts and financial commitments of the applicant and the conditions of repayment;
- 4 The credit report held by the individual and whether or not they have kept up with past repayment agreements;
- 5 The ability of the applicant to raise a mortgage for the term required, and;
- 6 The assessment of their finances through Coastline's chosen financial advisor

7 Number of dependents

7.3 Suitable Housing / Bedroom Needs Standards

Applicants are free to purchase a home without restrictions on the number of bedrooms determined by the household size. Applicants are able to purchase a property larger than their current household need providing that they are able to afford and sustain homeownership at the share purchased.

7.4 Joint Applicants

7.4.1 A sole qualifying applicant wishing to purchase jointly may only proceed on the condition that they are to be joint legal owners of the property. A deed of trust providing rights of occupation for a qualifying applicant is unacceptable as an alternative to becoming a joint legal owner.

7.4.2 In the case of a joint application where only one applicant qualifies under the Section 106 criteria, the qualifying applicant must become the sole or joint legal owner of the property.

7.4.3 If a member of the household is unable to be included on a mortgage application, a third of the applicant's income can be used when assessing affordability and their gross household income will be considered when checking that the household does not exceed the household income threshold to be eligible for the shared ownership scheme.

8.0 Ability to Sustain Home Ownership

8.1 The ability to afford and sustain home ownership will be assessed by each application fulfilling all of the following points:

- Receipt of a satisfactory employment reference confirming a permanent contract or if on a fixed term contract then confirmation that a further extension of at least 6 months will be remaining on the contract post completion of the sale of the property may be required. Any fixed term contracts will be considered on a case-by-case basis by the Sales and Marketing Manager;
- By requiring the applicant to provide evidence of an 'in principle' offer from a reputable mortgage lender. Should a mortgage lender not be in a position to provide an 'in principle' offer, written confirmation from the lender or mortgage broker confirming the maximum borrowing capacity of the applicant would be required;
- Receipt of a detailed credit report. This will enable Coastline to view a period of repayments and accounts over the last six years, and help determine whether or not the applicant is likely to be able to sustain a mortgage and the rental payments into the future;

- Where an applicant does not intend to raise a mortgage to make the purchase, they must be able to demonstrate that they have the means to afford and sustain home ownership in the longer term.

8.2 Mortgages – the approval of any mortgage offer is at the discretion of Coastline and the following shall be taken into account:

- The general mortgage term for applicants can run beyond the statutory retirement age of the applicants provided that the ability to sustain home ownership can be evidenced.
- Where there is only one half of a couple applying for a shared ownership home, and the partner is to be a tenant, the partner must also provide a credit report to Coastline as part of the assessment process.
- A 95% Loan to Value mortgage is the maximum Coastline can accept from applicants unless exceptional circumstances have occurred.
- Non-UK citizens requiring a mortgage must supply evidence they can live in the UK for the duration of a mortgage. This must be official evidence from an authorised body.
- Adverse credit mortgages will be considered on a case-by-case basis. The discretion of the Sales & Marketing Manager will be final.

8.3 As Coastline may be required to meet certain costs incurred by a mortgagee in possession in the event of non-payment, in order to protect Coastline's financial interests, it is Company policy not to approve interest-only mortgages.

8.4 Levels of Debt

- Overdrafts – Overdrafts are acceptable when considering a shared ownership application providing the level of overdraft is manageable for the applicant.
- Pay day loans will not be acceptable on an application.
- Any debt disclosed on an individual application or joint application over £10,000 will need to be referred to the Sales and Marketing Manager for further assessment. Debts of over £20,000 will automatically be referred to the Head of Development & Sales.

8.4.1 Please note that where new businesses are owned by an applicant and this is relied upon as a source of income, Coastline will require one year of accounts for that business in order to make a realistic financial assessment of that individual's situation. This is also the case when an applicant is classed as self-employed.

9.0 Minimum surplus income

9.1 Coastline expects applicants to have no less than 10% of their income available, after commitments and housing costs. Coastline's policy is based on knowledge of household incomes, the cost of living and broader knowledge and experience of Shared Ownership, and is subject to change at any time. For further information

about how affordability for Shared Ownership is calculated, please visit the Capital Funding Guide Capital Funding Guide - 1. Shared Ownership - Guidance - GOV.UK (www.gov.uk)

10.0 Allocations - Priority of Applicants (First Come, First Served Policy)

10.1 Properties will be allocated on a first come, first served basis to applicants who are able to provide satisfactory evidence of their ability to meet the eligibility criteria set out above subject to 10.2 and 10.3 below.

10.2 Where more than one eligible applicant is ready to proceed with a purchase simultaneously, Coastline will use the Homes England approved order of priority to allocate available properties, in accordance with current Shared Ownership priority banding:

10.2.1 Applicants who are serving military personnel defined as;

- Having completed their basic (phase 1) training and are able to provide evidence that they are one of the following:
 - *Regular service personnel (including the Navy, Army and Air Force);*
 - *Clinical staff (with the exception of doctors and dentists);*
 - *MOD 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, and they apply within 2 years (24 months) of the date of being bereaved.

10.3 If Coastline has to decide between more than one eligible applicant within the same priority band, it will use the following criteria to reach a decision:

- The home will be allocated on a first come first served basis, with the property being offered to the first applicant who meets all of the eligibility criteria, is able to purchase the share of the home, has passed their financial assessment by Coastlines chosen mortgage advisor with Coastline being in receipt of the applicants application.
- To ensure that a number of applicants are not inconvenienced Coastline will operate a plot to applicant ratio of 1:1 meaning that one application will be allocated to a home from the initial assessment. The home will then become unavailable whilst the applicant proceeds with the full assessment with the advisor. Coastline will maintain a list of applicants that have applied but have been unsuccessful. Applicants will be contacted and offered the chance to proceed in the order that they applied should a property become re available.

- Houses which have been designed with special features for a particular client group, for example homes designed for wheelchair users, or which are provided for that group as part of the conditions of grant will not be allocated on a first come serve basis.
- The exception to Coastlines first come, first serve policy is where homes are being delivered with obligations under a section 106 agreement, where priority must go to those with a local connection. In these cases, Coastline will allocate homes based on the provisions set out within the section 106 agreement.

11.0 Approval of Allocations

- 11.1 Shared Ownership allocations will be recommended by the Sales Consultants within the sales team in accordance with the criteria set out in this policy and will be subject to the written approval of the Sales & Marketing Manager and Head of Development & Sales / The director of Development & Commercial Services.
- 11.2 The basis for all allocation decisions will be recorded in writing and documented for audit purposes.
- 11.3 Where the property is a resale, written approval of the nomination must be obtained from the vendor.
- 11.4 Standard forms will be used at all stages of the allocation process to ensure that applicants are assessed on a fair and consistent basis.
- 11.5 Coastline is a registered charity and where following Homes England requirements may sell shared ownership homes to individuals who are not in poverty and in extreme housing need. In these rare occasions Coastline will be subject to Corporation Tax on any non-primary purpose trading. As this reduces surpluses available to reinvest in meeting our charitable objective sales of this nature will require an Executive Team Meeting sign-off.

12.0 Appeal Against Decisions

- 12.1 Applicants may appeal to the Sales and Marketing Manager, who will investigate the matter. The Sales and Marketing Manager will then confirm to the applicant in writing of their decision within 10 working days.
- 12.2 Appeals must be received within seven days of the applicant being notified of the original decision.
- 12.3 If the matter remains unresolved, the applicant may use Coastline's official complaints procedure.

13.0 Reservation

- 13.1 Coastline have a two-stage assessment process in place for all first tranche shared ownership sales.
- 13.2 If an applicant passes the first stage assessment, they will be allocated a property. A completed first stage assessment consists of confirmation that all of the eligibility criteria is met, the applicant is able to purchase the share of the home, has passed their financial assessment by Coastline's chosen mortgage advisor and Coastline are in receipt of the applicant's application.
- 13.3 The property will then be held for the applicant during the second stage of the process whilst the applicant completes their full assessment. The applicant will have five working days to provide Coastline's chosen financial advisor with the required documents to complete the second stage of their application.
- 13.4 Once the applicant has been approved by Coastline, they will have two working days to pay their reservation fee to secure the home.
- 13.5 Buyers must instruct their solicitor to act on their behalf within five working days of the reservation being confirmed in writing. It is also the responsibility of the purchaser to ensure they respond to queries swiftly and contact their solicitor at least fortnightly to progress the sale to completion.
- 13.6 Failure to comply with the above timescales may result in the property being offered to another applicant unless it can be demonstrated that the delay has been caused by matters outside of the control of the applicant. This will be at the discretion of Coastline Housing.
- 13.7 The applicants must adhere to the timescales set out within the reservation form to exchange contracts. Failure to do so may result in Coastline housing withdrawing from the sale to the applicant.
- 13.8 A complete service charge schedule and a copy of the shared ownership handbook will append the reservation document to be sent to any prospective purchaser.