

## **1. Statement of intent**

- 1.1 This policy sets out Saffron Housing Trust's approach to the allocation of Shared Ownership homes.
- 1.2 Shared ownership is a part buy, part rent product that enables people to buy a home in stages. It's for people who are unable to buy a home outright on the open market.

## **2. Purpose**

- 2.1 As a charitable housing association, this policy ensures that we allocate affordable homes in accordance with Saffron Housing Trust's charitable objectives, any Section 106 planning requirements and the Homes England Capital funding guide.
- 2.2 Saffron Housing Trust aims to assess all applications fairly, without discrimination and sell to qualifying purchasers.
- 2.3 Saffron Housing Trust offers a range of shared ownership products, depending on the specific development. This includes standard shared ownership, as well as Older Persons Shared Ownership (OPSO). The Sales Team will be able to advise which products are available on each development.

## **3. Eligibility**

- 3.1 To be eligible to purchase a Shared Ownership home, customers must have a gross household income of less than £80,000 (in areas outside of London) and be otherwise unable to purchase a suitable property for their housing needs on the open market.
- 3.2 All households that are interested in accessing Shared Ownership must register and be accepted by the local Help to Buy Agent for their area.
- 3.3 Saffron Housing Trust is required to conduct its own assessment of customers to ensure that they meet all eligibility criteria, and their purchase is affordable.
- 3.4 Older Persons Shared Ownership (OPSO) is a specific product for older buyers and is restricted to customers aged 55 years or older.

## **4. Customer Priority**

- 4.1 In general terms shared ownership is available on a first come, first served basis to all customers, providing they meet the relevant eligibility and affordability criteria.
- 4.2 The exception is when Armed Forces personnel apply, who are the only group to get priority. This applies to serving military personnel and former members of the British Armed Forces discharged in the last 2 years. If they die while in service, their priority can be transferred to their bereaved spouse or civil partner.

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4.3 Some shared ownership developments have specific eligibility criteria set out in the planning approval granted by the local authority – this is known as a Section 106 agreement. This could dictate that Saffron Housing Trust gives priority to customers who live or work in the area or fit household income caps set by the local authority. There may be other criteria that the local authority decides is important to meet local housing need.

## 5. Establishing Affordability

5.1 Saffron Housing Trust requires all customers to have an independent financial assessment with a mortgage advisor. This will involve a full review of all income, savings and assets and the customers' ability to secure a mortgage and sustain the costs of home ownership. If combined, the total access to funds would enable a customer to buy a suitable home outright on the open market, the customer would not be deemed eligible for shared ownership.

5.2 Customers are not required to take a mortgage or purchase any other products through these advisors.

5.3 Any loans, credit card debts and other credit commitments will be considered as part of the affordability checks.

5.4 Customers in receipt of benefits such as housing benefit or disability allowance are not precluded from applying for shared ownership, subject to an affordability assessment.

5.5 Self-employed customers are able to apply for shared ownership, providing they are able to satisfy the certification requirements regarding their income as required by mortgage advisors and lenders.

5.6 It is the customers responsibility to notify Saffron Housing Trust and the Help to Buy Agent of any changes to their circumstances after the initial application.

## 6. Maximising the share percentage purchased

6.1 Saffron Housing Trust requires customers to purchase the maximum share they can afford. This is a condition of accepting Homes England grant funding, to build shared ownership homes.

6.2 Saffron Housing Trust recognises that customers will have individual circumstances which will determine what proportion of their income can be spent on housing costs. The mortgage advisor will consider all the customer's circumstances as part of the financial assessment and propose a share level that is deemed affordable.

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## 7. Existing Owners

7.1 Owner occupiers can access shared ownership subject to the following conditions:

- That they meet the general eligibility criteria for the scheme
- That their annual household income is no more than £80,000 and combined with any equity from the sale of their current home
- They are otherwise unable to afford to purchase a suitable home to meet their needs without assistance

7.2 Each application will be assessed on its individual merits by the Help to Buy Agent and Saffron Housing Trust

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

7.4 In exceptional cases where a customer is prevented from accessing or selling their existing home, the customer may still be considered, but only if Saffron Housing Trust can secure prior written agreement from Homes England.

### 7.5 Examples where exceptional circumstances may be considered:

#### 7.6 Example 1

A customer is prevented from returning to the country where their home is located.

#### 7.7 Example 2

As part of a legal separation or divorce arrangement, it can be evidenced that the customer will not benefit financially from any future sale of the property, where they are unable to remove themselves from the title deeds of the home or reach agreement on the sale of the home.

#### 7.8 Example 3

Customers with an existing property which may be considered commercial in nature may be excused from selling such property where the following criteria are met and provided Homes England has given its prior written approval:

- The property is not or would not be suitable as a residential dwelling, such as a shop, or other business premises which provides the customers main source of income
- The property is residential and is already tenanted and the customer can demonstrate:
  1. No access to the property for their own residential needs
  2. That the rental income is the applicant's main source of income
  3. The customer has satisfactorily explained why they should not sell the property and put the proceeds towards the purchase of a residential home

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## 8. Immigration Status

- 8.1 There is nothing which legally prevents customers subject to immigration control and without indefinite leave to remain from accessing shared ownership, provided the customers fulfil the usual eligibility and affordability requirements.
- 8.2 Saffron Housing Trust is open to applications from customers without indefinite leave to remain. A key indicator we will use, is if a qualifying lending institution such as a bank or building society is willing to provide finance for the purchase. If so, the customer is likely to be considered to have the necessary financial security to buy and sustain the on-going costs.

## 9. Joint Applicants

- 9.1 Customers can apply as joint applicants to buy a shared ownership home on the condition that both applicants become the joint legal owners of the home.
- 9.2 For a joint application, both customers must meet the Shared Ownership eligibility criteria and the assessment of affordability will be based on the financial circumstances of both. In some circumstances more than two people can form a joint application, providing all parties individually and combined meet the eligibility criteria for shared ownership (i.e. the total gross household income is less than £80,000).
- 9.3 If customers are in a legal relationship such as a marriage or civil partnership, whilst they remain in the legal relationship, they must buy the shared ownership home jointly.

## 10. Income and Assets

- 10.1 For shared ownership, customers must not have a total gross household income that exceeds £80,000. The assessment is based on the income of all members of the household.
- 10.2 Only in exceptional circumstances can Saffron Housing Trust consider customers with a household income above the maximum threshold and only where we can secure written permission from Homes England.
- 10.3 **Examples of the kind of circumstances where this may be considered or agreed include:**
- 10.4 **Example 1**  
Where an element of a customer's household income is being used for non-household expenses such as on-going care costs
- 10.5 **Example 2**  
Where there are payments for child maintenance as part of a legal divorce settlement

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- 10.6 If customers have access to savings, this will be considered when assessing their eligibility for shared ownership (lump sums paid to eligible members of the armed forces as a result of illness or injury are not included).
- 10.7 If customers have savings or bonds, shares, land and any other assets or investments, they are expected to liquidate these and put them towards the purchase of their home.
- 10.8 Whilst customers are expected to maximise the amount of savings they use to purchase their share, this does not mean that they are not permitted to retain any savings. The mortgage adviser will determine the appropriate amount to be used as a deposit, factoring in the customers circumstances. They will consider the costs of purchasing the share (including Stamp Duty Land Tax if applicable), any upcoming changes in the customer's circumstances, and appropriate emergency savings.

## **11. Cash Purchases**

- 11.1 Customers may purchase their share in cash if they are unable to obtain a mortgage but have sufficient savings. For example, if an older person could not take out a mortgage due to their age. In all cases customers will be required to have a financial assessment to review affordability and eligibility.
- 11.2 Customers buying with cash must be able to demonstrate that the on-going housing costs such as rent, service charges and other housing costs are affordable

## **12. Mortgage Term**

- 12.1 Customers are free to explore mortgage products that aid their ability to enter home ownership. Increasingly, mortgage products with terms longer than the traditional 25 years are available in the lending market. Saffron Housing Trust will rely on the guidance of the mortgage advisor, as part of the financial assessment to consider individual customer circumstances, to ensure home ownership will be sustainable for the customer.

## **13. Older Persons Shared Ownership (OPSO)**

- 13.1 Saffron Housing Trust may sometimes offer a variation to the standard shared ownership product, called Older Persons Shared Ownership ( known as OPSO). The product is restricted to buyers aged 55 years and over. The scheme limits the maximum share that can be bought to 75%. When the maximum share of 75% has been bought, the shared owner does not have to pay rent on the remaining 25% share of the property.
- 13.2 All the other criteria for eligibility remain the same. The customer must still demonstrate that they can't afford to buy a property outright and the home will be affordable and sustainable for them in the longer term. Customers will be required to have a financial assessment to review their financial circumstances.

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- 13.3 It's more likely customers will purchase using a cash option, but they may also be deemed eligible for a mortgage. OPSO customers may need to retain a higher level of savings or investments than other customers, to provide ongoing income, or to cover ongoing and future living and care costs. The broker conducting the financial assessment will use their judgement on this, according to the individual circumstances of the customer and will make a recommendation to Saffron Housing Trust. The overall expectation remains that OPSO customers will use the majority of their capital to fund the purchase of the property.
- 13.4 In some cases, not all, additional health and care services are available with Older Persons Shared Ownership – the Sales Team can advise on specific developments being marketed.

## 14. Complaints

- 14.1 The level and type of complaints will be monitored in accordance with Saffron's compliments, suggestions and complaints scheme.

## 15. Equal Opportunities

- 15.1 To ensure that equal access to our services is available, Saffron will comply with all legislative requirements and good practice relating to equal opportunities. We will endeavour to avoid exclusions or restrictions that are not appropriate to the housing and support needs of leaseholders that may lead to discrimination. We will ensure that all leaseholders receive a consistent level of quality service.
- 15.2 Saffron recognises that there may be circumstances where it will need and/or wish to take different or alternative action to that outlined in this policy and it reserves the right to do so.

<b>Consulted with CAP</b>	Xxxxxx 2021 / NA if Not Applicable
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