

Shared Ownership Allocations Policy Islington & Shoreditch Housing Association

1. Policy statement

This policy outlines Islington & Shoreditch Housing Association's (ISHA) approach to the allocation of Shared Ownership homes.

Due to the current lack of affordable homes to buy outright in London, ISHA views shared ownership as a way of creating mixed and balanced communities in our areas of operation. Shared ownership provides a solution to the housing needs of middle-income earners who would otherwise not be eligible for social housing nor be able to afford to buy on the open market. Such households often work in sectors crucial to the local economy e.g. schools, health services etc. where wages have not kept pace with increases in house prices.

As a charitable housing association, this policy ensures that we allocate affordable homes and funding in accordance with ISHA's charitable objectives.

This policy supports ISHA's obligations relating to sales allocations in accordance with the Homes and Communities Agency's (HCA) Capital Funding Guide and Greater London Authority (GLA) guidance.

2. Aims and objectives of the Policy

To ensure that ISHA complies with all financial and regulatory controls including those set out in the Homes and Communities Agency's (HCA) Capital Funding Guide and Greater London Authority (GLA) guidance.

To establish a sales process that is non-discriminatory and responsive to demand, while contributing to the need to be inclusive and to ensure sustainable communities.

To establish an efficient, transparent, fair and effectively controlled basis for the acceptance and processing of applications for low cost home ownership.

To provide a system of prioritising applicants ensuring that homes are allocated to people in housing need and to those for whom shared ownership is an appropriate solution.

To ensure ISHA meet their social objectives whilst recognising the financial importance of selling properties promptly.

To comply with all other financial and regulatory controls that ISHA must satisfy.

3. Eligibility criteria

Our eligibility criteria expand on guidelines set by the HCA and GLA and is set out in our procedure detailed below in Section 4.

Further information on shared ownership can be found at:

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

To be eligible, applicants must meet all the following basic criteria:

We accept applications from single or joint applicants. A financial assessment considers the income of all household members. Joint applicants must make a joint mortgage application. In exceptional circumstances, we may accept a sole mortgage application from joint applicants, for example if one party cannot obtain a mortgage because of poor credit history. A decision would be made after the full financial assessment.

- Shared ownership is available to households up to the maximum incomes as set out in the London Plan £90,000.
- The applicant(s) must be a British or EU/EEA citizen or have indefinite leave to remain in the UK. Customers without indefinite leave to remain who are interested in buying a home must be able to demonstrate that they are able to raise a mortgage with an acceptable lender and that they can afford to sustain home ownership in the longer term. This will normally require a detailed individual assessment.
- Applicants should be unable to purchase, outright, a home of suitable size and location for their household needs on the open property market.
- Applicants must clearly demonstrate that they are able to sustain the affordability of outgoings (mortgage, rent, service charge, repairs, etc) over the long-term future, with an agreed minimum monthly sum designated as disposable income.
- The applicant(s) can satisfy the status requirements of a qualifying lending institution as stipulated within GLA's Capital Funding Guide. This is defined as a mortgage lender authorised under the Financial Services and Markets Act 2000 who has permission to enter into regulated mortgage contracts.
- The applicant(s) must obtain a mortgage to purchase the maximum affordable share. If an applicant is unable to obtain a mortgage because of age, disability or conflict with religious belief we may be able to waive the mortgage requirement subject to the approval of the GLA. If the mortgage requirement is waived the applicant(s) will still be required to undergo a financial interview.
- The applicant(s) must have adequate financial resources to afford the initial costs of purchase through savings or access to funds.
- The applicant(s) must be at least 18 years old and have a bank or building society account (in the case of low-cost home ownership

schemes for the elderly, applicants must be at least 55 years old).

- Where there are additional criteria within certain schemes, e.g., residency and/or work conditions, these will also apply.
- The applicant(s) should be a first-time buyer, with some exceptions as outlined below. Each case will be considered on a case by case basis.

Owner Occupiers may be eligible subject to the following conditions:

- They meet the previously stated eligibility for purchasing a shared ownership property.
- They are otherwise unable to afford to purchase a property that is suitable for their needs without assistance;
- They must have written support from the relevant local authority that the applicant has a housing need before accessing the scheme. Such evidence must be provided before ISHA will consider allocating a shared ownership property. It is for local authorities to determine how best to make such assessments of housing need and determine their own processes which are likely to be most responsive to their local housing markets; and ISHA must retain a record of the local authority's written support.
- Evidence of a firm commitment to sell an existing property must be provided to ISHA before any allocation of a shared ownership property will be considered.
- ISHA will not proceed with the sale of a property to an owner/occupier until the applicant has completed the sale of any other property that they own. ISHA will impose a strict time limit for this to be completed and if this expires ISHA reserves the right to withdraw from the sale and return the property to the market.

4. Procedure for assessment of eligibility

1. As part of any marketing campaign, all ISHA properties will be advertised on the Portal for Londoners (the GLA's intermediate housing programme) website.
2. Any applicant wishing to purchase shared ownership properties developed by ISHA Housing Association must apply via ISHA.
3. ISHA will ask applicants to carry out an initial eligibility check with an IFA in accordance with all appropriate eligibility criteria (see section 3 above). This is to ensure the applicant is eligible and that the scheme is affordable and confirm the maximum level of share the purchaser is required to purchase to comply with GLA guidelines.

4. For schemes with a high level of demand the Sales Team will list applicants in order of priority by awarding points as detailed in section 5 below.
5. Applicants will be invited to view properties and will be asked to indicate their preferred property(s).
6. The Sales Team will then allocate properties in priority order and send a Property Allocation Form (PAF) to be approved by the Head of Customer Neighbourhoods.
7. A conditional offer is made to the applicant based on the information received. At this stage the offer is not binding and can be withdrawn at any time by ISHA.
8. The applicant is invited to attend an in-depth financial interview with the IFA Independent Financial Assessor. The IFA will be required to provide its recommendations together with all supporting evidence including, but not limited to, identification documents, wage slips, bank statements, credit card statements, credit and loan agreements and credit checks to the Sales Team.
9. The Sales Team will review this information including copies of all supporting documents to ensure that all applicants are eligible for the scheme in accordance with the association's eligibility criteria.
10. Once this is complete and the Sales Team is satisfied the applicant is eligible all information will be passed to Head of Customer Neighbourhoods to review and check.
11. If the Head of Customer Neighbourhoods is satisfied the sale can proceed they will sign an Approval of Sale document and the Memorandum of Sale can then be issued.
12. Once the Memorandum of Sale is issued, ISHA will request that the mortgage lender carries out the valuation and makes the mortgage offer.
13. The Sales Team will approve the subsequent mortgage offer checking that it is in line with the Memorandum of Sale.
14. The Sales Team will arrange a date via solicitors for contracts to be signed and exchanged and completed.
15. ISHA may refer any case where there is any doubt or concern as to whether eligibility criteria are fully met to GLA for consideration.
16. ISHA reserves the right to withdraw from any sale at any time up to the point that contracts are exchanged.

5. Prioritisation of applicants

ISHA will use a pointing system to ensure that reasonable preference is given to those in priority need. The applicant with the highest number of points will be given priority.

Points are awarded as per below:

- 7 points to be awarded to Local Authority or Housing Association general needs/social tenants, or Armed Forces Personnel
- 2 points to be awarded if the applicant is nominated by the relevant local authority in accordance with the special conditions agreed within their nomination agreement (this is not where local authority provides support for an application from an existing home owner).
- 3 points awarded if the applicant's permanent residence is within the local authority area
- 2 points awarded if the applicants main place of work is within the local authority area.
- 1 point awarded if the applicant's permanent residence is in a local authority area adjoining the local authority area of the property
- 1 point awarded if the applicants main place of work is in a local authority area adjoining the local authority area of the property
- 1 point awarded for households with children
- 1 point each awarded for those living and/or working within London.

For a given period (usually at least three months) properties that have aids and adaptations for wheelchair users will only be allocated to applicants who are wheelchair users. It follows that in such circumstances wheelchair users may be allocated properties even though they have a lower level of points than unsuccessful applicants.

Where there is high demand and several applicants on the same points, priority will be given to those on the lowest income within the specific affordability criteria for the development.

If an applicant's refusal of a property is considered reasonable it will not be of any detriment to the application and future offers will be made where possible. Where an applicant refuses up to three offers without providing valid reasons the Association will reconsider the application and reserves the right to cancel it.

Regardless of points allocations, first time buyers will be given priority over existing owner-occupiers.

6. Applicants' records and data

Information on applicants and their households held within our records are subject to the Data Protection Act 2018 (GDPR). Every care will be taken to keep the information secure and confidential and held only for as long as is necessary for the purpose it is intended for. The data can only be disclosed to relevant third parties provided it is for the purposes of assessing eligibility of applicants. ISHA reserves the right to contact third parties to request information for the purposes of assessing eligibility of applicants.

7. Equalities and diversity

ISHA work in multi-cultural and diverse communities and believe that no person should suffer disadvantage by reason of their race, colour, ethnic origin, religion, gender, sexuality, disability, marital status, social class, age, responsibility for dependants or HIV/AIDS status.

We will ensure adherence to our Equality and Diversity Statement. We will also ensure that if residents have difficulty in understanding any document or other information we provide a translated version, a taped version in English or a version in large print.

8. Allocation of low-cost home ownership properties/scheme to ISHA staff, ISHA and Board members and/or their relatives

ISHA staff, non-resident Board Members and their close relatives will not be eligible for ISHA home ownership properties due to potential conflicts of interest. The term *close relative* is defined as a member of the immediate family or household, i.e., partner, wife, husband, son, daughter, brother, sister, mother or father.

9. Appeals

Appeals against allocations decisions will be considered via the Complaints procedure.

10. Policy review

17. This policy will be reviewed at least every three years by the Head of Customer Neighbourhoods.