

Shared Ownership Allocations Policy

Date written: March 2011

Date(s) reviewed: March 2013, July 2018, September 2021

Last Executive/Board reviewed (approved) date: N/A

Purpose: To set our policy with regard to the allocation of shared ownership properties for sale across the Bernicia Group

Scope: All Bernicia Shared Ownership Properties

Definitions: Shared Ownership is a Homes England initiative offering new homes for sale on a part buy/part build basis. Existing Shared Ownership homes can be sold/assigned to new purchasers when the original owners decide to sell. This is known as a re-sale.

Associated documents:

Shared Ownership Sales Policy

Shared Ownership Application Form

Shared Ownership Application Process New Build/Resales

Date for review: September 2024

Responsibility: Home Ownership Manager

Departments for mandatory read: Home Ownership Team

1. Introduction

- 1.1 Bernicia provides shared ownership properties throughout the North East of England. The Group builds or purchases the properties specifically for allocation via low cost home ownership initiatives.
- 1.2 We support the development of shared ownership as one aspect of helping to create places where people want to live and our policies represent the current guidance from Homes England.
- 1.3 This policy document sets out how we will assess applicants and ultimately allocate shared ownership properties to purchasers. This policy applies to both new build sales and resales.
- 1.4 It is the aim of Bernicia to ensure that in allocating shared ownership properties, reasonable preference is given to those in housing need and to contribute to the maintenance and development of safe, balanced and sustainable communities.

2. Policy statements

- 2.1 We will ensure all allocations are made in line with the Capital Funding Guide, our Sales Exclusion Policy and any other regulatory requirements or guidance by Homes England (or any other appropriate body).
- 2.2 To establish eligibility, interested purchasers are required to complete a Bernicia application form which requests details of their household, current housing situation, employment, earnings, any other income and consent for Bernicia to carry out further checks and request references as necessary.
- 2.3 During the application stage, we will ensure that customers are aware of the rights and responsibilities of becoming a homeowner, including associated costs.
- 2.4 We will always provide customers with high quality information, explaining the shared ownership process.
- 2.5 As part of the information we provide, we cannot recommend any products or specific lenders, but will guide the applicant through the shared ownership process.
- 2.6 Applicants are required to fit the basic eligibility criteria in accordance with the Help to Buy shared ownership initiative, which includes:
 - Household earnings of less than £80,000 per annum

- A first-time buyer or used to own their own home but cannot afford to buy a suitable property for their needs on the open market now
- An existing shared owner needing to upsize or downsize

2.7 In addition we are only able to sell to buyers who meet the following criteria:

- Must be over 18 years old
- Have received approval from the Help to Buy Agent in line with Homes England funding guidance.
- Are otherwise unable to afford to buy a suitable home outright on the open market.
- Have sufficient savings or can secure a mortgage to fund their purchase of the share in the property.
- Have sufficient savings or access to funds to meet the one-off costs of buying a shared ownership home.
- Must not own another property or must be able to discharge their interest prior to completion of the shared ownership property.
- In the case of new builds, depending on the stage of the build when an application is received, we may allow reservation of a shared ownership property on the condition that home owners accept an offer or be at exchange level in the sale of their existing property within a set amount of time. If the new build is complete or nearing completion, Bernicia can only allow reservations from applicants who are in a position to move straight to the conveyancing process.

2.8 No offers to reserve a property will be made to Board Members, staff, their relatives or where a close connection exists, without prior approval from the Bernicia Executive Team.

2.9 In accordance with our Sales Exclusion Policy, we will not consider any person who has been involved in proven anti-social behaviour, has current or previous landlord or mortgage debts, or has been excluded from any housing association or local authority waiting lists.

2.10 After meeting the general qualifying criteria set out by Homes England, any specific planning conditions and our own assessments, if we receive more applications on the same date than the number of properties left available, priority will be given as follows:

- Applications from military personnel, or any other priority group that may be set out from time to time by Homes England

- A locality assessment to give priority to those applicants that currently live, have employment, relatives, or a dependent child/children in an educational establishment closest to the development.
 - Suitability of the homes for sale compared to applicant's individual housing circumstances.
- 2.11 If an applicant meets the basic eligibility criteria and our initial headline assessment, an appointment will be arranged to go through their application, details of the property and the process in further detail. We will ensure that the applicant understands their contractual and financial responsibilities of buying and owning a home and their obligations once they become a shared owner.
- 2.12 The appointment will also include an affordability assessment and request for copies of documents to evidence their application such as payslips, bank statements, statements relating to committed debts etc.
- 2.13 We may carry out a verification check with Equifax (or similar organisation) to verify and confirm the applicant's personal identity, based on the information they have provided. This check will produce an individual consumer report, which may also contain a credit check, and details of this will be kept during the transaction and duly destroyed thereafter.
- 2.14 We may also carry out enquiries concerning the character of the applicant and relating to current or previous tenancies which they may have held. These checks may include, but are not limited to the Police Force, Probation Service, Social Services, Education Departments of Local Authorities and previous Landlords. The information received will be used for the sole purpose of assisting the application and will be held in the strictest confidence and destroyed once the assessment is complete.
- 2.15 In the case of new builds, if an applicant is successful following our assessments, they will be able to make their selection of chosen plot from those left available. An offer letter describing the property, share to be purchased, price and associated rent will then be issued. An offer letter will only be issued if the applicant can provide a Decision in Principle from an approved mortgage lender during the assessment process or within 5 working days following the assessment being completed. This is not applicable for cash purchases, but evidence of funds will need to be demonstrated as part of the affordability assessment. The offer notice will also request a reservation fee (which will be deducted from the completion funds, if the sale completes).
- 2.16 In the case of resales, once an applicant is assessed as being eligible and a successful affordability assessment is complete, the current shared owner and the applicant will be notified of Bernicia's approval. The current owner can then choose to formally offer the property for sale to the applicant, although they are not obliged to do so. It is expected that the current shared owner's Estate Agent will make the necessary checks in

terms of the applicant's funding arrangements to ensure that they are in a position to proceed.

3. Responsibility for implementation

- 3.1 All front-line staff are required to signpost customers, so that they can access information on the shared ownership application and allocation process.
- 3.2 Home Ownership Officers will be responsible for following the policy in relation to the allocation of shared ownership properties.
- 3.3 The Home Ownership Manager will be responsible for the effective implementation of this policy and for ensuring that staff are aware and appropriately trained in Bernicia policies and procedures relating to the sale of shared ownership properties.
- 3.4 The Assistant Director – Development, will take overall responsibility for ensuring the policy is adhered to.

4. Actioning the policy

- 4.1 This policy will be actioned when applications are received from prospective purchasers of shared ownership properties.

5. Monitoring the policy

- 5.1 This policy will be monitored by the Home Ownership Manager and supporting information relating to successful applicants and subsequent sales will be recorded.

6. Resources

- 6.1 There should be no additional resources required in order to fulfil the commitments of this policy.

7. Equality and Diversity

- 7.1 An equality and diversity impact assessment has been undertaken on this policy. In carrying out its services, we are committed to:
 - Treating all customers and employees positively regardless of any personal characteristics including gender, age, ethnicity, disability, sexuality, gender reassignment or religion.

- Taking seriously all complaints and investigating and responding accordingly.
- Using plain English and providing information in other languages, large print, audio and braille on request.