

## **Appendix A**

### **Allocation and Affordability policy for the purchase of council built shared ownership properties.**

**November 2018**

#### **Applicant Eligibility**

The council's new build shared ownership properties are aimed at people in housing need who are unable to purchase a property on the open market. In order to be eligible to apply to purchase a shared ownership property from the council, applicants must have a maximum household income of £90,000, in line with the Mayor of London's requirements, and be unable to purchase a property suitable to meet their needs on the open market.

Applicants must be able to afford their purchase, and sustain their housing costs. The council's sales agent will undertake appropriate checks on the applicant to ensure that they are able to do this.

Applicants are primarily expected to be first time buyers, though some applicants who own or have previously owned a home may be eligible, including existing shared owners (see below).

An applicant who is a social housing tenant must not be in rent arrears or in breach of their current tenancy agreement at the time of their application. The rented property must be able to be re-let to a council nominee. In the case of private sector tenants, the council's sales agent must be satisfied that the tenant has not had a history of rent arrears.

In the case of joint social housing tenants where only one tenant qualifies to purchase a council shared ownership property, the purchase can proceed in the name of the qualifying tenant provided both tenants surrender the joint tenancy and vacate the tenanted property on completion of the sale.

The council's sales agent will conduct an assessment of individual applicants to ensure that they meet all eligibility criteria. Where there are long delays between initial application and exchange of contracts, the sales agent must ensure that applicants continue to meet the eligibility criteria, as their circumstances may have changed (for example, an applicant may have changed jobs or formed a partnership).

The Government requires that Armed Forces personnel (serving military personnel and former members of the British Armed Forces discharged in the last 2 years) are a priority for shared ownership. With the exception of this group all other applicants will be considered in light of the eligibility criteria stated above with regards to housing need and income thresholds but prioritised in accordance with the council's policy set out below.

## **Prioritisation of eligible shared ownership applicants:**

The council has an existing shared ownership priority policy, available on the council's website, for allocation of shared ownership properties which are built and owned by housing associations, and we will use this existing policy for the council's shared ownership homes. The properties will be offered to applicants, provided they meet the eligibility and affordability criteria, on the following priority basis:

Priority 1	Existing council or housing association tenants in Harrow.
Priority 2	Armed Forces personnel (serving military personnel and former members of the British Armed Forces discharged in the last 2 years).
Priority 3	Those in high priority need on the Council's Housing Register.
Priority 4	Key Workers (preference to be given to those living or working in Harrow).
Priority 5	Any person living or working in Harrow.
Priority 6	All others

If there is more than one eligible applicant within each priority group we will apply the following process:

- Within Priority 1 only, according to the size of social housing property being vacated, with priority being given to 2 bed properties and larger;
- The housing need and circumstances of the applicants e.g. overcrowded households;
- The date order of the application.

Where the shared ownership or shared equity properties are being built on a housing regeneration scheme, Priority 1 will be existing resident leaseholders and existing council tenants living on the estate, followed by the priorities set out above.

Joint applications can only proceed on the condition that all joint applicants become joint owners. An eligible social housing tenant may have a partner who does not want to join in the application. The application can proceed in the sole name of the qualifying applicant provided the current social landlord gains vacant possession of their current property *and* there is no obligation to re-house the partner.

Capital, access to that capital and any income generated by it will be taken into account when assessing an applicant's eligibility to purchase a shared ownership home from the council. However, any lump sums paid to eligible members of the armed forces as a result of illness or injury are to be disregarded when assessing eligibility and sustainability. Please note that the above applies to one off lump sums only and not to other payments, such as pensions, which are still classed as income. Capital assets include savings, bonds, shares and any other financial investments.

It is the applicant's responsibility to notify the council's sales agent of any changes to their circumstances after the application details have been checked.

## **Applicant affordability**

Applicants should purchase the maximum share that they can afford and sustain. It is assumed that all applicants will take out a mortgage to enable them to purchase the maximum sustainable share. Approval will only be given to cash purchases in exceptional circumstances.

The council's sales agent will undertake an affordability assessment for all applicants to determine whether the purchase price and share purchased is sustainable and can be maintained by the applicant. The sales agent will strongly encourage applicants to discuss levels of affordability with their lender and /or mortgage broker at an early stage in the application process. Applicants should not be borrowing amounts deemed as unsustainable by either the sales agent or mortgage lender.

In instances of a joint application where both parties wish to have a share in the property both incomes must be assessed. Where there is only a single applicant, but their partner wishes to live with them, only the applicant's income can be assessed. If the applicant is married or in a civil partnership both partners' incomes should be assessed.

## **Existing Owners**

Existing shared owners who meet the applicant eligibility and affordability requirements outlined above are able to apply to purchase a shared ownership property from the council.

Existing resident leaseholders are able to purchase on shared ownership and/or shared equity on housing regeneration schemes where the council has made this a specific offer.

Owner occupiers can, in exceptional cases, apply to purchase a council shared ownership property, subject to the following conditions:

- That they meet the general eligibility and affordability criteria above, including maximum income caps;
- Each application will be assessed on its individual merits by the sales agent;
- The sales agent should be satisfied that the applicant is considered by the council to have a housing need before being accepted onto the scheme; and
- The sales agent must retain a record of the council's written support.

Existing owners who are deemed eligible are required to have already sold their property or to sell their property at the same time as buying the shared ownership property.

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