

New Shared Ownership Sales Policy

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Responsibility Officer	James Baker Head of Sales & Marketing
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1. Purpose

As a registered housing provider, this policy ensures that Midland Heart allocate affordable homes in accordance with Midland Heart’s objectives.

The actions we will take are driven by our **Vision** "to be a leading housing and care business, helping people to live independently" and our **Values**:

- **People Focussed**
- **Inclusive**
- **Professional**

2. To Be Read in Conjunction With

2.1 External:

- Homes England *Capital Funding Guide*

3. Policy Document Version Control

Version	Date	Business Owner	Review/Health Check
1.0	10/06/2024	James Baker	N/A
			Health Check

4. Scope of Policy

This policy applies to the allocation of all forms of low-cost home ownership for which Midland Heart carries out assessments of eligibility. This includes allocations of properties provided by Midland Heart as well as the general eligibility assessments of applicants as reflected in Homes England Capital Funding Guide.

POLICY STATEMENT

5.1 Introduction

This policy applies to the allocation and affordability of all Shared Ownership sales for which Midland Heart carries out assessments of eligibility. This includes allocations of properties and funding provided by Midland Heart as well as the general eligibility assessments of applicants reflected in Homes England Capital Funding Guide.

The policy refers to the Sales Process Map which provides the milestones and steps in greater detail to cover the sales procedure.

This policy covers the first tranche Shared Ownership properties only.

5.2 Aims

To ensure that we allocate homes to people in housing need who cannot afford to purchase a home suitable for their requirements without assistance.

To ensure homes and funding are allocated to people on a 'first come first served' basis whose affordability at point of assessment, gives reasonable indications that they can afford to sustain the costs of low-cost home ownership over the long-term, maximising the share percentage. Financial assessments will be carried out by a Mortgage Advisor.

First come first served is determined by date of registration with us and establishing via a Mortgage Advisor they are proceedable, affordable, and sustainable in the long term.

To establish a policy that is flexible, non-discriminatory, responsive to demand and demonstrates the need to sustain communities.

To establish a policy that is efficient, transparent, and fair with effective controls for the assessment/ processing of applications for Shared ownership.

To ensure that Midland Heart meets its social objectives whilst recognising the business needs to avoid costs associated with void properties.

To comply with the financial and regulatory controls of Homes England.

5.3 Applicant eligibility

Midland Heart's criteria for accepting telephone or web-based enquiries, carried out by the sales staff.

- Applicants must be at least 18 years old and have a bank or building society account.
- Applicants are assessed according to the criteria and affordability set out in Homes England's Capital Funding Guide.

Capital Funding Guide

<https://www.gov.uk/guidance/capital-funding-guide/11-shared-ownership>

5.4 Authority to allocate low-cost home ownership homes:

Sales staff taking front line enquiries will carry out an initial assessment of applicant's eligibility and decide whether the applicant can register their interest. The team must use criteria within the Homes England Capital Funding Guide or seek additional guidance/authorisation from the Head of Sales and Marketing.

Applicants whose eligibility needs further review must be referred to the Head of Sales and Marketing or Sales Manager; a degree of flexibility may be applied, subject to authorisation from the Head or Sales Manager. Where flexibility is applied, the reasons for this must be documented.

A Database to include the applicant's details including the date of registration will be maintained by the Sales Team to document number of leads for all marketed sites. The applicant's registration date will be retained to comply with 'first come –first served' principles and details kept until the Sales Advisor is able to approve purchasers and progress matters for a given development.

Where nominations agreements are in place, the local authority will be consulted in relation to allocating the property, where appropriate. All allocations decision must be made with due care such that they can be justified within an appeal.

5.5 Prioritisation of applicants

Homes will be offered based on a first come first served basis whilst ensuring applicants are proceedable to purchase the home. Applicants can purchase larger homes than their household needs but should not proceed with homes that are smaller than their household composition.

Midland Heart will consider registered applicants following the marketing of the homes on a 'first come first served' basis. Homes will be initially allocated to each registered applicant according to their registration date and interest in preferred plots that are available, assuming they can purchase a 10-75% share and will maximise their share according to their affordability.

The only priority as indicated by Homes England Capital Funding Guide is to qualifying members of the British Armed forces and former members of the British Armed Forces discharged in the last two years. This is the only priority group now supported by the government.

5.6 Procedure for Registration

On initial enquiry, all applicants need to have registered with Midland Heart and satisfied the headline eligibility criteria as determined by the Homes England Capital Funding Guide. Once an applicant is confirmed as eligible, they will be approved and can then be considered for any marketed properties.

Applicants are required to provide their contact details, household income, household savings, sale preferences and any supporting information when needed.

Eligible applicants will be selected on a first come first served basis (i.e. date of registration) and be provided with details of available homes to initially agree allocation of plots with the Sales Advisor. At this stage, all applicants must receive a Mortgage or cash buyer assessment by one of Midland Heart's panel of Mortgage advisors.

Midland Heart will encourage purchasers to buy the maximum equity share in their new homes that they can afford and sustain. The affordability assessments will consider rent as well as mortgage payments and are based on Section 6 of the Homes England Capital Funding Guide affordability calculator guidance note policy. Midland Heart's panel of Mortgage Advisors will use the affordability good practice guide mortgage/cash buyer forms and lender budget

planners or a methodology of comparable standard to determine applicants' ability to afford and sustain home ownership when accessing shared ownership.

The Sales advisor will, either at the viewing or over the telephone (if off plan), discuss the key features of the shared ownership scheme to ensure the applicant is aware of how the scheme works. The main purpose of the discussion is to:

- Confirm that the information provided by the applicant is accurate and that the eligibility criteria have been met.
- Explain the features of the shared ownership lease, including rent, service charges, repair obligations etc.
- Provide an opportunity for the applicant to ask questions

5.7 Income/Affordability

Following the success of the viewing/discussion a further detailed meeting will be conducted by a Mortgage Advisor. The main purpose of the interview is to:

- Assess and confirm financial affordability.
- Outline the initial and on-going costs involved.

The Shared Ownership Affordability (Mortgage/Cash Buyer approval form must be completed by the mortgage advisor and held on file, together with a Budget planner and a statement from the mortgage advisor confirming Anti Money Laundering checks have been completed and where necessary a copy of the applicants' identity (driving licence or passport) and proof of savings.

Only when the Panel Mortgage Advisor has provided the necessary Mortgage/Cash buyer approval form along with any budget planner will Midland Heart formally reserve a property, take a reservation fee, and initiate solicitor instructions.

Key criteria to assess affordability.

To proceed to purchase, applicants must:

- Hold savings to purchase a minimum 10% share or funds for a 5% mortgage deposit.
- Buyers mortgage payment can be no more than 30% of their net income.
- Satisfy Homes England requirements for rent increases (currently CPI+1% per annum).
- Be able to proceed with purchase.
- Have a surplus of 10-25% of net income once all housing/essential costs are deducted.
- Meet criteria as set out by Homes England.

The maximum household income that will be accepted is £80,000 as set by the Homes England's Capital Funding Guide.

Applicants who are local authority, housing association or private tenants must not be in rent arrears or breach of their current tenancy agreement at the time of the application. Where a tenant is or has been in arrears for a brief period due to a sudden change of circumstances or an administrative delay or error in recording the rent paid into their account, Midland Heart may use discretion to allow the case to proceed where it is satisfied the rent is being paid and the applicant has sufficient income.

5.8 Money Laundering Policy

It is important that the identity of each new applicant is established in accordance with the requirements of the Money Laundering Regulations 2003. The Mortgage Advisor is responsible for checking and keeping a copy of the applicant's identification on file, as well as monitoring and highlighting any irregularities that may become known during the application process.

5.9 Applicant's record and data

Information on applicants and their households held within our records is subject to the General Data Protection Regulations (G.D.P.R). 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. The data can only be disclosed to relevant third parties provided it is in accordance with the statement included on Midland Heart's website, e.g., developer partners, local authorities, government agencies, etc.

Midland Heart operates a paperless office environment, all paper documents or supporting correspondence will be scanned and saved digitally. Electronic data will be cleansed regularly. Midland Heart will honour all requests from applicants to have their information validated or removed.

6.0 Equalities and Diversity

Midland Heart is actively working to ensure that awareness of low-cost home ownership is raised throughout the communities and area where they work. Midland Heart positively encourages applications from people belonging to black and ethnic minority groups and other under-represented minority groups. All allocations will be made on a fair and non-discriminatory basis in accordance with our Allocations Policy/Code of Professional Conduct.

7.0 Measures and Monitoring

All homes for sale will be monitored and reviewed monthly with all necessary marketing action taken to develop sufficient demand to enable sales to be agreed. All sale instructions will be

processed asap following Mortgage Advisor approval and solicitors instructed. All instructed sales will be reviewed to ensure sales completions are achieved within 10-12 weeks of instruction or following handover of a property.

All sales allocations will be recorded in the Continuous Recording of Lettings System (CORE). This will highlight the extent to which diverse needs are being met and indicate areas where a revised or different approach may be required. The Sales and Marketing Manager must examine ethnicity of allocations to ensure accountability and fairness.

APPENDICES

Sales Process Map

Homes England Mortgage & Cash buyer forms