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| The Trust |
| Shared Ownership Sales Policy |
| Version number: V3 |
| Effective Date: 4th March 2024 |
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|  | INTRODUCTION |
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|  | Peaks & Plains Housing Trust (The Trust) is a Registered Provider and will either carry out our own first tranche shared ownership sales, outsource to a local estate agent or use a specialist low cost home ownership agent. |
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|  | The Trust receives public funds to help build homes for sale under Shared Ownership and will assess and determine applicants’ eligibility for our shared ownership properties fairly. |
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|  | scope |
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|  | This policy outlines how we will sell Shared Ownership properties in line with Homes England requirements (as set out in the Capital Funding Guide), Local Authority priorities and current best practice. This will apply to grant funded and non-grant funded (section 106) developments. |
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|  | This policy does not apply to other stock disposals, the Trust’s approach to these is covered in the Disposals Policy. |
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|  | Aims and Objectives |
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|  | Budgeted sales rates are achieved while working within grant-funding conditions and legal obligations. |
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|  | The Homeownership team have clear over-arching guidance about how to assess applicants as detailed within the Sales Procedure. |
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|  | Shared Ownership applicants are treated fairly and assessed at all times in line with Homes England Capital funding guide (CFG). |
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|  | Applicants are financially assessed for affordability and financial risk to the Trust is minimised. |
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|  | The Trusts sales exposure is kept to a minimum and exit strategies are put in place. |
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|  | LEGAL & REGULATORY REQUIREMENTS |
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|  | It is important to read the policy in combination with other reference material, including:   * Homes England Capital Funding Guide * Data Protection Act * Relevant Section 106 agreements * Consumer Protection from Unfair Trading Regulations |
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|  | definitions |
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|  | Shared Ownership |
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|  | An affordable home ownership product available to those not able to purchase a home outright on the open market. Shared Owners pay for a percentage share in the equity of the property, usually by way of a mortgage, and pay a rent to cover the unowned equity. |
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|  | **Lease** |
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|  | The contract between the landlord and leaseholder setting out the rights and responsibilities of each party. |
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|  | When developing shared ownership homes The Trust will ensure that their Shared Ownership leases are mortgageable and contain provisions, including Homes England’s required fundamental clauses (as detailed in the Homes England Capital Funding Guide). |
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|  | Homes England has published various model leases for houses and flats, Designated Protected Areas, Older Persons Shared Ownership and Social Homebuy. The model leases provided by Homes England are considered as a widely accepted route to providing the necessary protection and comfort to providers, leaseholders, lenders and others. The Trust may amend the model leases to suit circumstances without the consent of Homes England. However, Homes England’s consent is required if it is necessary to vary one of the fundamental clauses. |
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|  | The Trust will adopt the model lease wherever possible. The correct model lease will be selected to reflect Homes England’s requirements for grant & Recycled Capital Grant Fund (RCGF) funded schemes. For schemes developed without grant or RCGF, such as under a s.106 agreement, the Trust will adopt the appropriate model lease consistent with the principles below, and as required by the s.106 agreement. |
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|  | Model leases relate to the grant funded programmes, including RCGF, as follows:   * Homes still being delivered through the Shared Ownership Affordable Homes Programme (SOAHP)) 2016 to 2021 will adopt the 2016-21 model * Changes introduced to the Shared Ownership product for homes being delivered through Homes England’s Affordable Homes Programme (AHP) 2021 to 2026 – the ‘new model lease’ which includes 1% staircasing and an Initial Repair Period and an RPI based rent review clause – this applies to all schemes that are funded under the 2021-26 Homes England programme and funding committed by October 2023. * Change in October 2023 to base the Rent Review formula on CPI+1% rather than RPI+0.5%. New Shared Ownership leases granted after 12th October should use the CPI-based model leases. However, there is an exemption for homes where funding has been agreed prior to this date. These homes may continue to use the RPI-based model leases. |
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|  | The CPI rent review formula must be used for shared ownership homes developed under section 106 planning obligations contained in any new planning permissions granted on or after 12 October 2023. There is an exception to this when the local planning authority considers that substantial work has already been undertaken to agree s106 planning obligations based on the previous rent review provisions it may allow the agreement to proceed on that basis. |
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|  | **Mortgagee Protection Clause (MPC)** |
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|  | A mortgagee protection clause prevents the landlord from forfeiting a lease without first serving written notice on the lender of its intention to do so. |
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|  | OUR POLICY |
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|  | Eligibility |
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|  | An applicant’s ability to access Shared Ownership will be determined by assessment across the following areas:   * Applicants must meet initial Shared Ownership eligibility requirements. * Applicants must be financially capable of purchasing their initial share and sustaining payments on any associated mortgage and rent commitments. |
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|  | Where relevant, applicants must fall into any Local Authority priority groups identified for the development they are applying for. |
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|  | Shared Ownership Eligibility Requirements |
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|  | Shared Ownership is aimed at helping people in housing need who are unable to purchase a property on the open market. Where the Trust is responsible for selling its new homes, the Trust will carry out a preliminary assessment for each applicant against Shared Ownership eligibility criteria. |
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|  | Applicants eligible to apply will:   * Be over 18 years of age * Usually be a First-Time buyer * A previous owner occupier that used to own a home but can’t afford to buy one now * Existing Shared Owner looking to move * Armed Forces personnel, including serving military personnel and former members of the British Armed Forces discharged in the last two years * Be able to demonstrate that they are unable to purchase a home outright on the open market suitable to meet their current housing needs * Not earn more than £80,000 per annum (earnings threshold for single and joint applications) * Have sufficient funds to meet the purchase costs of buying a home * Be able to access a mortgage and sustain mortgage and rental payments over time * Usually be a British or EU/EA citizen or have indefinite leave to remain in the UK * Elderly Households who require accommodation suitable for their needs. Applicants over the age of 55 are likely to be eligible if they need to move because their current housing circumstances are inappropriate for their needs. This might be the case because their property is now too large or no longer suitable due to health, disability, mobility or support considerations. * There is further information available here [www.ownyourhome.gov.uk/scheme/shared-ownership/](https://www.ownyourhome.gov.uk/scheme/shared-ownership/) |
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|  | Local connection criteria determined by section 106 agreements |
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|  | Where the development is subject to a section 106 agreement and the local authority has defined ‘eligible persons’ in terms of local connection, the Trust will seek documentary evidence from any buyers to evidence their local connection. The Trust will not sell to any persons not meeting the local connection criteria unless all required written permissions are provided by the local authority – and this may include a formal variation to the section 106. For rural exception sites section 106 local connection criteria will take precedence over the Homes England priority groups listed above. Wherever possible the Trust will seek to have the rural exception site condition removed to allow a more flexible approach to targeting prospective purchasers. |
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|  | Joint Applicants |
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|  | An eligible applicant who wishes to buy a Shared Ownership home with someone else can only proceed on the basis that any joint applicants must become joint owners. Anyone joining the application who owns a home must sell it at the time of jointly buying through Shared Ownership. |
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|  | Current owner occupiers, including existing shared owners, can have access to Shared Ownership on the following conditions:   * That they meet the general Shared Ownership eligibility criteria for the scheme (the annual household income is no more than £80,000 and are otherwise unable to afford to purchase a property that is suitable for their needs without assistance). * Each application will be assessed on its individual merits by the Help to Buy agent and the Trust. Any existing owners / shared owners who are assessed as eligible to purchase through Shared Ownership will be required to sell their property at the same time as buying through Shared Ownership. Should there be exceptional circumstances where an applicant is prevented from selling their existing home the Trust will make a case to the Homes England to ask them to consider waiving this requirement. |
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|  | Affordability |
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|  | The Trust will typically work with a third-party mortgage advisor to undertake an affordability assessment, using the Homes England Affordability Calculator, for each applicant. This is free of charge to both the Trust and the applicant. The Trust will work with Metro Finance to work out the maximum share that our customer can purchase. The customer will need to contact Metro Finance on 0114 270 1444 for their assessment, or they can input their details online at [www.metrofinancelive.co.uk](http://www.metrofinancelive.co.uk) .  Applicants will be encouraged to purchase the maximum initial share they can afford given their current circumstances. The maximum affordability ratio is considered to be 45% of household income being spent on accommodation costs. However, in some circumstances it may be considered acceptable to exceed the 45% household income but only when steps are taken in line with the CFG. |
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|  | The Trust expects most applicants to spend at least 30%-40% of net household income on the shared ownership rent, mortgage and service charge costs. In some circumstances, this will be less than 30%, due to the applicant’s inability to obtain a mortgage at the estimated level. This may be related to different legitimate reasons, such as the applicant’s age or their deposit size. The Trust will use discretion in such instances, looking at the reasons why it appears the buyer is not maximising what the Affordability Calculator suggests is possible. For applicants who fall within the required age range to obtain a mortgage, the Trust will require written confirmation from the mortgage advisor that the applicant can’t obtain a larger mortgage. |
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|  | Households earning over £80,000 a year will not be eligible for shared ownership. |
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|  | The Trust will seek to average first tranche shared ownership sales at 35% across a development programme. However, shares between 10% and 75% will be considered for Affordable Homes Programme (AHP) 2021 – 2026 grant funded developments. On section 106 developments (where planning was granted prior to the release of the AHP 2021-2026 and following legal advice) the Trust may choose to use the standard shared ownership model and offer shares between 25% and 75%. |
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|  | Metro Finance will use the approved Homes England Shared Ownership Affordability Calculator to ascertain the following information for the applicant(s):   * That the applicant(s) income would not allow them to purchase a property suitable for their housing need outright * That the applicant(s) income and ability to access a mortgage will allow them to purchase through Shared Ownership, and sustain the monthly costs of home ownership on the property applied for * That the applicant(s) combined monthly mortgage, rent, and service charge and debt costs for the property applied for would not exceed more than 45% of their net income * That any applicant is maximising their contribution in line with the Homes England caps |
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|  | Buyers will be encouraged to purchase the maximum share that they can afford to purchase and sustain the monthly costs. Purchasers will also be encouraged to staircase and buy additional shares through to outright ownership. |
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|  | Metro Finance will be responsible for gathering the following supporting documents in order to qualify each customer. Metro will need the following documents from the customer:     * Photographic ID (Passport or Driving Licence) for all applicants * Last 3 months’ pay slips (If self-employed, they will need to provide 3 years of accounts by a qualified accountant or 3 years of SA302s, if the mortgage lender will accept these). * Proof of funds for a deposit (Bank statement or screen shot of online banking) * A ‘Mortgage in Principle’. This proposes the amount the provider is prepared to lend, the interest rate and the number of years to repay (this can be arranged through Metro Finance) * In-work benefits (excluding child-care credits) |
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|  | If ‘local area connection’ criteria’ applies to the development (i.e. to buy in this area customer must live or work in a local ward/parish or have family there) customer will need to provide evidence of this connection. In some cases, the Trust will seek approval from the local council. |
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|  | Any copy documents collected and processed as part of the affordability assessment process will be held in accordance with the Trust’s Data Protection policy and Metro’s Data Sharing Agreement. |
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|  | Cash Buyers |
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|  | Some applicants, particularly older people or homeowners going through a relationship breakdown, may be cash buyers and not take out a mortgage. The Trust will seek to ensure that the cash buyer requires shared ownership to access sustainable home ownership and they are still maximising the share they purchase. |
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|  | The Trust will seek confirmation from mortgage advisors that the buyer is unable to obtain a mortgage if the applicant falls within the required age range to obtain a mortgage. |
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|  | For older applicants (aged over 55), it will be expected that they put the majority of any capital into purchasing the property. Some discretion will be used in applying this principle when in relation to Older Persons Shared Ownership or Shared Ownership in Extra Care developments. In such instances the cost of care, service charges, and other living expenses will be considered as part of an assessment of what an appropriate level of capital would be for the buyer to retain. |
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|  | The Trust will apply the principles of its Anti-Fraud, Bribery and Corruption policy and Anti-money Laundering Policy in seeking verification and evidence of the source of any cash being used to purchase. |
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|  | Applicants receiving a gifted deposit will be expected to provide a completed Gifted Deposit Form from the family member providing the money. Only gifted deposits from close family members (parents, grandparents, siblings) will be permitted. |
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|  | Viewings |
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|  | Applicants will be offered a virtual viewing, if available, prior to being approved by both the eligibility and affordability assessments. |
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|  | Once approved, applicants will be offered a physical viewing when possible. If the plot is still under construction this will only be granted once the site team allow. |
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|  | Reservations |
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|  | Approved applicants will be required to pay a £500 reservation fee to reserve their plot. This will be deducted on the final statement at legal completion. |
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|  | In the event of a reservation cancellation within the 28-day reservation period – the Trust will refund the reservation fee, less an administrative charge deduction of £150. If the cancellation is after expiry of the 28-day reservation period, the Trust reserve the right to retain the full reservation fee paid. |
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|  | Appendix 1 – shows the customer journey from Reservation to Legal Completion |
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|  | Approving the Mortgage Offer |
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|  | Following the valuation survey, the Trust is required to view a copy of the buyer’s mortgage offer, including amount of borrowing, interest rate and mortgage length. The Trust must approve any mortgage offer received by a purchaser. This is to:  a) check that the terms of the mortgage offer are fair and that repayments will be sustainable for the purchasers. An affordability/sustainability sign off must be present in the customer file.  b) to safeguard the Trust as far as is possible from the financial loss that may be incurred in the event of future repossession.  The Trust has to approve any mortgage offer received by a purchaser. |
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|  | Mortgages must be obtained from a lending institution that is regulated by the FCA. In addition to seeking their own financial advice, potential purchasers will be able to obtain mortgage advice on the mortgage products available to them from one of our specialist panel mortgage advisors. As a guide, the Trust will not approve a mortgage offer in the following circumstances:   * If the interest rate in the mortgage offer doesn’t must match the Homes England calculator * If the address/postcode on offer doesn’t match the Memorandum of Sale and contract * Where the mortgage offers further borrowing without our consent * Where the amount borrowed exceeds the value of the share being purchased * Where the interest rate exceeds 4% above the standard variable rate (SVR) offered by either Halifax, Santander, Leeds Building Society, HSBC * Where the mortgage term is more than 35 years, unless there are exceptional circumstances or hardship. Any term in excess should be approved by a Director * The applicant must always have the available working years * Interest only mortgages are not acceptable * Self-certified mortgages are not acceptable * The standard Mortgagee Protection Clause (MPC) must not require variation in any way, no additions, no caveats, no addendum |
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|  | Anti-Money Laundering Policy |
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|  | The Trust’s employees will be familiar with the Trust’s Anti -Money Laundering Policy and will comply with the relevant procedures in place to safeguard the group from money laundering. For any Shared Ownership Sales, Metro Finance will carry out early anti-fraud and money laundering procedures as part of the qualification process of the customer. To meet legal requirements under fraud and anti-money laundering legislation, lenders lay down specific requirements for documentation including proof of identity, proof of income and proof of residence etc. The documents necessary to meet these requirements will be assembled by Metro Finance following prescribed procedures. Having assembled the documents Metro will firstly satisfy themselves that they appear to be genuine documents and then package them for the lender. |
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|  | Furthermore, the solicitor appointed by the Trust to act on plot sales will be responsible for carrying out appropriate checks to confirm the identity of the customer. |
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|  | Complaints and Appeals |
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|  | Any complaints or appeals against decisions made by the Trust can be made by following our Complaints Procedure. |
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|  | Mitigation of Shared Ownership |
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|  | In the event that shared ownership properties are not purchased, the Trust would consider the following options:   * Change the tenure to Affordable Rent * Change the tenure to Rent to Buy, where an intermediate rent can be charged and the property can be sold at a later date. |
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|  | Investor Sales |
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|  | The Trust reserve the right to consider any reasonable offer for shared ownership properties from investors. Each sale would be subject to specific internal approval from the Chief Executive and/or Board. |
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|  | EQUALITY, DIVERSITY & INCLUSION |
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|  | The Trust will monitor the impact of this policy to ensure that applications for Shared Ownership are dealt with fairly and effectively in accordance with legislation. |
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|  | An Equality Impact Assessment has been carried out. It was concluded that this policy will have a negative impact on a person who is younger than the age of 18 years old. In accordance with the Homes England Capital Fund Guide Shared Ownership applicants must be 18 years or over. This is due to the minimum age to take legal title of a property is 18 years old. |
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|  | The Trust strives to meet the needs of all customers and is committed to reducing inequality, eliminating discrimination, and promoting good relations between people of different groups. We will be sensitive to the specific needs of all new applicants/customers and will actively seek to identify those needs and ensure that those needs are met. |
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|  | The policy will be made available in alternative formats (larger font etc) where necessary. |
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|  | RESPONSIBILITIES |
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|  | The Executive Management Team is responsible for approving the policy. |
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|  | The Assistant Director of Finance will be responsible for the effective implementation of this policy. |
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|  | The Rents & Service Charge Manager via the Homeownership Team Leader will oversee the day to day operation and reporting of this policy. |
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|  | MONITORING AND REPORTING |
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|  | The Trust will review this policy, procedures, and staff training needs at regular intervals to ensure that it continues to operate best practice and aim for continuous service improvement. |
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|  | The Assistant Director of Finance will be responsible for ensuring that policy reviews are undertaken. |
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|  | The sales performance is reported on a monthly basis to the Trust’s Performance Management Group. |
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|  | CONSULTATION |
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|  | The Trust’s Senior Management Team and All Managers Team have been consulted in the development of this policy. |
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|  | The Trust’s Challenge Group has been consulted about the policy. |
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|  | REVIEW |
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|  | This policy will be reviewed every three years unless legislation or regulation changes require an earlier review. |
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|  | ASSOCIATED DOCUMENTS |
|  | This policy should be read in combination with other reference material, including:   * Anti-money Laundering Policy * Anti-Fraud, Bribery and Corruption Policy * Sales Procedure * Homes England Capital Funding Guide |
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# POLICY INFORMATION

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| Policy Name: | Sales Policy |
| Status: | Final/Approved |
| Approved by: | PPHT Board |
| Drafted By: | Homeownership Team Leader |
| Date approved: | 30th January 2024  *(subject to amendments now included)* |
| Next Review Date: | January 2027 |

Appendix 1 -

A diagram of a company

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