

DECISION TAKER: Cabinet Member for Housing – Councillor Chris Westwood

REPORT TITLE: SHARED OWNERSHIP SALES POLICY

11 DECEMBER 2024

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WARD(S): ALL

PURPOSE

From time to time the council must review its New Homes Shared Ownership Policy. This paper proposes the adoption of the policy set out in Appendix 1. This will ensure a consistency of approach by the council and enable home ownership customers to understand eligibility for a Shared Ownership home. The policy applies to all new Shared Ownership homes provided by the council whether or not they are funded by Homes England.

RECOMMENDATIONS:

1. That the Shared Ownership Policy is adopted.

IMPLICATIONS:

1 COUNCIL PLAN OUTCOME

- 1.1 Tackling the Climate Emergency and Creating a Greener District
- 1.2 No impact
- 1.3 Homes for All
- 1.4 Shared Ownership homes provided by the council are a valuable part of affordable housing supply. A fair and transparent way of utilising these homes will maximise their benefit.
- 1.5 Vibrant Local Economy
- 1.6 Shared Ownership homes help provide a source of locally based workers and support local spend.
- 1.7 Living Well
- 1.8 There are strong links between high quality housing, and health and wellbeing outcomes.
- 1.9 Your Services, Your Voice
- 1.10 Proposals will ensure a fair and transparent way of utilising new affordable homes provision which has been identified as an important community priority.

2 FINANCIAL IMPLICATIONS

- 2.1 The process has been designed to minimise the time new homes are empty between completion and sale, thus limiting the council's exposure to financial risk.
- 2.2 If Homes England grant funding has been provided for a scheme the council cannot sell Shared Ownership properties unless the council follows grant funding requirements.

3 LEGAL AND PROCUREMENT IMPLICATIONS

- 3.1 None.

4 CONSULTATION AND COMMUNICATION

- 4.1 This policy has been updated, in part, because of changes to the Homes England Capital Funding Guide in relation to Shared Ownership homes being allocated on a 'first come, first served' basis and the requirement for a

minimum surplus income percentage. Homes England have consulted on these changes.

- 4.2 Proposed policy changes have been discussed by the council with other providers and are broadly consistent with the approaches they have taken. Advice has been sought from financial advisors/lenders and resultant policy is consistent with the approach they recommend. We contacted those who have expressed to us an interest in shared ownership housing, 43 from our Registration of Interest and 251 from Hampshire Home Choice. Although four responses were received, they were in the form of general questions on shared ownership housing rather than on the draft policy itself.
- 4.3 Once changes to the policy have been agreed the published policy will then be shared with customers and be available on the council's website. The council's Shared Ownership Manager will be able to explain the policy to those who make enquiries. The council's website also signposts households to the homeownership schemes of other providers to support them in the search for a new home.

5 ENVIRONMENTAL CONSIDERATIONS

- 5.1 None.

6 PUBLIC SECTOR EQUALITY DUTY

- 6.1 An Equality Impact Assessment has been undertaken – see Appendix 2 of this report.

7 RISK MANAGEMENT

Risk	Mitigation	Opportunities
Financial Exposure <i>Lack of eligible applicants and extended sales period</i>	The process has been designed to optimise market reach and minimise the time new homes are empty between completion and sale, thus limiting the council's exposure to financial risk.	
<i>Inability to access Homes England grant.</i>	The approach mirrors that advocated by Homes England.	

Exposure to challenge	<p>The approach mirrors that advocated by Homes England.</p> <p>The approach set out in the policy is clear and includes an objective process for sales and follows Homes England's "first come, first served" approach.</p> <p>Consultation has taken place, including with stakeholders.</p>	
Innovation	The proposal is not novel in its approach, and it mirrors that of other providers.	
Reputation	<p>Stakeholders and users have been consulted.</p> <p>The proposal is not novel in its approach, reflecting the approach of other providers.</p> <p>The process has been designed to optimise market reach and minimise the time new homes are empty between completion and sale.</p>	
<p>Achievement of outcome</p> <p><i>Risk that properties may remain empty</i></p>	The process has been designed to optimise market reach and minimise the time new homes are empty between completion and sale.	
<p>Property</p> <p><i>Risk that properties may remain empty</i></p>	The process has been designed to optimise market reach and minimise the time new	

	homes are empty between completion and sale.	
Community Support	Stakeholders and users have been consulted.	
Timescales	The process has been designed to optimise market reach and minimise the time new homes are empty between completion and sale.	
Project capacity	The proposed approach limits staff resource needed to process applications and complete sales. Sufficient capacity exists to adopt the proposed approach.	

8 OTHER KEY ISSUES

8.1 None.

9 SUPPORTING INFORMATION

- 9.1 The council adopted a Shared Ownership policy for its own new build schemes in 2017 (PHD 758) at the point it was about to complete its first Shared Ownership homes. A light touch review was carried out of the policy in 2019. No material changes were made. It is desirable to review the policy again to ensure it is up to date and provides clarity for staff, members and customers and meets Homes England requirements (other providers will have their own policies).
- 9.2 This policy has been updated, in part, because of changes to the Homes England Capital Funding Guide in relation to Shared Ownership homes being allocated on a 'first come, first served' basis and the requirement for a minimum surplus income percentage (which is the most significant change to the policy).
- 9.3 The minimum surplus income calculation gives an indication of surplus income following deductions for items such as housing costs, hire purchase commitments, food and entertainment costs.

- 9.4 The updated policy will ensure a consistency of approach by the council and enable home ownership customers to understand eligibility for a Shared Ownership home. The policy applies to all new Shared Ownership homes provided by the council, whether or not they are funded by Homes England.
- 9.5 The policy draws on the detailed Homes England Capital Funding Guide, a guide which is intended primarily for housing providers. The council's proposed Shared Ownership policy is a shorter, council-specific policy document that will help customer and staff understanding.
- 9.6 The 10% minimum surplus income percentage is in line with other Shared Ownership providers in the market. This minimum surplus income percentage also helps to ensure the Shared Ownership property is affordable to the applicant.
- 9.7 The proposals are a positive change to the council's policy because the previous Homes England calculator that was used by the council to assess applicants was more stringent (thereby excluding some applicants) than the new minimum surplus income percentage policy being proposed.

10 OTHER OPTIONS CONSIDERED AND REJECTED

- 10.1 Not updating the policy. The current policy would be out of date, there would be a lack of transparency and clarity for prospective purchasers, a risk of inconsistency of approach and of challenge, financial risks, and a risk of being unable to access Homes England funding.
- 10.2 A higher minimum surplus income. This would have been inconsistent with general practice across the industry and may exclude some households from the option of purchasing a home.

BACKGROUND DOCUMENTS:-

Previous Cabinet/Committee Reports or Cabinet Member Decisions:-

PHD758 - ALLOCATION POLICY FOR SHARED OWNERSHIP GENERAL NEEDS
2017

Other Background Documents:-

None

Appendices

Appendix 1	New Homes Shared Ownership Policy
Appendix 2	Equality Impact Assessment

APPENDIX 1:

Winchester City Council
New Homes Shared Ownership Policy

Document history:

<u>Version</u>	<u>Date</u>	<u>Description of update / change</u>
<u>1</u>	<u>07/2019</u>	<u>original shared ownership policy</u>
<u>2</u>	<u>10/2024</u>	<u>section 0 – background context added</u> <u>section 3 – eligibility – reference to help to buy removed</u> <u>and ‘first come, first served’ principle established</u> <u>section 5 – surplus income section added</u> <u>sections 5, 6, 7, 8, 9 & 10 – removed</u>

0. Background context

The demand for Shared Ownership homes outweighs supply, so it is essential to be clear how we allocate and offer our Shared Ownership homes to prospective eligible customers.

1. Policy statement

This policy outlines Winchester City Council’s (WCC) approach to the allocation of Shared Ownership homes built and/or sold by WCC in accordance with the [Homes England Capital Funding Guide](#) (CFG). This policy applies to the allocation of all Shared Ownership homes for which WCC provides and carries out eligibility assessments. Other providers of Shared Ownership homes will have their own policies.

2. Aims and objectives

Aims – to comply with the Homes England CFG regardless of government funding and to provide a fair and transparent service delivering Shared Ownership homes.

Objectives – to establish an equitable method of processing applications so homes are allocated to eligible people for whom Shared Ownership is appropriate.

3. Eligibility

The council’s criteria for accepting applications are as follows:

- minimum age of 18 years
- bank or building society account holder
- annual household income of less than £80,000

Existing homeowners (owner occupiers) can access Shared Ownership homes subject to meeting general eligibility criteria and selling their current property. This may include existing homeowners who are going through a relationship breakdown and will need to sell their current home. Individual circumstances should be discussed with the council.

Applicants are assessed according to the criteria and affordability guidance set out in the CFG.

4. First Come First Served

Shared Ownership homes will be offered in line with the eligibility criteria set out in the CFG. WCC Shared Ownership properties are allocated to eligible applicants on a 'first come, first served' basis*. When a Shared Ownership home is advertised, WCC accepts eligible applicants on this basis using the date and time applications are received by WCC.

Serving and former members of the British Armed Forces (discharged in the last two years) will be given priority above this.

An offer of a Shared Ownership home is dependent on the applicant providing accurate information. WCC reserves the right to withdraw the offer if information is found to be misleading or not provided in a timely manner.

Shared Ownership properties in Extra Care schemes may have different eligibility criteria. Individual circumstances should be discussed with the council. Resale properties are outside the scope of this policy. Leaseholders should refer to the terms of their lease.

*Eligible households identified by the council and where the council owes the main homelessness duty in accordance with the 1996 Housing Act (as amended) may be given priority over other households.

5. Monthly surplus income

A minimum monthly surplus income is required as part of the financial assessment. Surplus income is the money applicants have available each month, after accounting for all housing costs, other commitments and expenditure as established by their budget planner. The minimum monthly surplus income required by WCC is 10%.

WCC will refer applicants to a professional financial advisor to undertake an affordability assessment. This will be used to determine an affordable share to purchase that is suitable and sustainable. This share should not unduly overcommit applicants financially, based on the information provided at the time. WCC ensures that independent financial advisors it suggests directly satisfy the criteria below;

- regulated and qualified to give mortgage advice
- good working knowledge of Shared Ownership

- access to a suitable range of Shared Ownership mortgage lenders in order to give an accurate assessment of mortgage availability
- has read and understood the CFG section 3 and section 6B on 'Applicant eligibility' and 'Affordability guidance'
- has confirmed they have read and understood our Shared Ownership Policy

Advisors will be reviewed periodically to assess their suitability and evidence will be retained.

If an applicant wishes to seek mortgage advice from an advisor not suggested/recommended by WCC, there is a risk the information supplied will not be accepted. This will depend on WCC's assessment of the individual in relation to the criteria above. If WCC is dissatisfied with any element of the affordability assessment, it will refer the applicant to an alternative advisor of WCC's choice for a further assessment.

The purpose of ensuring adequate surplus income is to protect purchasers from the adverse effects of housing payment increases, which may otherwise present a financial risk. A minimum 10% monthly surplus income has been agreed by mortgage brokers, lenders and other providers of social housing in line with CFG guidance.

The forms attached show how the affordability is worked out leaving a 10% surplus for the applicant to be eligible. The advisor will summarise the outcome of the affordability assessment in a sign-off sheet, and uses lenders' criteria to ascertain this using the monthly planner. The planner takes the gross income and deducts living costs, commitments and the mortgage costs to leave a surplus.

[New Build Applicant Sign Off form](#)
[Applicant Monthly Planner](#)

APPENDIX 2:

**Shared Ownership Policy
Equality Impact Assessment**

Section 1 - Data Checklist

		Yes/No	Please provide details
1	Have there been any complaints data related to the policy or project you are looking to implement?	No	There have been no issues with the council's previous Shared Ownership policy.
2	Have all officers who will be responsible for implementing the policy been consulted, and given the opportunity to raise concerns about the way the policy has or will be implemented?	Yes	The policy has been developed by the New Homes Team with input/support from: <ul style="list-style-type: none"> • Legal • Finance • ELB • Strategic Housing • Cabinet member decision day • Procurement
3	Have previous consultations highlighted any concerns about the policy from an equality impact perspective?	No	
4	Do you have any concerns regarding the implementation of this policy?	No	
5	Does any accessible data regarding the area which your work will address identify any areas of concern or potential problems which may impact on your policy?	No	
6	Do you have any past experience delivering similar policies which may inform the implementation of your scheme from an equality impact point of view?	Yes	The previous Shared Ownership policy was implemented with no issues.
7	Are there any other issues that you think will be relevant?	No	

Section 2 - Your EqIA form

Directorate: Housing	Service Area: New Homes	Officer responsible for this assessment: - Anna Bodman - Emily Harris - Kate Dowling - Caroline Egan - Karen Thorburn	Date of assessment: 18 th October 2024
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	Question	Please provide details
1	What is the name of the policy that is being assessed?	Winchester City Council Shared Ownership Policy
2	Is this a new or existing policy?	Existing policy
3	Briefly describe the aim and purpose of this work.	To outline the council's approach to allocating Shared Ownership homes built and/or sold by WCC in accordance with the Homes England Capital Funding Guide.
4	What are the associated objectives of this work?	<ul style="list-style-type: none"> To establish an equitable method of processing applications so that homes are allocated to eligible people for whom Shared Ownership is appropriate and affordable. To provide a fair and transparent delivery of Shared Ownership homes. To comply with the Homes England Capital Funding Guide.
5	Who is intended to benefit from this work and in what way?	<ul style="list-style-type: none"> Prospective customers for Shared Ownership homes Council officers responsible for the allocation of Shared Ownership properties
6	What are the outcomes sought from this work?	That Shared Ownership properties are sold in accordance with current legislation and regulations. An adequate allocations policy will result in properties that are sold to eligible individuals who can afford the costs associated with the upkeep of the property.
7	What factors/forces could contribute or detract from the outcomes?	<ul style="list-style-type: none"> Changes to legislation/regulations Lack of suitable Shared Ownership applicants Lack of properties/stock Macro-economic factors
8	Who are the key individuals and organisations responsible for the	New Homes Team guided by Homes England.

	implementation of this work?	
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9	<p>Summary</p> <p>The allocations procedure outlined in this policy is non-discriminatory, equitable, and in line with our statutory and regulatory requirements, including the Equality Act 2010. The eligibility checks will result in some form of 'discrimination' but any negative impacts of this effect on protected groups is mitigated through other affordable housing schemes offered by the council and the open market.</p>
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		Please select your answer in bold . Please provide detail here.	
10a	Could the policy have the potential to affect individuals or communities on the basis of race differently in a negative way?	Y	N
10b	What existing evidence (either presumed or otherwise) do you have for this?	As with all council policies, residents can request for the allocation policy to be translated into different languages if required.	
11a	Could the policy have the potential to affect individuals or communities on the basis of sex differently in a negative way?	Y	N
11b	What existing evidence (either presumed or otherwise) do you have for this?		
12a	Could the policy have the potential to affect individuals or communities on the basis of disability differently in a negative way?	Y	N
12b	What existing evidence (either presumed or otherwise) do you have for this?	<p>The policy can be provided in alternative formats upon request. It is also available online in a format compatible with assistive technologies.</p> <p>Customers have the option of registering their interest online, via telephone or by coming into the council offices.</p> <p>The first-come-first-served process is based on the first expression of</p>	

		interest received by the council. The full application process is completed at a later date so this will not disadvantage people with a disability that may mean this process takes longer.
13a	Could the policy have the potential to affect individuals or communities on the basis of sexual orientation differently in a negative way?	Y N
13b	What existing evidence (either presumed or otherwise) do you have for this?	
14a	Could the policy have the potential to affect individuals on the basis of age differently in a negative way?	Y N
14b	What existing evidence (either presumed or otherwise) do you have for this?	Older people are more likely to face digital exclusion and may face barriers to applying for Shared Ownership properties online. To ensure the process is accessible, applicants can also phone or visit the council offices.
15a	Could the policy have the potential to affect individuals or communities on the basis of religious belief differently in a negative way?	Y N
15b	What existing evidence (either presumed or otherwise) do you have for this?	
16a	Could this policy have the potential to affect individuals on the basis of gender reassignment differently in a negative way?	Y N
16b	What existing evidence (either presumed or otherwise) do you have for this?	
17a	Could this policy have the potential to affect individuals on the basis of marriage and civil partnership differently in a negative way?	Y N
17b	What existing evidence (either presumed or otherwise) do you have for this?	
18a	Could this policy have the potential to affect individuals on the basis of pregnancy and maternity differently in a negative way?	Y N

18b	What existing evidence (either presumed or otherwise) do you have for this?	
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Impacts on other groups:

Armed forces community:

This policy is expected to positively benefit the armed forces community. Any serving and former members of the British Armed Forces (discharged in the last two years) will be given priority for Shared Ownership properties. This will help to support these individuals who might otherwise be at increased risk of homelessness.

Socio-economic deprivation:

Shared Ownership is only available for applicants who have a bank/building society account and a minimum monthly surplus income of 10%. This will exclude certain individuals on the basis of their income. It is necessary to apply this monthly surplus limit to ensure that the Shared Ownership scheme is suitable and sustainable and doesn't unduly overcommit applicants which could in turn further increase financial inequality.

A lower level of surplus income was considered as part of this policy review, but was ruled out due to the financial risk this could present.

Applicants who do not meet this threshold but are in need of affordable housing can utilise other council schemes.

19	Could any negative impacts that you identified in questions 10a to 15b create the potential for the policy to discriminate against certain groups on the basis of protected characteristics?	Y	N	
20	Can this negative impact be justified on the grounds of promoting equality of opportunity for certain groups on the basis of protected characteristics? Please provide your answer opposite against the relevant protected characteristic.	Y	N	Race: Sex: Disability: Sexual orientation: Age: Gender reassignment: Pregnancy and maternity: Marriage and civil partnership: Religious belief:

21	How will you mitigate any potential discrimination that may be brought about by your policy or project that you have identified above?	<ul style="list-style-type: none"> • Policy can be translated and interpreted into alternative formats upon request • Allocations policy available online and compatible with assistive technologies • Other affordable housing schemes are available from the council with different eligibility criteria • Specific priority for armed forces community 		
22	Do any negative impacts that you have identified above impact on your service plan?	Y	N	

Signed by completing officer	Kate Dowling
Signed by Service Lead or Corporate Head of Service	Caroline Egan