

Policy

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Sales Policy

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1. Introduction

Shared Ownership is a way to buy a home if you can't afford the deposit and mortgage payments for a home on the open market, that meets your needs. Based on what is affordable and sustainable, customers buy a share in a home and pay a reduced rent to Halton Housing on the remainder.

This policy has been developed to set out how Open Door by Halton Housing will market, allocate and sell Shared Ownership homes. It should be noted that the customers tenancy and lease will be with Halton Housing.

This policy is in line with Homes England requirements, consistent with the Capital Funding Guide and in accordance with current best practice. Any changes made to the Capital Funding Guide will supersede details within this policy.

The policy relates to all Shared Ownership sales including Older Person Shared Ownership (OPSO) and resales.

The aims and objectives of this policy are:

- To ensure that HH employees have a clear understanding of how to manage the Shared Ownership sales process.
- To provide guidance for employees on how to respond to any customer enquiries regarding the Shared Ownership sales process.
- To ensure customers have access to a clear policy regarding Shared Ownership sales.

2. Policy Statement

This policy relates to Shared Ownership sales.

A uniform approach to Shared Ownership sales will be taken, whether the homes have or have not been funded by Homes England grant.

Marketing

Halton Housing Shared Ownership homes will be advertised utilising a range of media and channels to potential new customers, existing residents, and those who have enquired about a Shared Ownership home previously. The extent of the marketing and channels used, will be determined by the level of expected demand.

As a minimum, Halton Housing will use its existing and established channels to advertise Shared Ownership homes:

- Development site – site hoardings and on those that have them, the sales office / show home.

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- Open Door by Halton Housing and Halton Housing websites.
 - Open Door by Halton Housing and Halton Housing social media channels.
 - Existing Shared Ownership database.

Please note, that Halton Housing will only undertake marketing for resale properties if an agreement to sell the home is in place with the existing Shared Ownership customer. If the nomination period is waived and no agreement is in place, the marketing would be the responsibility of the existing customer.

Halton Housing Employees & Relatives

Halton Housing employees and their relatives will not be able to reserve Shared Ownership homes in advance of marketing. Any staff members or their relatives wishing to purchase a home, will be required to disclose this information at point of application. In order for their application to progress to reservation, a Probity report requires approval from Halton Housing's Group Chief Executive.

Valuations

Valuations must be obtained from a Royal Institute of Chartered Surveyors (RICS) qualified and independent valuer. These are required at the initial sales stage to market the homes, and where sales are delayed for any reason, within three months of the sale. Valuations are also required for any resales, staircasing and buyback transactions. For homes funded under the AHP 2021-2026 programme onwards, an annual valuation will be provided to customers as standard but will also be made available upon request.

Down Valuations

If a lender's valuation is less than the agreed purchase valuation (which should always correspond with the current RICS valuation), Halton Housing will discuss with the mortgage broker/ buyer and if available, provide additional comparable evidence to support the purchase price. If an agreement is not reached on the valuation of the Shared Ownership home, Halton Housing reserves the right not to accept the lender's valuation if it does not represent value for money or is not in the best interests of its business plan. In these instances, a decision will be made on a case-by-case basis.

Shared Ownership Applicant Eligibility

To be accepted for any Shared Ownership scheme applicants must meet the following criteria:

- Applicants are at least 18 years old.
- Applicants are unable to afford a home suitable for their housing needs on the open market.
- The household gross income is less than £80,000.

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- Applicants are **either** a first-time buyer, don't own their own home or already own a Shared Ownership home and would like to move to another. In cases where an applicant is already a homeowner, Halton Housing will not allow a reservation to take place without the customer having a sale agreed on their existing home and evidence of this will be required. Typically, the buyer will be expected to complete their sale simultaneously or in advance of the purchase.
 - The household income is sufficient to cover the mortgage (where applicable), rent and service charge and these payments are affordable and sustainable.

Shared Ownership Affordability

All applicants will be signposted to an independent, IFA accredited, specialist Shared Ownership Financial Advisor as part of the application process, who will complete an affordability assessment, a budget planner, and will provide 'sign off' if the customer is able to proceed with the purchase. The assessment will determine if Shared Ownership is affordable and sustainable for the customer and provide an indication of the share percentage they can purchase. The actual percentage will be determined by the applicant's lender in accordance with specific lending criteria, which must be within the range of 10%-75% for those applying for homes from AHP 2021 – 2026 programme onwards, and from 25% for any homes from SOAHP 2016-2021 programme or any funding programmes prior to this.

Equity available from the sale of any existing property along with any additional savings will be taken into account during the assessment.

Customers are encouraged to purchase as large a share as suitable, based on their individual circumstances and affordability, taking into consideration any known or foreseeable changes in the future. Mortgage repayments should be no more than 30% of mortgageable net income.

To protect against possible increased costs or unforeseen circumstances that have not been budgeted for, customers must have a minimum of 10% of their net mortgageable income remaining after all deductions and the stress tested rent. It is expected that customers will provide realistic information regarding their expenditure based on their household composition. Anything below perceived average (based on Office for National Statistics data) spending will be verified by bank statements.

Income used for assessments must be considered sustainable, a list of acceptable income categories can be provided where required. If income falls outside of these categories and would not be considered by mainstream lenders, it may be excluded from the affordability assessment.

Customers are not obliged to obtain their mortgage via the broker they were referred to by Halton Housing. However, we will retain a copy of the budget planner and sign off sheet and keep it on the customer's file for auditing purposes.

Older Person Shared Ownership (OPSO) Eligibility

To be eligible to purchase, applicants must meet the standard eligibility criteria listed above, with the following additions:

- Applicants must be aged 55 or over.
- A medical questionnaire will be completed by the applicant as part of the application to assess their care needs, the suitability of the OPSO development and available facilities

Older Person Shared Ownership (OPSO) Affordability

In addition to the affordability criteria listed above, the following will also be taken into account:

- Applicants with sufficient equity to be able to purchase a suitable property on the open market should not be assessed as eligible. However, current, and future care needs will also be taken into consideration and the availability of suitable homes in the local area.
- When determining the share percentage purchased, the expectation is that the majority of a customer's capital will be used to purchase a share. However, consideration will be given to service charges, living and care costs. Applications will be reviewed on a case-by-case basis.

Minimum Deposit

Every applicant is expected to be able to provide at least 5% of the share value from their own resources, with a minimum £4,000 deposit required. Customers will need to be able to provide evidence of the source of these funds where requested.

Adverse Credit

Halton Housing are committed to supporting applicants to purchase an affordable home; however, we must also ensure that home ownership is sustainable for buyers, and in order to avoid any potential risk of repossession or future negative impact, the following principles will be adhered to regarding adverse credit that applicants may have at point of application:

- No CCJ's or defaults that remain unsatisfied within the last 2 years, unless communication defaults.
- No CCJ's or defaults within the last two years, satisfied or unsatisfied over £300.
- No unsatisfied CCJs or defaults of more than £1000 registered at any time.
- IVA's or Bankruptcy discharged three years ago are acceptable, or registered over 6 years ago and satisfied, with no further issues.
- Debt Management plans that have been repaid are acceptable.

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- No mortgage or rent arrears in the previous 12 months.
 - Previous repossession over three years ago is acceptable, provided no outstanding debt to lender and no other credit issue in the previous 3 years. (Requires letter from repossession lender to confirm no outstanding debt).

If there are exceptional circumstances that explain the adverse credit and evidence can be provided to verify this, Halton Housing will use its discretion to decide if the reasons and evidence provided are sufficient to mitigate the risk.

High Interest Rate Lenders

Halton Housing will not dictate which mortgage lenders customers use. However, we will look to ensure that arrangements are affordable and sustainable.

We will pay particular attention to any mortgage rate that is 2% above the average rate for the closest equivalent mortgage (considering loan to value, length of fixed rate term) of five mainstream Shared Ownership lenders (e.g., Leeds, Halifax, Nationwide, Santander, Barclays). If a customer's mortgage rate is 2% above the average rate, they will be made aware of the situation and next steps discussed.

Lenders Deposit & Terms

Halton Housing will only accept mortgage offers with the following:

- A minimum 5% deposit.
- The Mortgage offer term should not be more than 35 years unless there are exceptional circumstances.
- The amount borrowed should not exceed the value of the share being purchased minus any deposit.
- The mortgage must not offer further borrowing without Halton Housing's consent or include terms and conditions which are liable to adversely affect the security of Halton Housing.
- Interest only and self-certified mortgages will not be accepted unless in exceptional circumstances.

Prioritisation of Customers

Unless a requirement of funding or planning, customers who meet the eligibility and affordability criteria will be prioritised on a first come, first served basis. In order to be allocated a home, customers must have completed a full sign off with our choice panel firm. This will involve providing all required documents, including a valid Agreement in Principle. Our panel firm will provide further detail on the documents required and the sign off process.

As per the Capital Funding Guide, the exception is when Armed Forces personnel apply, and in circumstances of under supply, priority must go to serving military

personnel and former members of the British Armed Forces discharged in the last 2 years.

Reservation

A £500 reservation fee is to be paid at the time of reservation. This fee secures a customer's chosen plot and price for 12 weeks, providing that:

- All accompanying reservation documents have been received by Halton Housing.
- We have confirmation that the customer has instructed their solicitors within 7 days of the sales memorandum being issued.
- We have confirmation from the mortgage lender / mortgage adviser that the customer has submitted a full mortgage application within 7 days of reservation.
- The purchase progresses without undue delays, including any delays caused by the customers solicitors or mortgage lenders requirements.

Halton Housing anticipate the purchase of a new build home to take a maximum of 12 weeks, any purchase taking longer to reach legal completion, without reasonable justification, will result in Halton Housing remarketing the plot for sale and any reasonable legal and administrative costs will be deducted from the reservation fee.

Halton Housing will allow a cooling off period of two working days (Monday – Friday) from the date of reservation, in which a customer may cancel their reservation and receive a full refund. After the cooling off period has ended, any reasonable legal and administrative costs will be deducted from the reservation fee. If the purchase reaches legal completion within 12 weeks, the reservation fee will be deducted from the total fee payable to Halton Housing and the customers solicitor will transfer the total outstanding minus the reservation fee.

If a customer's reservation end date is affected due to any delays on site delaying the handover of the home, there will be an extension to the reservation for a period deemed appropriate for the purchase to legally complete. If a reservation agreement is extended due to a handover being delayed, exchange must take place within two weeks of handover taking place.

If a customer is unable to proceed with their first mortgage lender, Halton Housing must be notified within 24 hours and prior to a new lender being sourced. If Halton Housing approves the change in lenders, the reservation period will not be extended, and the customer must still legally complete within the same reservation period.

Where a chain exists; if a customer's buyer withdraws, Halton Housing must be notified within 24 hours. If the customer wishes to continue with the purchase, Halton Housing can allow a two-week extension to secure a new buyer. This is subject to no additional chain and a full chain check. If a customer is unable to proceed due to a chain collapse further down the chain, Halton Housing must be notified, and the

reservation will be cancelled. Any reasonable legal and administrative costs will be deducted from the reservation fee.

Cash Purchasers

Any customers eligible for Shared Ownership and looking to pay cash rather than take out a mortgage, will also be signposted to an independent, IFA accredited, specialist Shared Ownership Financial Advisor as part of the application process. An affordability assessment, the completion of a budget planner and 'sign off' from the financial adviser will be required. The following will also apply to all cash purchases:

- Credit files will be required for all cash buyers.
- HH adverse credit policy detailed above, will be adhered to at all times. This includes partners and spouses of cash buyer applicants, who must also meet our adverse policy.
- The reason for needing to be a cash buyer cannot be because a customer is unable to obtain a mortgage due to adverse credit.
- If buying cash due to age, the assessment will also take into account future income changes.
- For any customer buying less than a 25% share, a minimum of 20% net income surplus is required.
- The budget planner must be based on the household composition and include realistic figures for all expenditure, backed up by bank statements where necessary.
- Outgoings must also be realistic, with ONS data for expenditure used in some instances.

Mortgage Offer

Prior to purchase, Halton Housing are required to view, and approve all customer's mortgage offers to check that the terms of the mortgage are fair and that repayments will be sustainable. This is also to safeguard Halton Housing as far as is possible from the financial loss that may be incurred in the event of future repossession.

Mortgages must be obtained from a lending institution that is regulated by the FCA. In addition to seeking their own financial advice, potential customers will be able to obtain independent financial advice on the mortgage products available to them from mortgage advisors we work closely with.

All details within the mortgage offer must be consistent with the application, sign off sheet, Memorandum of Sale and contract in order for Halton Housing to approve.

Resales

Customers are able to sell their share in their home at any time, once they have completed the purchase of their Shared Ownership home. For the application to be processed, a valid EPC and RICS valuation is required. The valuation, is valid for three months, if this expires prior to the sale completing an updated valuation may be required, again at the existing Shared Ownership customer's expense.

Resales will be administered in accordance with the Shared Ownership lease with nomination periods ranging from four to eight weeks, during which time Halton Housing may seek to secure a new buyer. The nomination period commences when the sales particulars have been approved and valuation reports and signed agreement received. If Halton Housing is successful in finding a buyer, a resale fee will be charged.

If Halton Housing fails to secure a buyer within the nomination period or decides to waive their right to secure a new buyer, the Shared Ownership customers are free to sell their share on the open market. However, Halton Housing must approve the marketing material to ensure its accuracy and the share must be marketed at the value stipulated on the RICS valuation.

Alternatively, a Shared Ownership customer is able to staircase to 100% ownership (unless a restriction within the lease exists preventing this) and sell at the same time with a back-to-back transaction. However, additional fees will apply. If a back-to-back sale is conducted, the home can be sold for higher than the RICS valuation, but not less. Where the home is sold for a higher fee, the customer is able to keep 100% of the additional monies received, Halton Housing will only require our share based on the RICS valuation.

Resales are required to be sold to purchasers who meet the eligibility and affordability criteria for Shared Ownership, as is the requirement to meet the additional financial checks, as already outlined within this policy.

All reasonable costs associated with the resale, including the valuation report, EPC and Halton Housing's legal fees are to be covered by the existing Shared Ownership customer at point of completion, at which time the rent and service charge account must also be clear.

In some instances, the Shared Ownership lease stipulates a mandatory buy back, which Halton Housing will purchase at current market value. It is expected that all Shared Ownership homes within Halton Housing's Independent Living schemes will be bought back, however for leases without the mandatory buyback, this will be determined on a case-by-case basis and customers do not have any right or entitlement to this buy back.

In order to fulfil Homes England funding obligations, Halton Housing requires four weeks' notice from the customer ahead of any sale completing.

Right to Shared Ownership

The right to Shared Ownership will be available on some affordable rent homes delivered through the Affordable Homes Programme (2021-2026). Affordable Rent and Social Rent homes delivered through programmes prior to this, are not eligible.

In addition to meeting the standard customer eligibility and affordability criteria for Shared Ownership, a customer looking to exercise their right to Shared Ownership must also have been an affordable rent customer for at least three years and have lived in the current property for at least 12 months.

Once an affordable rent customer is deemed eligible to the right to Shared Ownership, the terms of this sales policy will apply.

Responsibility

The Director of Development & Sales has ultimate responsibility for the effective implementation of this policy and ensuring that all appropriate staff are aware and trained in this policy and associated procedures.

Day to day responsibility for this policy lies with the Head of Sales.

The sales team will monitor the effectiveness and implementation of this policy to ensure that the statutory requirements are adhered to.

3. Regulatory and/or Legal Compliance

This policy and any associated processes must adhere to Homes England guidance and in accordance with the Capital Funding Guide.

4. Diversity Considerations

An EIA Stage 1 Screening was completed which identified that an EIA is not required.

5. Links to Strategies, Policies and Associated Documents

This policy underpins our priority for Growth and Diversification.

Other documents that are associated with this policy are:

- Homes England Capital Funding Guide
- Halton Housing Staircasing Policy
- Halton Housing Leaseholder Policy

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- Halton Housing Shared Ownership Rent Policy
 - Halton Housing Sales Procedure Manual



Translations are available on request, by calling 0303 333 0101.

اگر به این سند به زبان خود نیاز دارید، لطفاً با شماره 0101 333 0303 با ما تماس بگیرید.

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