

Shared Ownership Eligibility and Allocation Policy



L&Q



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Introduction

Shared Ownership is a form of affordable housing often developed using grant funding. When allocating homes under the Shared Ownership scheme we may need to apply eligibility criteria in line with local authority requirements or planning obligations.

Eligibility for Shared Ownership is restricted to those who are unable to afford to purchase a property on the open market and homes are allocated in line with the relevant government guidance, explained further within this document.

If a shared ownership applicant does not meet one or more of the eligibility criteria for the shared ownership scheme or is -

- Unable to meet the requirements of the affordability assessment; or
- Unable to meet one or more of the provider's policies in this regard; or
- Unable or unwilling to provide the required information or documentation, their application will likely be declined.

If you have any questions regarding your eligibility or personal circumstances, please call our applications team on **0300 456 9997** or email **applications@lqgroup.org.uk**. If you wish to apply for an L&Q Shared Ownership home our application form can be found on our **website**.



Our buyers guide provides more information on the buying process, you can find this on our website.

Eligibility and affordability

All applicants wishing to purchase a home via the Shared Ownership scheme with L&Q must have completed an application via the L&Q **website**.

Eligibility

In order to be eligible to purchase a Shared Ownership property all applicants must:

- ✓ Be unable to purchase a property to meet their needs on the open market
- ✓ Be at least 18 years of age
- ✓ Not exceed the total household income affordable housing limits as set out in the **Homes England Capital Funding Guide** and **GLA (Greater London Authority) Capital Funding Guide**
- ✓ Have a minimum of £5,000 available (in addition to any mortgage deposit required) to cover the costs of buying a home
- ✓ Not knowingly give false or misleading information (in these circumstances the applicants reservation fee will not be reimbursed).

Existing social housing tenants must:

- ✗ Not be in rent arrears or in breach of their tenancy agreement at the time of the application
- ✓ Must end their tenancy and give vacant possession on completion of the sale.

Eligibility rules as set out in the GLA (Greater London Authority)/Homes England Capital Funding Guide will be followed in the allocation of L&Q's Shared Ownership properties.

Affordability

All applicants must undertake an affordability assessment via an Independent Mortgage Advisor (IMA) to determine:

- If the applicant can afford the purchase and meet monthly housing costs
- The percentage share affordable to the applicant
- Eligibility criteria also may vary according to local authority and planning requirements.

Applicants can usually purchase a share up to 75% of the property, providing housing costs comply with the above rules, and are in line with the terms of the lease and any funding associated with the property

Under GLA Capital Funding Guide, applicants will not be eligible to purchase a shared ownership property if their housing costs (i.e. rent, service charges and any other housing costs) exceed 45% (50% for resale homes) or are less than 25% of their household income, unless the application has specific circumstances that require consideration and has obtained approval from a manager. The maximum household income permitted is £90,000.

Applicants with excess savings are encouraged to increase their contribution to the purchase to increase their equity or reduce their monthly costs. Any consideration to retaining funds over the amount of £20,000 will require internal approval and will be assessed on a case-by-case basis taking into account any supporting evidence.

L&Q will likely decline applications from shared ownership applicants who lack sufficient funds for the mortgage deposit and intend to take out a 100% mortgage to purchase the share. L&Q reserves the right to decline such applications however in order to respond flexibly to applicants' specific circumstances, each application will be assessed on a case-by-case basis.

Minimum monthly surplus income

During their financial assessment, applicants will need to complete a budget planner, listing their regular expenses and essential costs, to ensure they have enough leftover income after paying all bills and essential costs.

It is our policy to require an applicant to have a minimum of 10% of their net monthly income available, this is calculated as follows.

- Gross income
- Less gross deductions (tax, National Insurance, student loan, etc)
= net income
- Less known commitments (loans, credit cards, childcare, etc)
- Less housing costs of the Shared Ownership purchase
(rent and service charges)
- Less regular monthly essential expenditure (Travel, groceries, utilities, insurance etc).

The remaining income once the above has been taken into consideration will be the surplus which must be a minimum 10% of the net monthly income.

10%



Credit history

Applicants will not be eligible for an L&Q Shared Ownership property if they have a poor credit history, defined as having:

- ✗ Been declared bankrupt within the last 6 years (IVA/bankrupts who have been discharged over three years ago and who have no residual debt may be accepted subject to Individual Assessment)
- ✗ Any active Individual Voluntary Credit Agreements in place; or
- ✗ An unsatisfied Default or County Court Judgement (CCJ) registered against them (CCJs will be accepted if satisfied more than 3 years ago – proof required)
- ✗ Arrears with any tenancy payments within the last 6 months or mortgage repayments; or
- ✗ Had their home repossessed in the last 5 years.

We, or an appointed third party, will request proof of ID and address, and will complete an anti-money laundering check on all applicants purchasing a home.

We do not accept adverse credit lenders for reasons of poor credit history. The lender should be a high street bank or building society, adverse credit lenders will be considered only on production of a satisfactory credit file from a recognised credit referencing agency such as Equifax, Trans Union or Experian.

Existing property ownership

Applicants who already own or part own a property (either in the UK or abroad) will be eligible providing they sell that home no later than legal completion of their Shared Ownership home purchase.

Applicants who own a property (other than Shared Ownership) in the UK or abroad will be eligible subject to providing:

- Proof that the applicant's current home is in the process of being sold (i.e. link to an online listing, an offer/acceptance letter, memorandum of sale, solicitor documentation and/or transfer of title) and/or
- Proof that the applicant has or is in the process of removing their name from their current mortgage agreement.

Applicants currently in the process of selling their home, and buying either a new build or resale home, may be asked to provide proof that their sale is sufficiently progressed to meet the exchange deadline. Both L&Q (in the case of new builds) and the seller (in the case of resale homes) have the right to withdraw if the deadline is not met.



Joint applicants

Couples who are married or in a civil partnership must make a joint application, becoming joint legal owners of the property.

If one joint applicant is assessed as not able to obtain mortgage finance, the remaining joint applicant may be allowed to proceed as a sole applicant.

Note: a statutory declaration via a solicitor must be obtained in the event an applicant has declared that, whilst separated, the separation is not recognised legally by way of divorce or legal separation.

The declaration should include the following confirmation:

- The applicant is separated and date of separation
- The applicant does not own or have any legal/financial/equitable interest in another property in the UK or any other country or is aware of any payment due in the next 24 months as a result of any such interest
- The applicant intends to live in the property by themselves/with declared dependants/with declared joint applicant (if applicable).



Cash purchases

Applicants may purchase their share in cash if they are unable to obtain a mortgage but have sufficient savings.

Acceptable reasons for an application to cash purchase a share will be considered on the grounds of:



Age



Religion



Disability



Low income

Cash purchase requests will be subject to internal approval. We will need to ensure that the purchase is affordable for the applicant, and that they have the means to afford and sustain Shared Ownership in the longer term, as well as them meeting the normal eligibility requirements for the home that they are purchasing.

If mortgage products are unavailable due to an applicant's poor credit history, the application to purchase a cash share will be refused. We are obliged to ensure the client has a good history of making payments to be confident that rent and service charge will be paid. A credit report will be required for every cash purchase request.

Following allocation of a home, the applicant will be required to complete an affordability assessment with the appointed Independent Mortgage Advisor (IMA). Where a cash purchase is proposed, applicants are encouraged to maximise the share purchase with available funds.

Where a home is deemed to be unsuitable for mortgage finance, applications for a cash purchase will be considered on a case by case basis.

Prioritising applicants

We will allocate our Shared Ownership homes according to any set criteria as follows:

Homes within London

For new build and resale homes, where multiple applications are received for the same home, L&Q will allocate the home according to priority using the criteria below, unless specific priority conditions are set out in the planning obligations (new build purchases only).

Allocation criteria in order of priority:

- MoD personnel
- Existing local authority or housing association tenant(s)
- Registered for rehousing and in priority need
- Applicants living in temporary accommodation
- First time buyer
- Existing shared owner.

Within the above priority groups, applications are further prioritised as follows:

- No. of children (under 16 years) who will be living in the property
- Applicants living within the borough of the property
- Applicants working within the borough of the property
- Number of Applicants currently living with family
- Number of Applicants currently renting privately
- Number of adults in the household.



Homes outside of London

We aim to offer our Shared Ownership homes on a first come, first served basis to support applicants in selecting their preferred Shared Ownership plot. However, where specific prioritisation criteria are set out in the planning conditions, these will be observed.

The exception to this is for qualifying armed forces personnel and in certain rural locations and sites (As defined within the relevant Capital Funding Guide).

Allocation of new build homes

For schemes perceived to receive a high volume of interest or for initial launches, first come, first served shall be applied as follows:

- Viewings may take place over a set period for a set release of homes, for example: a launch day
- A defined period will be set whereby applicants will be able to express their interest to reserve, usually by completion of our online form, or via email to the scheme mailbox – our Sales Associates will advise.

Applications will be accepted and homes allocated strictly in the order of the date and time of receipt of the email or online response and are subject to the following conditions being met:

- ✓ The applicant has completed an application with L&Q which has been accepted
- ✓ The applicant meets the eligibility and affordability criteria for the development
- ✓ The applicant has completed any required financial assessment (Scheme specific – if required prior to allocation)
- ✓ Any supplementary form or information has been completed if required.

If an application is received and any of the above conditions are not met, the application will not be considered for allocation.

During the defined period, only applications received strictly within the set time period will be considered. Those received before, or after will not be included within the allocation of available homes.

Where applicants have been unsuccessful and a further releases of homes is expected we may hold applicant interest on file in the form of a waiting list, so that further homes may be allocated once available.

The table below lists the various elements of the shared ownership allocation and assessment process, which organisation is responsible for each, and to whom queries, questions and complaints relating to each element should be directed from the perspective of Homes England:

Application / Assessment Element	Responsible Organisation
Applicant eligibility and prioritisation	Shared Ownership Provider
Financial assessment of affordability	Mortgage Broker / Advisor (on behalf of Shared Ownership Provider)
Decision to accept or decline an application and at what share level	Shared Ownership Provider
Application of provider specific policies	Shared Ownership Provider
Mortgage advice (if requested)	Mortgage broker / advisor (acting under their own FCA regulation)
Complaints regarding application or share decision	Shared Ownership Provider
Complaint regarding mortgage advice	Mortgage Broker's / Advisor's own complaints procedure

Allocation of resale homes

Where the property is a resale, first come, first served shall be applied as follows:

Reservations will be accepted, and homes allocated strictly in the order of the time of receipt of the reservation form via completion of our online form or via email, subject to the following conditions being met:

- ✓ For a Shared Ownership application, the applicant has completed an application with L&Q which has been accepted
- ✓ For outright resales the applicant has registered an interest via a property online portal
- ✓ The applicant has viewed the property before submitting a reservation form
- ✓ The applicant meets the eligibility and affordability criteria for the property
- ✓ The applicant has completed any required financial assessment and supplied this to L&Q.

If an application is received and any of the above conditions are not met, the application will not be considered for allocation.

Any allocation is subject to receipt of a reservation payment being received within 24 hours from the time of offer.

Where applicants have been unsuccessful or the allocated buyer is unable to proceed, we may hold applicant interest on file in the form of a waiting list, so that the home may be re-allocated.

Household size

To avoid overcrowding L&Q follow the principles of the Allocation of Accommodation Guidance 2012, to ensure that the size of the home meets the requirements of the household size.

We will allocate our homes according to the following:

Household size	Minimum suitable property size
Single person	1 bed
Couple (no children)	1 bed
2 adults not living as a couple	2 bed
1 or 2 adults + 1 child	2 bed
1 or 2 adults + 2 children	2 bed or 3 bed*
1 or 2 adults + 3 children	3 bed or larger*
1 or 2 adults + 4 children	3 bed or larger*

*Two children of the same sex may share a bedroom up to the age of 20, two children of differing sexes may share a bedroom up to the age of 10 only based on the age of the oldest child.

The above is the minimum requirement, however, depending on demand, larger than required homes may be offered.

Applicants with dependants other than children, or those with children not living with them permanently, will be assessed on a case by case basis.

Applications from L&Q employee / relative of L&Q employee

Authorisation is required for applicants that are employed by L&Q or related to an employee of L&Q. At the point of reservation this must be declared on the reservation form in order for the relevant permission to be obtained.

Equality and diversity

We observe all relevant regulation and legislation, including the Equality Act 2010 to operate a fair and transparent process in the allocation of Shared Ownership homes.

Applicants will not be discriminated on grounds such as age, religion, disability, race or ethnicity.

We are committed to valuing and promoting equality and diversity. We recognise our duty to eliminate unfair treatment and discrimination in the services we provide and to promote and value respect in everything we do. We expect our staff to share these values and treat all customers with fairness and respect.



Data protection

L&Q is committed to safeguarding the rights of individuals to confidentiality and privacy and adhering to the Data Protection Act 2018.

Related documents

This policy should be used in conjunction with the following documents:



Homes England Capital Funding Guide



GLA Capital Funding Guide



For more information

L&Q Group
T: 0300 456 9998
www.lqgroup.org.uk