



The Trust

Shared Ownership
Affordability Policy
(including
minimum surplus
income)

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1. INTRODUCTION

- 1.1. Peaks & Plains Housing Trust (The Trust) is committed to providing affordable low-cost home ownership through the Homes England Affordable Homes programme, as well as through other development opportunities.
- 1.2. The Trust must take appropriate steps to satisfy itself that prospective shared owners are able to afford and sustain their purchase.

2. SCOPE

- 2.1. This policy sets out how the Trust will assess prospective customers' affordability, for shared ownership.
- 2.2. The aims of this policy are:
 - To operate a fair, transparent process that is accessible for all prospective customers.
 - To assess affordability in accordance with the Homes England Capital Funding Guide (CFG), seeking to ensure that all purchases are affordable and sustainable.
- 2.3. This policy only applies to our shared ownership homes.
- 2.4. The Homeownership team will ensure all prospective customers are aware of our policy approach when applying for one of the Trust's shared ownership homes and before they incur any costs.
- 2.5. This policy should be read alongside with the Shared Ownership First Come, First Served Policy and the Shared Ownership Sales Policy.

3. LEGAL & REGULATORY REQUIREMENTS

- 3.1. The policy should be read in conjunction with other reference material, including:
 - Homes England Capital Funding Guide (CFG)
 - Data Protection Act 2018

4. DEFINITIONS

4.1. Capital Funding Guide (CFG)

- 4.1.1. The CFG contains the rules and procedures for all providers delivering affordable housing through one of Homes England's affordable homes programmes

4.2. Shared Ownership

- 4.2.1. 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 the Trust to cover the unowned equity.

4.3. **Panel Advisor**

- 4.3.1. A firm of suitably qualified and experienced advisors regulated to give mortgage advice. Due to the specialist nature of Shared Ownership mortgages, the advisor should be experienced in, and knowledgeable of, this area and have access to a range of Shared Ownership mortgage lenders. Customers are not obligated to arrange a mortgage with the advisor undertaking their financial assessment, if they do not wish to.

5. **OUR POLICY**

- 5.1. Alongside the Homes England affordability requirements, the Trust expects the customer to have a **minimum of 10%** of their total net mortgageable income remaining on the panel advisor's budget planner each month, after all deductions including the stress tested rent. The Trust or its panel advisor will not suggest a share purchase that does not fall within these parameters, as neither the Trust nor our panel advisor would deem it affordable or sustainable.
- 5.2. This policy shall apply to all customers who use our panel advisor for a mortgage or have chosen their own route of obtaining a mortgage. As part of the affordability sign off, our panel advisor will provide both the calculation for the Homes England Affordability Test and the panel advisor Budget Planner Calculation detailing the minimum remaining surplus to the Trust.
- 5.3. The 10% leeway seeks to protect the customer against possible increased costs or unforeseen circumstances that have not been budgeted for.
- 5.4. It is expected that the expenditure used within the panel advisor's budget planner will be realistic for the household composition. Anything which is below the perceived average ONS (Office of National Statistics) data spending, will be verified via bank statements and an explanation provided.
- 5.5. All income used for the assessments must be considered sustainable. Our panel advisor has a list of acceptable income. If it falls outside of these categories, and would not be considered acceptable by mainstream lenders, our panel advisor may exclude the income from the assessment.
- 5.6. All customers will be asked to provide supporting documents to verify income and savings.
- 5.7. **Complaints and Appeals**
 - 5.7.1. Any complaints or appeals against decisions made by the Trust will be dealt with in accordance with the Trust's complaints policy and procedure.

6. EQUALITY, DIVERSITY & INCLUSION

- 6.1. 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 regulation and legislation.
- 6.2. 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 being 18 years old.
- 6.3. The EIA also highlighted the potential positive for buyers who are married or civil partnership as their combined income may make it more affordable. But it could also have a negative impact if their combined income is over the maximum household income and may not qualify for shared ownership. In accordance with the Homes England CFG the maximum income per household is £80,000.
- 6.4. The EIA highlighted the negative impact on a buyer who is pregnant or on maternity leave as they may have a period of reduced income. This will be assessed inline with the budget planner.
- 6.5. 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.

7. RESPONSIBILITIES

- 7.1. The Executive Management Team is responsible for approving the policy.
- 7.2. The Assistant Director of Finance will be responsible for the effective implementation of this policy.
- 7.3. The Homeownership Team Leader will oversee the day to day operation and reporting of this policy.

8. MONITORING AND REPORTING

- 8.1. 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.
- 8.2. The Assistant Director of Finance will be responsible for ensuring that policy reviews are undertaken.

9. CONSULTATION

- 9.1. The Trust’s Senior Management Team and All Managers Team have been consulted in the development of this policy.
- 9.2. The Trust’s Challenge Group has been consulted about the policy.

10. REVIEW

- 10.1. This policy will be reviewed every three years unless legislation or regulation changes require an earlier review.

11. ASSOCIATED DOCUMENTS

This policy should be read in combination with other reference material, including:

- Shared Ownership Sales Policy
- Shared Ownership First Come, First Served Policy¹
- Shared Ownership Management Policy²
- Anti-money Laundering Policy
- Anti-Fraud, Bribery and Corruption Policy
- Complaints Policy and Procedure
- Homes England Capital Funding Guide
- Reasonable Adjustments Policy

POLICY INFORMATION

Policy Name:	Shared Ownership Affordability Policy
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¹ Policy is currently in draft are being circulated for consultation

² Policy is at draft stage prior to consultation