



Shared Ownership

(Part of the Affordable Housing Scheme)

Housing Policy Document - 04

Finda

1. INTRODUCTION

- 1.1 Shared Ownership properties form part of the Affordable Housing Scheme (LCHS).
- 1.2 This document should be read together with the Affordable Housing Scheme document.
- 1.3 An eligible household will purchase a percentage of a shared ownership property. A housing association owns the remaining percentage, and the buyer pays rent for this.
- 1.4 The provision of Shared Ownership properties and the restrictions on their sales are secured through Section 106 planning agreement. Prospective buyers are urged to obtain the Section 106 Agreement relevant to the property and seek legal advice where required to understand the obligations on a Shared Ownership buyer and owner.

2. SCOPE

- 2.1 This document will provide the Council with the methodology in which to assess applications for Shared Ownership properties within Allerdale, where this is specified in a Section 106 planning agreement. Areas covered by the Lake District National Park in its role as a Planning Authority are excluded.
- 2.2 The information in this document applies to the first sale and all subsequent re-sales.

3. PURPOSE

- 3.1 The purpose of this document is to provide guidance on how Allerdale Borough Council evaluates applications for certification to purchase Shared Ownership properties, and provide information on surrounding issues.

4. ELIGIBILITY CRITERIA

- 4.1 Affordable Need

If the applying household has total available funds that would allow it to purchase the Shared Ownership property at its full open market value (i.e. before the Shared Ownership discount is applied), then the household will not be certified as eligible to purchase the Shared Ownership property.

This will be assessed on the following calculation:

Total available funds = Mortgage in principle + savings + equity

The mortgage in principle offer should be on headed paper or be sent from a company email address from a mortgage advisor or lender regulated by the Financial Conduct Authority (FCA).

Statements from all accounts held by those applying to purchase the property will provide evidence of their savings. All statements must show all transactions for at least three months immediately preceding the application.

Households with a property to sell must provide the latest mortgage statement for their current property, and a valuation from a recognised estate agency. Equity will be calculated by taking away any outstanding mortgage from the current value of the property.

4.2 Local Connection¹

A local connection to a parish can take four forms:

- Resident in the locality for at least five years, or
- Previously resident in the locality for at least three of the last five years, or
- Family association with an existing resident of at least five years residence in the locality. Family association is defined as spouse, civil partner, parent, a child over the age of 18 and siblings. We will also allow family associations through marriage e.g. step parents, step child over the age of 18 and siblings, or
- Permanent employment in the locality or acceptance of the offer of employment. Employment must be for a minimum of 16 hours a week.

The Council will use Council Tax records to confirm residency, previous residency and family association. Other forms of evidence may be considered and additional evidence may be requested.

Employment will be proven by production of a wage slip or P60 showing the employers address. We will also accept a letter from the employer confirming the business address. In all cases, we will require confirmation from the employer that the employment is permanent.

4.2.1 Locality is defined in the Section 106 Planning Obligation as the Parish where the development or property is situated. Over time the definition expands to include adjoining parishes and, eventually, the borough of Allerdale.

4.2.2 Under the Allocation of Housing (Qualification Criteria for Armed Forces) (England) Regulations 2012, the following would not be required to show they have a local connection:

- persons who are serving in the regular forces or have done so in the five years preceding their application for an allocation of housing accommodation;

¹ In the event that the Section 106 Planning Obligation contains different criteria, the criteria in the Planning Obligation will be applied, in instances where this guidance broadens the application criteria an applicant will be entitled to request their circumstances are considered in line with this guidance.

- bereaved spouses or civil partners of those serving in the regular forces where their spouse or partner's death is attributable (wholly or partly) to their service and the bereaved spouse or civil partner's entitlement to reside in Ministry of Defence accommodation then ceases;
- seriously injured, ill or disabled reservists (or former reservists) whose injury, illness or disability is attributable wholly or partly to their service.

4.2.3 When adopting a residency test, the Council will also consider the wider needs of the Armed Forces community, and to be sympathetic to changing family circumstances, recognising, for example, that the spouses and partners of Service personnel can also be disadvantaged by the need to move from base to base.

4.3 Housing Need

Households purchasing a Shared Ownership property must be able to demonstrate they are in need of housing.

The definition of housing need has been taken from the Government Guidance on Housing and Economic Development Needs Assessment (Paragraph: 023 Reference ID: 2a-023-20140306, Revision date: 06 03 2014) and the Cumbria Choice Allocations Policy (Reasonable Preference). Additional points have been included to cover other eventualities that Allerdale Borough Council considers to result housing need²:

- homeless households or insecure tenure (within the meaning of Part 7 of the Housing Act 1996)
- households containing people with social or physical impairment or other specific needs living in unsuitable dwellings (e.g. accessed via steps) which cannot be made suitable in-situ
- households that lack basic facilities (e.g. a bathroom or kitchen) and those subject to major disrepair or that are unfit for habitation;
- households containing people with particular social needs (e.g. escaping harassment) which cannot be resolved except through a move.
- people occupying unsanitary or overcrowded housing or otherwise living in unsatisfactory housing conditions
- people who need to move on medical or welfare grounds relating to a disability
- people who need to move to a particular locality within the local authority's district, where failure to meet that need would cause hardship to themselves or others

² In the event that the appropriate Section 106 Planning Obligation contains a different definition of housing need, the definition in the Planning Obligation will be applied, in instances where this guidance broadens the application criteria an applicant will be entitled to request their circumstances are considered in line with this guidance.

- people needing to be re-housed as a result of leaving tied accommodation
- persons leaving their current accommodation to become a separate household (as defined in section 113 of the Housing Act 1985)
- people who live in rented accommodation and want a more secure tenure.

5. ADDITIONAL CONSIDERATIONS

5.1 Occupancy Level

Households who will fully occupy the Shared Ownership property will be given priority during the application process. As a house is a substantial capital investment, one extra bedroom will be allowed. This will take account of a variety of circumstances such as growing families or changing care needs.

Single person / couple	one or two bed home
Family +1 child	two or three bed home
Family +2 same sex children	two or three bed home
Family +2 opp. sex children	three or four bed home
Family +3 children	three or four bed home
Family +4 children	four or five bed home
Family +5 or more children	five or six bed home

Households which meet the Eligibility Criteria but which will not fully occupy the property will not be certified as eligible to purchase the Shared Ownership property until the local connection cascade includes the borough of Allerdale.

5.2 A Shared Ownership property must be your sole property. If you own a residential property, you must show evidence to the Council that it has been sold subject to contract before completing the purchase of a shared ownership property.

5.3 Households that have purchased a Shared Ownership property are not permitted to sell that property to purchase another Shared Ownership property. An exception may be made if the household can demonstrate that their housing need will be better met by the second property. For example, a change in their occupancy level as determined in 5.1 or a household aged 55 years or over wish to purchase a bungalow.

6. RESALES

6.1 When selling a shared ownership property the vendor should inform the Council and Housing Association of their intention to sell, and confirm the date that the property will be on the market. The vendor will also submit a full open-market valuation of the property from an accredited estate agent to the

Council; this will be used as the basis for the price calculation, with the relevant discount applied by the Council in accordance with the percentage of the property being sold.

- 6.2 It is the responsibility of the vendor and the Housing Association to market the property and to ensure that a buyer has been certified to purchase the property.

7. LETTING A SHARED OWNERSHIP PROPERTY

- 7.1 Affordable housing in the private sector is always in demand, and the Council has a register to demonstrate a demand in Allerdale. It is important that the Council tries to meet housing need at the earliest opportunity.
- 7.2 A non-rental policy within the Affordable Housing Scheme will allow a healthy churn in the housing market, and prevent properties being used as Air BnB rentals.
- 7.3 Therefore, sub-letting a shared ownership property is not permitted.

8. AFFORDABLE HOME OWNERSHIP REGISTER

- 8.1 The purpose of the Affordable Home Ownership register is to build a picture of the demand for Discounted Sale and Shared Ownership properties throughout Allerdale and to allow the Council to notify registered households when an affordable property becomes available for purchase.
- 8.2 Households are encouraged to join the Affordable Home Ownership Register, but it is not a condition of application.
- 8.3 Registration forms are available from the Allerdale Borough Council website, or can be requested from housing.developmentteam@allerdale.gov.uk.
- 8.4 Completed registration forms can be submitted by email to housing.developmentteam@allerdale.gov.uk or by post to:
- The Housing Team
Allerdale Borough Council
Allerdale House
Workington CA14 3YJ
- 8.5 Households will be sent confirmation of their entry on to the register and their unique reference number within a reasonable and practicable timescale of their application being received.
- 8.6 Entry on to the register does not guarantee the household will be certified as eligible to purchase a Discounted Sale or Shared Ownership property.

9. APPLICATION TO BE CERTIFIED AS ELIGIBLE TO PURCHASE

- 9.1 Application forms are available from the Allerdale Borough Council website, or can be requested from housing.developmentteam@allerdale.gov.uk.
- 9.2 Completed application forms can be submitted by email to housing.developmentteam@allerdale.gov.uk or by post to:
- The Housing Team
Allerdale Borough Council
Allerdale House
Workington CA14 3YJ
- 9.3 Applications will be assessed using the eligibility criteria specified in sections 4 and 5 of this document.
- 9.4 Applicants will receive their decision by email, unless they have requested postal communications. Decisions will be made within a reasonable and practicable timescale of the application being received, subject to all required evidence being provided.
- 9.5 Information on how to appeal the decision is in the Low Cost Housing Scheme document.