

Habitare Homes Limited: Allocations Policy

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| Version: | v5.0 |
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| Date of next review: | September 2024 |

1 | Introduction

- 1.1. The purpose of this policy is to set out how Habitare Homes Limited (**Habitare Homes**) will allocate housing to ensure that it meets its objectives, and that the housing it provides is made available to those whose needs would not otherwise be met by the commercial housing market.
- 1.2. Our aim is to allocate our housing in a fair and transparent way. We are also committed to working with local authority partners and other stakeholders to support their objectives.

2 | Scope

- 2.1. This policy applies to all Habitare Homes shared ownership properties. All staff, subcontractors and managing agents are required to work in line with this policy.

3 | Definitions & Background Information

- 3.1. Social housing: shall have the meaning as set out in the Housing and Regeneration Act 2008, part 2, section 68.
- 3.2. Low Cost Home Ownership: has the meaning as set out in the Housing and Regeneration Act 2008, section 70.
- 3.3. What is Shared Ownership Housing?: Shared Ownership is a government backed part rent, part buy scheme which falls under the definition of Low Cost Home Ownership housing. Shared Ownership homes will give first time buyers and those that do not currently own a home the opportunity to purchase a share in a new build or resale property.
- 3.4. The purchaser pays a mortgage on the share they own. With Habitare, buyers will be able to purchase 10-75% of the property and pay a rent to Habitare Homes on the remaining share. There is a right for shared owners to increase their share in the property via a process known as 'staircasing', all the way to 100%, thereby owning the property outright.

- 3.4.1. A new Share Ownership model lease was published by the Government in 2021, whereby for the Affordable Homes Programme (AHP) running between April 2021 – March 2026, the minimum share that a buyer must purchase was reduced from 25% to 10%. Furthermore, there were also updates to the staircasing process, for which shared owners, from April 2021 onwards, are able to increase their share in increments of 1% (down from 10% previously).
- 3.4.2. As a result, there will be two allocation scenarios applicable to section 3.4 as follows:
1. SO properties funded through the AHP or s106 prior to April 2021; buyers are able to purchase 25-75% of the property and pay a rent to Habitare Homes on the remaining share. Staircasing purchases in increments of 10% or more only.
 2. Leases entered into from April 2021 onwards; buyers are able to purchase 10-75% of the property and pay a rent to Habitare Homes on the remaining share. Staircasing purchases in increments of 1% or more only.
- 3.5. Habitare's Shared Ownership properties will be allocated to people who would like to own their own home but cannot afford to buy on the open market. The cost of ownership is reduced by:
- The rent on the unsold share is less than the rate charged on the open market and will be charged at a maximum of 3% and less in some instances subject to local authority affordability requirements or planning conditions; and compliance with the Homes England Capital Funding Guide where grant has been received
 - Purchasers can buy as little as a 10% share in the property making mortgages for the buyer more affordable. Albeit this will change in the SO leases to 1%.
 - The deposit can be 5% of the price of the share, not of the whole property
 - Stamp duty land tax (SDLT or simply 'stamp duty') can generally be deferred until the owned share reaches 80%
- 3.6. Shared ownership properties are leaseholder only. Habitare Homes will grant purchasers a long lease for a minimum of 125 years, which will explain:
- The purchaser's rights and responsibilities as the Leaseholder
 - Habitare's rights and responsibilities as the Landlord
 - How often rent and service charges will be reviewed
 - The processes for buying more shares or selling in the future

4 | Policy

4.1. Working with partners

- 4.2. Habitare Homes will work wherever possible with local authority partners to ensure we are supporting their strategic housing objectives.

4.3. Low cost home ownership allocation

- 4.4. We expect our properties to be very popular and at times receive more reservations than we have homes available, therefore we will prioritise applicants to make sure the properties go to those most in need of a Shared Ownership home.
- 4.5. This is the order we prioritise in:
- i. Social housing tenants – because council and housing association tenants buying their own home will release a home to someone else who needs social housing
 - ii. Applicants registered on the local authority's housing waiting list or who are in a group identified in a local lettings policy
 - iii. Emergency services and military personnel
 - iv. Those already living or working in the same borough or district council as the property
 - v. Everyone else
- 4.6. In addition we will also comply with the specific requirements set out in any local planning agreements and local lettings policies
- 4.7. Exclusions
- 4.8. Habitare Homes will ensure that properties are allocated to those whose needs are not met by the commercial housing market, and in a fair and open manner.
- 4.9. There are general eligibility requirements that anyone wishing to buy a Shared Ownership home must meet but Habitare Homes also needs to ensure it remains financially viable and builds strong, cohesive communities. Therefore, Habitare Homes will not usually offer shared ownership properties to:
- Those who are under 18
 - Those who Habitare Homes is aware of being in mortgage or rent arrears (due to Habitare Homes or another landlord)
 - Those who Habitare Homes is aware of having a recent history of anti-social behaviour
 - Those where the properties would not be suitable (e.g. due to accessibility requirements)
 - Those who fail credit reference or fraud checks. Prospective purchasers must be able to demonstrate that they have a good credit history (no bad debts or County Court Judgements) and can afford the regular payments and costs involved in buying a home.
 - Those whose annual combined household income is more than £80,000 outside of London or more than £90,000 within London
 - Those who are not a first-time buyer. If an applicant does already own, then it must be in process of being sold.
 - Those who can afford to buy a home suitable for their housing needs on the open market.

4.10. In most cases we will need to see evidence that purchasers have enough savings or be able to easily access a minimum 5-10% of the equity share you are buying, as a deposit. This generally tends to be £4,000-5,000 minimum.

4.11. In the event of a re-sale prior to the owner reaching 100% ownership, all marketing and due process should be in accordance with the Manager's Policies, including liaising as necessary with any lender to the Shared Owner and managing the distribution of any proceeds of sale in accordance with the provisions of the Lease.

4.12. Appeals

4.13. Habitare Homes will act transparently in applying this policy. Where applicants do not feel Habitare Homes has complied with its allocations policy, they have a right to appeal out decision. Appeals should be made in writing within 14 days and will be responded to as set out in our complaints policy.

5 | Monitoring and Performance

5.1. The board have overall responsibility for this policy, which will be implemented by Habitare's managing agent. The managing agent will be responsible for keeping the policy under review and suggesting any required changes.

5.2. The board will receive assurance that the policy is being complied with through reports on the lettings process and internal audit activity.

6 | Background Documents

6.1. This policy should be read in conjunction with the legal and regulatory documents listed below:

- The regulatory standards – RSH
- Housing and Regeneration Act (2008)

and the following strategies and policies:

- Complaints Policy