

AFFORDABLE HOME OWNERSHIP – ALLOCATION POLICY

Introduction

A key aim of the Sustainable Communities Plan is to improve the quality of life for all. Linked to this objective is the Government's desire to offer households the opportunity to access sustainable home ownership to reflect their home buying aspirations.

The cost of accessing full home ownership is, however, out of reach for many households and affordable home ownership products are designed to give these people the opportunity, at least in part, to own their own home.

There are now a variety of home ownership products available and this Policy has been written to encompass all shared ownership and Homebuy products.

Policy Statement

The Association will assist its local authority partners and other statutory agencies to meet identified housing need, in a way that creates choice, mixed and sustainable communities and treats anyone applying for housing in a fair and consistent manner.

More specifically the Association will:

- Operate within the requirements of the Housing Corporation's Regulatory Code for registered Social Landlords (the Code) and any appropriate legislation and regulatory guidance including the Capital Funding Guide
- Work with local authorities and other relevant agencies to assess local housing needs and assist them to fulfil their obligations to secure accommodation for those in need
- Work with local authorities and other relevant agencies to establish a common approach to allocations that is customer focused and promotes an element of choice
- Ensure sales are undertaken as quickly and efficiently as possible
- Set targets, monitor performance with a view to continuous improvement, and make information available to key stakeholders including residents

Working with Local Authorities and other Organisations

Our policy is to work positively and in a variety of ways with Government Departments, local authorities and other statutory agencies to assist them with their specific duties to provide support to those in need of housing.

As a result this Allocation Policy is influenced by a number of factors:

- Nomination rights held by the local authority and requirements contained in any planning condition
- Nomination rights held by English Partnerships
- Conditions associated with grant funded schemes
- Particular client groups identified as a priority either directly through Government or through the Regional Housing Boards

The Association will supply to the Housing Corporation and to partner local authorities a copy of this policy and will consult with those local authorities on the policy from time to time.

Joint Marketing

The Association will work with its local authority partners, key worker employers and other stakeholders to develop joint marketing strategies to ensure that affordable home ownership products are targeted towards identified priority groups.

General Eligibility

To become a 'registered applicant' on the Affordable Home Ownership database, applicants will have to meet the following criteria:

Applicants must be:

- over 18 years of age
- able to demonstrate that they cannot afford to buy a home on the open market that would meet their reasonable housing needs
- able to demonstrate that they have sufficient savings, or access to funds, to meet the purchase costs associated with buying a home
- able to demonstrate that they have a credit history that would not adversely affect their ability to access a mortgage, if required
- be able to demonstrate their ability to afford the total monthly outgoings associated with the purchase of a home suitable for their reasonable needs (See section on Affordability Criteria)
- be able to demonstrate a genuine reason to move to their preferred location(s). Where this is employment related the applicant must be employed or have an offer of employment within a reasonable travel to work distance
- be able to demonstrate that they fit within one or more of the following definitions of housing need:
 - registered on a relevant local authority housing list and/or be nominated by a local authority (including English Partnerships)
 - a first time buyer
 - an existing tenant of a local authority or housing association
 - a key worker as defined by the relevant local authority, Housing Corporation or Office of the Deputy Prime Minister (where relevant)
 - living in overcrowded or unsuitable conditions

- those who have to move due to partnership break-up, employment or medical reasons
- the elderly or disabled
- existing shared owners wishing to trade up or down for social, financial or medical reasons (See later section on Existing Home Owners)
- existing home owners in financial difficulty (See later section on Existing Home Owners)

Affordability Criteria

The Association is committed to the objective of sustainable home ownership.

All applicants will be required to complete a financial assessment using the criteria attached as Appendix 1 to this Policy. To allow the Association to complete this assessment the applicant will be asked to provide:

- evidence of salary and any other income through the provision of copy wage slips and/or bank statements
- proof of savings or other funds to meet the costs associated with the purchase (or the capital costs if a mortgage is not being raised)
- proof of current residency (driving license etc)
- proof of identity (passport or birth certificate)

Applicants will not be registered on the database if they:

- fail to meet the affordability criteria
- are an un-discharged bankrupt or have unsatisfied County Court Judgements
- are reliant upon guarantors to secure a mortgage (except where the reason is related to religious beliefs)

Allocation Statements

For each defined scheme or product the Association will produce an Allocation Statement that sets out how it will prioritise registered applicants.

The Allocation Statement will reflect any conditions relating to the scheme or product such as nomination rights, funding conditions or planning conditions.

Making an Offer

Shared Ownership

Registered applicants will be selected to receive an 'Offer of Sale' using the following matching criteria:

- Current circumstances match the criteria in the relevant product or scheme Allocation Statement
- The location of the home available matches the applicants preferred choice

- Suitability of the home based on occupancy levels (see section on occupancy levels)
- Affordability criteria met for the property available including a satisfactory credit reference obtained through an agency nominated by the Association
- The applicants ability to proceed promptly with their purchase (see section on Existing Home Owners)

If more than one registered applicant matches the criteria, priority will be given in the following order:

1. To existing Midsummer shared owners who qualify under the transfer scheme (see section on transfers)
2. Date order, the appropriate date being the date on which the Association received the application.

Homebuy

Registered applicants will be selected to receive an 'Offer of an equity loan' using the following matching criteria:

- Current circumstances match the criteria in the relevant product or scheme Allocation Statement
- Suitability of the selected home based on occupancy levels relevant to the Homebuy scheme
- Affordability criteria met for the property selected including a satisfactory credit reference obtained through an agency nominated by the Association
- The applicants ability to proceed promptly with their purchase (see section on Existing Home Owners)
- The level of grant funding available

Occupancy Levels

The size of the household at the time of any offer will be used to assess the type of property offered to registered applicants using the following criteria:

Where demand exceeds supply the Association will wish to maximise the occupation of properties as follows:

Property	Priority Ranking	Household Size
Bedsit	1	Single person
1 bedroom	1	Single person/couple
2 bedroom	1	Adult(s) with at least one child
	2	Couple
	3	Single person
3 bedroom	1	Adult(s) with 2+ children
	2	Adult(s) with one child
4 bedroom	1	Adult(s) with 3+ children
	2	Adult(s) with 2+ children
	3	Adult(s) with at least one child

The following conditions will also apply:

- Applicants may be offered a home that gives them one bedroom more than their actual need dependant upon the demand for the scheme
- Midsummer has the discretion to make an offer to a household that would under-occupy a home in order to secure a successful nomination to a re-sale (see section on re-sales)
- Where an applicant has access to a child/children for three or more nights per week and proof has been provided, Midsummer will treat the child/children as resident with the applicant.
- On schemes of 10 or more homes, the Association has the discretion to limit the level of child density to ensure sustainability
- Occupancy levels may be relaxed where someone in the household has a disability and requires an additional bedroom.

Existing Home Owners

Existing home owners are eligible to apply for registration on the Affordable Home Ownership database but an 'Offer of Sale' will only be made in the following circumstances:

- Elderly home owners living in a low value (see Note 2 below) area wishing to move for medical reasons
- Elderly home owners who need to move to more suitable accommodation and free capital tied up in their existing property to assist with future housing and care costs.
- Home Owners living in a low value (see Note 2 below) area who have secured employment within the local authority area in which the scheme is located
- Home Owners who can show they are suffering financial difficulty and are under the threat of repossession
- Home Owners requiring a new home after death of a partner or suffering marriage or relationship breakdown
- Existing shared owners and those in receipt of a Homebuy equity loan wishing to move to more suitable accommodation (see note 3 below)

(Note 1) Owner occupiers will only receive an offer of sale if they have an identified purchaser for their existing home and have confirmed that they intend to relinquish ownership of that property on the purchase of a shared ownership home.

(Note 2) Low value will mean where the equity released from the sale of an existing property will not allow the outright purchase of a suitable property in the area where the scheme is being developed.

(Note 3) An 'Offer of Sale' will not be made to an existing shared owner who has sought and obtained a 'Premium' when selling their existing shared ownership home. A 'Premium' is a benefit, monetary or otherwise, received over and above the share value (when calculated

as the relevant proportion of the full market value in accordance with the terms of the appropriate lease) obtained from the sale of a shared ownership property

(Note 4) An 'Offer of Sale' will only be made to existing home owners who can demonstrate that they have a purchaser identified for their existing home

Transfer Scheme

In order to assist existing Midsummer shared owners move to a more suitable shared ownership home, the Association will operate a transfer system that will give existing shared owners, who are registered applicants, priority when more than one applicant matches the 'making an offer' selection criteria for a particular property.

To qualify as a priority applicant under the transfer scheme the applicant must:

- Be an existing Midsummer shared owner and have occupied their current accommodation as their sole home for a minimum of 12 months
- Demonstrate a clear rent account with no breaches of the lease for at least the preceding 12 months (although applicants requiring to move to smaller, cheaper accommodation to relieve financial hardship will be considered on merit).
- Sell their existing home in accordance with the terms of their lease and not with a 'Premium' - A 'Premium' is a benefit, monetary or otherwise, received over and above the share value (when calculated as the relevant proportion of the full market value in accordance with the terms of the appropriate lease) obtained from the sale of a shared ownership property

Shared Ownership Re-sales

The Association manages two distinctly different shared ownership leases, those that relate to properties transferred from the former Milton Keynes Development Corporation (MKDC) and those developed by Midsummer itself.

In view of the variation in these leases, it is necessary to adopt a different approach when these homes become available for re-sale.

Ex MKDC Leases

This lease contains no nomination rights for the Association and does not contain any restriction against parting with possession or sub-letting the property.

The existing shared owner is free to sell their property on the open market and in this instance the Association is required simply to give its consent to the assignment.

This consent will be issued if the prospective purchaser meets the Association's Affordability Criteria set out in this Policy.

Any prospective purchaser will be made aware that they must occupy the property in accordance with the terms of the lease and that the Association's consent is required prior to any sub-letting.

Midsummer Leases

This lease contains both a nomination clause and the requirement that the Association issues its consent to any assignment. The lease also prohibits both parting with possession of the property and sub-letting.

Where the Association is making a formal nomination it will select registered applicants from the database using the selection criteria set out in the 'Making an Offer' section of this Policy.

If the Association does not make a nomination or if a nominee does not proceed with a purchase, the Association is still required to issue its consent to any assignment.

This consent will be issued if the prospective purchaser meets the Association's Affordability Criteria set out earlier in the Policy and where the purchaser has certified that they intend to occupy the property as their or principal home.

Refusals

Where an applicant refuses an 'Offer of Sale' on a property matching their requirements in relation to size, location and price, the applicant will be allowed to remain on the database but their date of application will be revised to the date the offer was formally refused.

Where an applicant refuses two reasonable offers, they will be removed from the database.

Database Review

The database will be reviewed every six months and registered applicants will be asked to confirm that their circumstances remain unchanged.

If an applicant does not respond within 28 days or their circumstances are such that they no longer qualify their application will be cancelled.

Level of Demand

The Association will make every effort to ensure that the marketing of schemes is commenced at an early stage to allow sufficient time to target priority groups.

However, to ensure that properties do not remain unsold for unnecessary periods of time the Association reserves the right to make an 'Offer of Sale' to those applicants that meet the affordability criteria yet fall outside the priority categories. In such circumstances the Association may also lift the occupancy level restrictions from time to time.

Setting Targets

Each year a range of targets will be agreed by the Board to assess the performance of the policy.

Targets will be set in relation to:

- The % of sales to Black and Minority Ethnic Households
- The % of applicants rejected by ethnicity
- Average sale void periods (for new schemes)

Monitoring

Reports will also be provided to Board to monitor wider sales activity, including:

- An annual sales out-turn report that provides information on gender, age, ethnicity, disability and household type of purchasers
- Stock turnover
- Service user satisfaction, complaints and appeals

CORE

To assist with monitoring the Association will participate in the national CORE scheme.

Appeals

All rejected applicants will receive information and access to the Association's appeals process. Adjudicators who were not involved in the original decision to reject the housing application will consider appeals.

Equality and Diversity

The Association is mindful of its legal obligations in relation to equal opportunities and will seek to ensure equality to all applicants regardless of sex, race, colour, national or ethnic origin, religious belief, sexuality, marital status, or disability.

More particularly the Association will:

- Seek ways to promote affordable home ownership products to minority groups
- Ensure sales literature is available in different languages on request
- Provide verbal translation services via Language Line on request
- Provide advice on accessing financial products designed to complement religious beliefs

Schedule 1 - Housing Act 1996

Applicants for housing will be asked to declare if they have an interest that conflicts with the terms of Schedule 1 and where necessary the approval of the Housing Corporation and the Association's Board of Management will be sought prior to the acceptance of an application.

Publication of Allocation Policy

A summary of this policy will be provided on request to all applicants free of charge as will a copy of the Allocation Statement for any scheme in which the applicant has expressed an interest.

Copies will also be made available in large print, in audio format and in different languages on request.

Confidentiality

Any information provided as part of the application or lettings process will be treated in the strictest confidence and in accordance with current data protection legislation.

Legislation

In fulfilling its obligations under this Policy the Association will have regard to a range of legislation including:

- The Disability Discrimination Act 1995
- The Human Rights Act 1998
- The Data Protection Act 1998
- Estate Agents Act 1979
- Consumer Credit Act 1974
- Property Misdescriptions Act 1991
- Financial Services and Markets Act 2000

Linked Policies

- Equality and Diversity
- Customer Service Charter
- Domestic Violence
- Racial Harassment
- Harassment
- Data Protection
- Confidentiality