



# Affordable Home Ownership Policy

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## 1.0 Introduction

- 1.1 The Affordable Home Ownership Policy (AHO) has been developed to align with Plan A, Building and Acquiring Sustainable Homes, Supporting Sustainable Places and Supporting Sustainable Tenancies Strategies, to assist customers who are unable to purchase a home on the open market.
- 1.2 This policy has been developed in consultation with tenants and affordable homeowners.

## 2.0 Purpose

- 2.1 The policy enables customers to fulfil their aspirations of owning their own home and supports the strategic needs of Local Authorities and Government to offer a range of housing options for residents.
- 2.2 This policy supports the development of mixed tenure, sustainable communities by enabling those who may otherwise be unable to afford to purchase a suitable property to access affordable home ownership in a location of their choice.

## 3.0 Principles

- 3.1 We recognise the importance of mixed tenure in establishing and maintaining beautiful, desirable and sustainable places. We will deliver effective and efficient affordable home ownership services which are easy to access and understand and build positive relationships built on trust and respect.
- 3.2 We will communicate in a transparent, honest way with tenants and affordable homeowners, and we will deliver accessible, equitable and trusted services based on mutual respect.

## 4.0 Definitions

4.1 The key terms used in this policy are defined below.

<b>Affordable Home Ownership (AHO)</b>	This term is used as an umbrella term for a range of products; however, this policy specifically deals with Shared Ownership, Rent to Buy and Step-Up home ownership. There are three models of Shared Ownership, the SOAHP 2016 to 2021, the AHP 2021 to 2026, and the Right to Shared Ownership.
<b>Shared Ownership</b>	Shared ownership is an intermediate housing product aimed at providing a more affordable way of buying a home.
<b>Affordability</b>	We will determine affordability against the current Homes England guidance.
<b>Rental element</b>	For Shared Ownership products we charge rent on the unsold equity held in the property. In accordance with Homes England requirements the rent charge must not exceed 3% of the unsold capital element. Providers are encouraged to set total rents that average no more than 2.75% per annum of the capital of the unsold equity at the point of purchase.
<b>Staircasing</b>	<p>Staircasing arrangements only apply to Shared Ownership products and purchasers may buy additional shares in their home as and when they can afford to do so. Conditions attached to grant funding may prevent staircasing over 75% on certain properties, for example if the grant is for older persons' accommodation.</p> <p>Staircasing arrangements may also allow owners who experience financial difficulty to staircase 'down' selling shares of their property back to us where appropriate.</p>
<b>Equity share</b>	A share of stock (in this case a property) which represents a share of ownership.
<b>Section 106 Agreement</b>	Local planning obligation for affordable housing.

## 5.0 Scope

- 5.1 This policy is relevant to all our employees and stakeholders who may deliver or manage affordable home ownership products.
- 5.2 The policy supports the development/acquisition of a limited number of AHO units to create a better tenure balance in communities to improve sustainability and offer a wider choice of housing options to new and existing customers, whilst at the same time diversifying our income streams.
- 5.3 This policy applies to all affordable home ownership properties owned and managed by Livin and specifically applies to the following affordable home ownership tenures:
- Leasehold
  - Shared Ownership
  - Step Up Home Ownership
  - Right to Shared Ownership
  - Rent to Buy

## 6.0 Contribution to Plan A

- 6.1 This policy contributes directly to the delivery of Plan A by enabling provision of high quality, sustainable homes that meet customer aspirations in sustainable places.
- 6.2 The policy contributes to the delivery the following strategic objectives:
- **Objective 13:** Deliver place-based economic, social and physical regeneration to balance and sustain places
  - **Objective 19:** Implement trackable, digital housing and tenancy management services to keep tenants informed and in control
  - **Objective 21:** Provide homes that are safe, exceed the needs and meet the aspirations of our tenants
  - **Objective 23:** Grow the development programme to meet the sustainable, long-term demand for affordable homes within our operating areas
  - **Objective 25:** Provide new homes that meet the needs of our tenants, including homes suitable for older people and/or people with disabilities

## 7.0 Legislative and regulatory framework

- 7.1 We will comply with the established requirements within the Shared Ownership and Affordable Homes Programme (SOAHP) 2016 to 2021 or Affordable Homes Programme (AHP) 2021 to 2026 depending on the relevant grant funding scheme.
- 7.2 The Regulator of Social Housing's Consumer Standards are currently being revised and strengthened. Government have issued a Direction that Affordable Home Ownership be included in this revised consumer regulatory regime. This policy will be further reviewed once the revised regulatory framework is established to ensure continued compliance.

## 8.0 Policy statements

- 8.1 We will enable people with limited financial capability who would otherwise be unable to access private home ownership, to purchase a suitable, affordable home which meets their aspirations.
- 8.2 We are committed to providing a range of affordable housing options for customers. This policy is set within the context of Government guidance and is a summary of key parts of the Homes England Capital Funding Guide (CFG) and how the policy will operate.
- 8.3 We cannot change legal documents. However, to accommodate individual circumstances and needs we will make every effort to communicate with homeowners in formats and languages they can understand, in line with the requirements of the Equality Act 2010.
- 8.5 Applications for AHO products will be managed in line with relevant procedures and ensure that homes are offered to customers in a fair and consistent manner in accordance with Homes England CFG and best practice. We will take account of any necessary local variations in policy.
- 8.6 Purchasers must have insufficient income or available resources to be able to afford the outright purchase of satisfactory housing at current market prices.
- 8.7 Purchasers must have sufficient savings or income, or a reasonable expectation to have the means within a specified time, to meet the associated cost of purchasing a AHO product without financial hardship.

- 8.8 We have discretion, and, subject to certain conditions being met and subject to both legal advice and Homes England regulatory approval, affordable home ownership products may be available to owner occupiers on regeneration schemes where they are selling their current home as part of the programme and want to remain in home ownership on the same estate.
- 8.9 The development of AHO properties, and the product(s) on offer, will be determined in line with the Building and Acquiring Sustainable Homes Strategy and the Supporting Sustainable Places Strategy to meet local need and demand. New build AHO will be developed in accordance with the Development Policy and offers will be submitted, as appropriate, for Homes England and other funding initiatives to support any development.
- 8.11 We will comply with any Section 106 agreement which stipulates that some or all of the units are required to be an affordable home ownership product.
- 8.12 We will support non-digital customers seeking AHO products to access these where appropriate and practicable.
- 8.13 As a responsible housing provider we will provide all AHO applicants with detailed information on estimated costs, rights, responsibilities, and their prospective obligations. All applicants will be strongly advised to seek independent legal and financial advice regarding their individual circumstances. We will not issue any form of financial advice; this is not our role.
- 8.14 Customers occupying the affordable home ownership homes covered by this policy will have a named point of contact (usually a housing adviser) to support any enquiries and ensure the delivery of services to them during their occupation. The responsibilities of each party is defined by the relevant legal lease agreement.

### AHO Key Criteria

- 8.14 Each product will have qualifying criteria which applicants will need to meet to qualify for the product. We will comply with Homes England CFG provides all criteria that must be followed in respect of homes delivered under an Affordable Homes Programme.

## Shared Ownership

8.15 Homes are sold as leasehold properties, these can be houses, apartments or bungalows, and property sale prices will be based on independent valuation of market value at the initial sales stage. There are three models of shared ownership:

	Shared Ownership	New Model of Shared ownership	Right to Shared Ownership
Applies to	Homes delivered through the SOAHP 2016 to 2021.	Homes delivered through the AHP 2021 to 2026.	Rental homes delivered through the AHP 2021 to 2026.
Minimum First Tranche Sale*	25% share of property.	10% share of property.	10% share of property.
Minimum Staircasing	10% per annum.	1% option for the first 15 years.	1% option for the first 15 years.
Repairing Obligations	Met by shared owner.	Capped at £500 p.a for the leaseholder to claim from the landlord for the first ten years. This rolls over unspent funds.	Capped at £500 p.a for the leaseholder to claim from the landlord for the first ten years. This rolls over unspent funds.
Selling a Shared Ownership Property	Eight weeks nomination period for the landlord to sell property.	Option to end nomination period at four weeks.	Option to end nomination period at four weeks.
Term	99 years.	990 years.	990 years.
Right to Shared Ownership	Not available.	Available.	Available.



- 8.16 A qualifying applicant, depending on the model, will be able to purchase a minimum of either 10% or 25% share up to a maximum 75% share of the property initially and pay rent on the unsold equity. They can then “staircase up” by purchasing further equity and can eventually buy the property outright subject to some scheme exceptions outlined in the procedure (specialist accommodation).
- 8.17 When a shared owner has not staircased to 100% ownership and wishes to sell their share, the lease requires them to offer the property initially to Livin to nominate a qualifying buyer to assign the lease to or nominate to buy back the property. If we don't nominate within an eight-week period then the shared owner can, subject to our consent, market and sell their lease.

### Rent to Buy

- 8.18 Rent to Buy is a scheme which allows working households to rent a home at an intermediate rent set at 80% of open market value, therefore providing them with the opportunity to save for a deposit to then go on and purchase their first home within five years. Rent to Buy is our preferred AHO product.

### Step Up Home Ownership

- 8.19 Step Up provides an additional option for AHO where homes have failed to sell at open market value and is currently only available to certain specified properties within Dean Bank, Ferryhill and Chilton. The scheme enables purchasers, subject to strict eligibility criteria, to purchase a home at a discounted price. Properties will be discounted for sale and have a ‘restriction’ placed on the title deeds to ensure owner occupiers are in residence for a set amount of time contributing to the sustainability of place.

### Applications

- 8.20 On 1 April 2023, Home England replaced the Help to Buy Agent scheme with revised service centralised on the government's website. The new service allows customers to:
- check if they are eligible online (and get an immediate answer)
  - find an organisation providing affordable homes themselves, using a new online search directory designed and built by Homes England
- 8.21 We are registered with this service as a provider of AHO products and remain responsible for ensuring customers we sell to are eligible for the scheme.

8.22 Applications for the Rent to Buy Scheme will be considered in accordance with the Rent to Buy Procedure.

## Eligibility

8.23 Affordability is a key issue when assessing eligibility for AHO products and will be calculated using household income as the main driver. Applicants are eligible for AHO if they meet the criteria set out in the product procedures. Our website includes a link to an eligibility checker on the government website which supports potential purchasers understand if they are eligible to buy but it is not intended to be used as “proof” of eligibility. If an applicant does not meet these requirements, they will not be considered as suitable for AHO.

## Affordability

8.24 Affordability criteria considers the Homes England Affordability guidance including referring potential purchasers to a regulated, qualified mortgage or financial advisor for advice on affordability prior to purchase outlined in the relevant procedures.

## The Right to Shared Ownership

8.25 We will ensure that tenants with the Right to Shared Ownership (most new homes for social rent delivered through the Affordable Homes Programme 2021-26) understand this right and opportunity at the point of signing their tenancy agreement.

## 9.0 Roles and responsibilities

9.1 Roles and responsibilities under this policy are outlined below.

<b>Executive Management Team</b>	Executive Management Team have delegated responsibility for ensuring this policy is fully implemented to ensure full compliance with legislation and regulatory standards. As such, EMT will formally approve this policy and review it every three years (or sooner if there is a change in legislation or regulation).
<b>Executive Director of Finance and Investment</b>	The Executive Director of Finance and Investment has strategic responsibility for acquisition and development of AHO products. Authorises any disposals of products and any sales of a property or staircasing/re-purchase.
<b>Executive Director of Housing and Communities</b>	The Executive Director of Housing and Communities is responsible for the effective delivery of this policy.
<b>Head of Housing and Community Regeneration</b>	The of Housing and Communities has operational responsibility for the management of the AHO products.
<b>Strategic Housing Manager/Housing Manager</b>	The Strategic Housing Manager/Housing Managers are responsible for overseeing the delivery AHO products and ensure relevant procedures are followed.
<b>Solicitor, Governance and Legal Manager</b>	The Solicitor, Governance and Legal Manager will facilitate any legal processes.
<b>Land and Property Valuer</b>	The Land and Property Valuer will facilitate the completion disposal notification to Homes England.
<b>Housing Team</b>	The Housing Team will implement the policy and procedures.

9.2 This policy will be communicated to our customers and employee via our website and intranet. Those responsible for implementing the policy will where required receive appropriate training, advice, and/or guidance.

## 10.0 Related policies and procedures

10.1 This policy should be read in conjunction with the following documents:

Rent to Buy Procedure	The Rent to Buy Procedure outlines the scheme which allows working households to rent a home at an intermediate rent providing them the opportunity to save for a deposit to then go on and purchase their first home.
Shared Ownership Procedure	This sets out our approach to the management of Shared Ownership units.
Step-up Procedure	Sets out how we approach sales via the 'Step Up' affordable home ownership scheme.

## 11.0 Monitoring and review arrangements

11.1 We report on key performance measures for the delivery of this affordable homeownership policy. These will be provided to EMT and the Board on a quarterly basis. We will report:

- Percentage of Leasehold and Affordable Home Ownership customers satisfied with the housing management service.

11.2 Rent to Buy tenancies include a 5-year general needs tenancy prior to purchase, these are measured collectively through the Performance Management Framework Level 1 indicators.

11.3 This policy will be reviewed every three years, unless there is significant development that would require a more urgent review e.g. new legislation or regulation.