



The Havebury Housing Partnership Surplus Income Policy – Shared Ownership

Policy No. HS 064

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Approved by (inc date)	Leadership Team		
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1. Policy statement

- 1.1. The demand for shared ownership homes far outstrips the supply, it is therefore imperative that we are clear in how we allocate and offer our shared ownership homes to prospective eligible customers in line with existing guidance detailed in 3.2 of the Capital Funding Guide relating to shared ownership.
- 1.2. In line with regulative guidance, we must conduct an Independent Financial Assessment for each application. As part of the updated Capital Funding Guidance each assessment should demonstrate that the applicant has a surplus amount of income.
- 1.3. Havebury will keep accurate records of all applications regarding purchase to ensure that it complies with the current legislation.

2. Purpose

- 2.1. Havebury will sell properties in accordance with the relevant legislation and regulation, in accordance with its status as a registered provider of social housing.
- 2.2. The objective of this policy is to effectively process the sale of properties to those who are eligible to buy their property in strict accordance with the rules and regulations.
- 2.3. A robust process will be put in place to ensure that only those that are eligible are able to proceed with the sale.

3. Scope

- 3.1. This policy applies to every allocation of a shared ownership home to a prospective customer.
- 3.2. We will ensure all prospective customers are aware of our policy approach when offering them a shared ownership home.
- 3.3. We will ensure all prospective customers are aware of the process prior to expending any cost to themselves.
- 3.4. The Surplus Income Policy will comply with the Homes England's Capital Funding Guide, Section 6 (Affordability Guidance).

4. Policy

- 4.1. We will conduct an assessment of individual applicants to:
 - Ensure that they meet all eligibility criteria
 - Assess what share they can afford
 - Ensure that their purchase is affordable and sustainable
- 4.2. Havebury Housing Partnership will ensure that all affordability assessments for shared ownership funding applications meet Homes England affordability guidance as detailed in the Capital Funding Guide.
- 4.3. We will work to the policy that the customer must have a minimum of 10% of their net mortgageable income remaining after all deductions and the stress tested rent.
- 4.4. In addition to the Homes England affordability we would also expect the customer to have a minimum of 10% of their total net income remaining on our internal budget planner.
- 4.5. A surplus income of 10% protects the customer against possible increased costs or unforeseen circumstances that have not been budgeted for.

- 4.6. It is expected that the expenditure will be realistic for the household composition. Anything which is below perceived average (ONS) spending will be verified via bank statements and an explanation provided. Credit checks are undertaken by the Independent Financial Advisors and further checks are carried out by the mortgage lenders.
- 4.7. All surplus income will be assessed by our Independent Financial Advisors as part of the financial affordability assessment and will be assessed against Havebury policies. These calculations will be shared with Havebury before any formal offer of a property is made.
- 4.8. As the Capital Funding Guide is complex and subject to change, Havebury will engage legal advisors with appropriate experience to ensure it complies with the legislation and act on behalf of Havebury in this regard.
- 4.9. Havebury will provide information via websites, booklets, email and face to face to help buyers with the process of buying their home.
- 4.10. Havebury will keep accurate records of all applications to purchase to ensure that it complies with the current guidance which is now an auditable requirement from Homes England.

5. Responsibilities

- 5.1. Leadership Team is responsible for approval and oversight and the Head of Development and delegated staff are responsible for delivery.

6. References

Related External Documents	
Reference	Link to reference
Homes England – Capital Funding Guide – Shared Ownership	Capital Funding Guide - 1. Shared Ownership - Guidance - GOV.UK (www.gov.uk)
Related Internal Documents	

7. Document control

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