Accessing Shared Ownership Policy

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Accessing Shared Ownership Policy

1 Introduction

1.1 This policy sets out Stockport Homes (SHG) approach to shared ownership sales, ensuring fair and equal access to shared ownership homes. Shared Ownership enables customers to purchases a share of a home while paying rent to Stockport Homes on the remaining share.

1.2 New Build Shared Ownership Homes – are prioritised on a 'first come, first served' basis to all customers purchasing a new build home from Stockport Homes, subject to meeting the eligibility and affordability criteria set out in this policy. All new build Shared Ownership homes will be advertised as a minimum in the following ways:

- On the Viaduct website
- Site Signage
- Via a mailshot to our register of interest list.

1.3 Shared Ownership Resale Homes- will be marketed through external estate agents and will not be advertised on the Stockport Homes website. As a result, Stockport Homes will not apply the 'first come, first served' approach n to resale homes or be responsible for the allocation order, as the allocation process will be managed by the estate agent. However, Stockport Homes must approve the prospective purchaser and confirm that they meet the eligibility and affordability criteria set out in this policy.

1.4 Stockport Homes will ensure all prospective customers are aware of the process prior to expending any cost to themselves.

2 Eligibility

2.1 Shared ownership homes may, but will not always be, funded by Homes England. Generally, the Homes England guidance will be followed for all shared ownership homes (Capital Funding Guide). The policy is set within the context of Government guidance on shared ownership contained with the Capital Funding Guide. It is not intended to override or supersede any aspect of the guidance, which takes precedence over this policy. The main eligibility criteria for shared ownership are set out below:

- Be at least 18 years old
- Have a household income of less than £80,000
- Demonstrate the inability to buy a home which meets their needs on the open market
- Can afford and sustain the property purchase
- Do not own another home in the UK or abroad.

3 First Come, First Served Allocation

3.1 Stockport Homes is committed to providing affordable housing without barriers and doing the right thing for customers. In line with regulative

guidance, Stockport Homes must be open in offering shared ownership homes on a first come, first served basis.

3.2 Customers are encouraged to register their interest in new build shared ownership homes in advance of them being released for sale. Customers can do this by completing an online form on the Viaduct website or by speaking to a Sales Advisor. Once a customer has registered, they can unsubscribe at any point. Whilst on the list, customers will receive details on available homes, along with guidance notes and advice on how to apply. Once a date is set to release a property or development for sale, customers are given advance notice of the release time and date.

3.3 On the day of release an email is sent out to all customers who have expressed an interest. The email contains a link to an application form which should be completed by the customer should they wish to reserve a home. Alternatively, the form is available on the Viaduct website or customers can attend the office if they require assistance from a Sales Advisor.

3.4 The application form is electronic and upon being completed the back system will populate a spreadsheet with a list of time stamped applications. This allows Stockport Homes to provide a clear and transparent document which evidences the time and date which the form was completed and by whom. The list can be referred to, if necessary, to evidence fairness during the allocation procedure.

3.5 Properties will be allocated according to the list, unless a customer is in the priority group which is set by Homes England. Currently Armed Forces personnel get priority when applying for a shared ownership home. This applies to serving military personnel and former members of the British Armed Forces, honourably discharged within the last two years. If a member of the armed forces has died whilst in service, their priority can be transferred to their bereaved spouse or civil partner.

3.6 Whereby a home has been released to the register of interest list and remains unsold, Stockport Homes may advertise the home on a property portal, such as Rightmove. In these cases, the first come, first serve criteria will still apply and interested parties will be asked to contact the Sales Team (sales@viaducthousing.com) to confirm they wish to proceed. The email will be stored on file to show when the customer applied along with evidence that the home has been marketed to the register of interest list.

3.7 If after a new build home has been reserved and the sale does not exchange contracts within 28 days, Stockport Homes reserve the right to put the home back on the market, subject to the terms and conditions laid out in the reservation agreement.

3.8 Stockport Homes may in exceptional circumstances hold back a new build shared ownership home and allocate it to a customer who has already

been approved for shared ownership on another scheme, however, has been unable to proceed due to circumstances outside of their control, for example they have experienced long delays due to a contactor going into administration. In these circumstances approval would be required from the Head of Development.

4 Affordability Assessment

4.1 Stockport Homes will ensure that affordability and sustainability checks have been carried out by an independent mortgage advisor on all shared ownership applicants to protect the homeowner and public funds.

- This assessment is required to ensure that the purchaser meets the relevant Homes England eligibility criteria and that the property is affordable and sustainable for their circumstances.
- In considering an applicant's ability to sustain mortgage and rent payments, consideration will be given to whether the applicant has any adverse credit history. The business reason for this is that the applicant's inability to manage finance commitments creates a higher risk of mortgage default and rent arrears.

4.2 Stockport Homes use Metro Finance to carry out their shared ownership affordability assessments on new build homes; however customers are not obliged to use Metro Finance for their full mortgage application and are free to use another mortgage broker.

- Metro Finance are an independent, regulated mortgage broker who specialise in shared ownership mortgages and have working knowledge of the rules and procedures which providers are required to follow when delivering homes with Grant funding.
- A data sharing agreement and service level agreement is in place between Stockport Homes and Metro Finance.

4.3 Purchasers of shared ownership resale homes may complete their affordability assessment with any independent mortgage adviser and are not required to use Metro Finance. However, they must meet the affordability requirements set out within this policy and provide the necessary supporting evidence. To support the assessment process, Stockport Homes will provide estate agents and independent mortgage advisers with a copy of this policy and accompanying guidance notes to assist them in applying the eligibility and affordability criteria.

4.4 In line with regulative guidance, Stockport Homes must ensure customers affordability is assessed free of charge and signed off by a qualified and regulated mortgage advisor.

4.5 The mortgage advisor must provide Stockport Homes with a sign off sheet and budget planner to confirm a formal assessment has taken place. The budget planner will be used by the advisor to help determine a suitable share price for the customer to purchase (between 10%-75%, dependant on the lease). The decision on a suitable share price can only be determined by a regulated, qualified advisor and not Stockport Homes.

4.6 An affordability assessment looks at a customer's income and expenditure along with their circumstances, including any known or likely future changes that will impact on their income and/or expenditure. Whilst carrying out the assessment, the mortgage advisor will also consider any relevant mortgage lending criteria and Stockport Homes' policies, ensuring the customer is treated in a fair and consistent manner.

4.7 All income used for the assessments must be considered sustainable and if not acceptable by the mainstream lenders, the mortgage advisor may exclude the income from the assessment.

4.8 It is expected that any expenditure declared on the budget planner will be realistic for the household composition, and anything which is below perceived average spending will need to be verified via bank statements and an explanation provided. Stockport Homes will ensure that the customers individual circumstances have been fully considered, and that no applicant has been unduly disadvantaged.

5 Minimum Income Surplus

5.1 In addition to any requirements set by Homes England and mortgage lenders, Stockport Homes require all customers to have a minimum of 10% of their net mortgageable income remaining on the budget planner after all deductions and stress testing the rent.

- If a customer does not have 10% remaining, they will be unable to proceed with the sale, as it would not be deemed affordable or sustainable. 10% leeway protects the customer against possible increased costs or unforeseen circumstances that have not been budgeted for.
- If a customer is purchasing a share below 25%, they will be required to have a minimum of 20% of their net mortgageable income remaining on the budget planner to protect them against the higher rent increases.
- These rules will apply whether the customer is using Metro Finance or another mortgage advisor. The customers are also expected to be affordable on Metro Finance's internal budget planner, which requires a surplus of 10% overall net income, even if they are not using Metro Finance for their mortgage.

5.2 Customers should purchase as large a share as suitably affordable based on their individual circumstances. In cases where a customer requests a lower share, the advisor will record this on the sign off sheet with an explanation for wanting to retain a higher level of disposable income. Stockport Homes will need to see evidence or justifiable rationale for the lower share and may decline the request.

5.3 If a customer wishes to purchase a higher share than determined by the advisor, and where this does not fit within a provider's acceptable surplus monthly income, then this request may be refused by Stockport Homes.

6 Minimum Deposit

6.1 Stockport Homes require customers to have a minimum of 5% deposit of the share price they are purchasing; this is to protect the customers from going into negative equity and reduces the financial risk to the mortgage lender and Stockport Homes.

7 Adverse Credit

7.1 If a customer has adverse credit, the mortgage adviser should use the criteria below as part of their assessment. The following are regarded by Stockport Homes as adverse credit and are therefore not permitted under this policy.

No CCJ's or Defaults that:

1. Remain unsatisfied within the last two years unless communication defaults, i.e. Defaulted/missed payments on a mobile phone bill.
2. Satisfied or unsatisfied over £1000 within the last three years.
3. Inability to obtain a mortgage due to adverse credit.
4. Debt Management Plans outstanding or paid off within previous twelve months.
5. Mortgage arrears within the previous twelve months.

Stockport Homes will not regard the following as adverse credit:

1. IVA's or Bankruptcy discharged three years ago or registered over six years ago and satisfied, with no further issues.
2. Previous repossession over three years ago, provided no outstanding debt to lender and no other credit issue in the previous three years. (Requires letter from repossession lender to confirm no outstanding debt).

7.2 If there are exceptional circumstances that explain the adverse credit and evidence can be provided to corroborate; Stockport Homes will use its

discretion to decide if the reasons and evidence provided sufficiently mitigate the risk.

7.3 In any case, the adverse credit must be settled or paid in full at point of application.

- Unsatisfied and unmanaged adverse credit immediately demonstrates the issue is unmanaged and not under control.
- It also presents a risk to Stockport Homes or Stockport Council, in that there is potential for any unsatisfied adverse credit to be subject to bankruptcy or other action, that could lead to charges against the property.

7.4 When considering historic issues with any of the above adverse markers, the applicant's ability to sustain mortgage and rent payments, consideration should be given to the length of time discharged and subsequent ability to manage debts since the original event.

7.5 It would be expected to see a clear credit file (since the event) with no missed payments or further adverse markers.

7.6 There should be a plausible explanation for the bankruptcy, IVA or debt relief order for example a relationship breakdown or poor health.

7.7 Enhanced affordability and sustainability checks should be applied, alongside evidence of the applicants 'ability to manage a household', bank account conduct and other financial commitments.

8 High Interest Lenders

8.1 Stockport Homes will not dictate which mortgage lenders buyers use. However, Stockport Homes will seek to ensure arrangements are affordable and sustainable.

8.2 There will inevitably be a variance in mortgage interest rates and deals buyers can obtain depending on their circumstances and deposit size. In some situations, applicants may only be able to obtain mortgage finance at a rate that is notably higher than average mortgage rates for shared ownership. This can be for multiple reasons, including employment status and credit history. Whilst such applicants may be able to satisfy affordability and sustainability, the higher mortgage rate at commencement creates a vulnerability in terms of the potential greater impact of changes to base-rate in future that can create additional risk for Stockport Homes or Stockport Council and the purchaser.

8.3 Stockport Homes will pay particular attention to any mortgage rate that is 2% above the average rate for the closest equivalent mortgage (considering loan to value, length of fixed rate term) of five mainstream shared ownership lenders (e.g., Leeds, Halifax, Nationwide, Santander, Barclays).

8.4 Stockport Homes will seek and act on the advice of the Independent Mortgage Advisor when deciding whether a higher interest rate lender is affordable and sustainable for the homeowner.

9 Cash Buyers

9.1 Stockport Homes will not accept a cash buyer if they are unable to obtain a mortgage due to adverse credit. Cash buyers may be required to provide a copy of their credit file during the application process. A sign off sheet and budget planner remains a requirement for a cash purchaser.

10 Internal Controls

1	**Version control** Version number will change every three years or at major review		
	Version No.	**Date**	**Change/s and reasons for change**
	2	September 2026	Review of existing policy with specific changes: • Added information relating to resales to provide greater clarity on the process and requirements • Introduced additional headings and formatting to improve navigation and make key sections easier to locate • Revised the adverse credit criteria to ensure a more proportionate approach, particularly in relation to applicants with defaults exceeding £1,000 • Updated the policy ownership and responsibilities to reflect the transfer of the service between directorates.

2	**Policy Owner** i.e. Director	Director of Customer Services
	Policy Author/s i.e. Head of Service	Head of Property Management
	Approved by/date Directorate Management Meeting	Customer Services Directorate Management Meeting – 13th October 2026 – Decision
	Effective Date - the date of sign-off	13th October 2026
	Next Full Review Date i.e. 3 years after effective date, with an annual light touch review	12th October 2027

3	Regulatory Standards	Please list the Consumer, Governance, Viability standards and outcomes this policy meets
	Standard/s	**Required outcome**
	Regulatory and Government	• Homes England Capital Funding Guide

4	**Linked policies/strategies**	
		• Data Protection Act 1998

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		• Stockport Homes Fraud Policy 2024-2027 • Stockport Homes Corporate Fraud Policy 2025-2028 • Stockport Homes' Home Ownership Policy

5	**Equality, diversity and inclusion**	Describe how different experiences, characteristics, and approaches were considered during the formulation of the policy, e.g. neurodiversity, age, religion, sex/gender, financial/digital inclusion.
		The 'Accessing Shared Ownership' policy will be monitored by the Home Ownership team annually to ensure it continues to meet Homes England or other funder audit requirements and is capturing all scenarios which could impact on our purchasers and Stockport Homes or Stockport Council. This Policy has been drafted alongside looking at best practice with other providers and is set within the context of the Government guidance on shared ownership contained within the Capital Funding Guide. The policy will be updated more frequently should new guidance or legislation be published.

6	**Customer/Colleague Voice**	Describe how the customer and/or colleague voice shapes and influences the policy and services
		N/A

7	**Risk management**	This policy helps to mitigate the following risks identified on the Corporate Risk Register
	Corporate Risk 5	There is a lack of strategic direction in relation to SHG's role in delivering new build, social housing in the Borough
	Corporate Risk 14	SHG is not adequately prepared for a major change in government / housing policy

8	**Performance monitoring**	Please list the relevant government TSMs (Tenant Satisfaction Measures)
		N/A