

## **Guidance Notes for Purchaser Eligibility.**

Shared ownership is aimed at people who otherwise would be unable to afford to purchase a home suitable for their current housing needs. In addition, applicants must demonstrate they can afford to purchase the property and sustain ongoing housing costs.

We will assess a potential purchaser's application in line with the following guidance and, if applicable, in line with the requirements of the individual lease.

- **Affordability**

Housing costs should total between 25% and 45% of the applicant's net income to qualify. Housing costs are, for the purpose of this assessment, defined as mortgage, rent and service charge.

Housing costs under 25% of the applicant's net income indicate the applicant may be able to purchase on the open market. Housing costs above 45% of the applicant's net income indicate the purchase is not affordable / sustainable. In these situations the application is likely to be declined, however we recognise that there will be situations which require us to be flexible, for example when the outcome of the affordability assessment is slightly outside the guidelines above, but another other factor illustrates that the purchase will be affordable, sustainable, and demonstrate the applicants require assistance with shared ownership to purchase a home.

- **Eligibility**

Applicants would be considered eligible if they fall within the following groups (this list is not exhaustive):

- Council tenants and housing association tenants.
- Those who can avoid the need for social tenancies, for example those on housing waiting lists and considered by Local Authorities to be in priority housing need
- Those that will address housing problems in local and regional housing markets, for example key workers and then other first time buyers
- We will consider applications from people who have previously owned their own home if they:
  - previously owned a home with a partner and that relationship broke down.
  - need to move into an area because of their job and are unable to afford to buy outright.
  - are shared owners whose income has fallen and they could only stay as home owners by moving to a smaller, cheaper home.
  - are shared owners whose family has grown but who are still unable to afford to buy outright.

AND the applicant must meet all of the following criteria:

- In the opinion of Places for People can afford to purchase the property and sustain ongoing housing costs.
- Have savings or access to funds that will cover the initial costs of buying, such as mortgage product fee; legal fees; survey and valuation fees; deposit on exchange of contract; and stamp duty.
- Be in permanent or fixed term employment.
- Aged 18 or over.
- Have a bank account
- Have a maximum annual income of £80,000 (or, in London £90,000).

- **Applicants who would not be considered eligible**

The following list describes applicants who would not be considered eligible to purchase a shared ownership property. This list is not exhaustive.

- In the opinion of Places for People has the ability to purchase a home suitable for their current housing needs on the open market
- In the opinion of Places for People is unable to afford the purchase or sustain ongoing housing costs for the property they have applied to buy.
- Has unsecured debts over £15,000
- Has a current county court judgement that is unpaid or not yet formally 'satisfied'
- Unable to secure a mortgage through the approved lender list as provided by the Communities and Local Government Department
- Where the property to be purchased would not be the applicant's sole residence
- Where there is evidence of a significant breach of a previous tenancy condition
- If there are current rent or mortgage arrears or if there have been arrears within six months prior to the application
- Their immigration or asylum status would render them unable to benefit from public funds