



WCHG Shared Ownership Adverse Credit and Cash Buyer Policy

Date of approval	DRAFT
Responsible director	Andrea Lowman
Policy monitoring body	
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Linked strategies/policies	Equality Diversity and Inclusion Financial Inclusion Income Recovery Policy WCHG Home Ownership Policy
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WCHG Shared Ownership Adverse Credit and Cash Buyer Policy

1. Policy Statement


- 1.1 Wythenshawe Community Housing Group (WCHG) is committed to providing quality housing. A strategic priority is the provision of affordable quality homes and the growth and development of our asset base to provide opportunity and shared ownership tenure on current and future developments.
- 1.2 This policy provides the risk threshold within which WCHG is willing to consider in the sale of shared ownership homes and to also ensure it is done so in a fair and consistent manner in accordance with best practise, incorporating any changes in policy and in line with WCHG's charitable aims. This policy reflects the current guidance from Homes England (HE) Capital Funding Guide.

2. Policy

- 2.1 The scope of this policy is to:
 - Ensure the WCHG sales team are aware and follow the relevant legislation and best practice in relation to the sale of the WCHG properties, thus reducing risk of repossession for the business.
 - Ensure all prospective customers are aware of the process prior to expending any cost to themselves.

3. Home Ownership

- 3.1 The policy will apply to the following Shared Ownership tenure:
- 3.2 **Shared Ownership (New Model)** – New build properties where buyers can initially purchase between 10% and 75% of the property, whilst paying rent on the remaining amount. Over time shared owners can then build up their share in the property through stair-casing. Shared owners of houses will be on a lease until such time as they purchase 100% interest in the property. At this point they will be able to convert the ownership into Freehold, subject to WCHG having ownership of the freehold. However, if WCHG do not own the freehold then the lease will remain in place. At this point, they will own the property (either as a leaseholder or freeholder) and will no longer pay any rent. If they are in a flat, or a house with communal areas, they may remain a leaseholder and still have to pay service charges and may also be charged a sinking fund.
- 3.3 **Right to Shared Ownership** – this will become available for all affordable/social rent tenants in new build homes built in the Affordable Housing Programme 21 – 26. There will be some exceptions where the home is a specialist build. A customer will be able to exercise their Right to Shared Ownership once they have lived in the home for 3 years, if they meet the affordability criteria they will be able to purchase. No other discounts can be applied e.g. RTA or PRTB.



3.4 Resale Shared Ownership – homes that a current owner bought through Shared Ownership and now wishes to sell on. The principle is the same as buying a new build Shared Ownership but you must purchase the share that the seller currently owns.

3.5 Shared Ownership (Old Model) The majority of our existing Shared Ownership stock has been sold on the old model. These were new build properties where buyers could purchase between 25% and 75% of the property, whilst paying rent on the remaining amount. Once developments funded by the old Affordable Homes Programme 2016 to 2021 have completed this model lease will no longer be issued.

4. Adverse Credit

4.1 Adverse credit is a record of poor repayment history. When considering an application, WCHG and Metro Finance will review the customers ability to sustain mortgage, rent and service charge payments. The reason for this is to ensure customers can afford and sustain the cost of home ownership.

4.2 The following criteria will be applied:

- No missed / late payments within the last 6 months
- No payday loans within the last 12 months
- No CCJs or Defaults registered within the last 2 years
- No CCJs or Defaults that are unsatisfied
- Debt Management plans must be repaid at the point of application
- No IVAs or Bankruptcy registered within the last 6 years, these must be discharged at the point of application.
- No mortgage or rent arrears in the last 12 months
- No repossession within the last 3 years, subject to no outstanding debt to the lender and no other credit issues in the last 3 years


4.3 If there are exceptional circumstances that explain the adverse credit and evidence can be provided to support this, we may use our discretion to review the application and if deemed low risk we will apply discretion.


5. Cash Buyer

5.1 WCHG will accept Cash Buyers subject to them meeting the criteria in the home ownership policy regarding Shared Ownership Eligibility Criteria.

5.2 Cash Buyers will be required to undergo a financial assessment via Metro Finance to confirm that they are unable to obtain a mortgage or that no suitable mortgage products are available for example due to age.

5.3 All Cash Buyers will be subject to a credit file being obtained via Metro Finance to ensure they can afford and sustain the cost of home ownership, with income being considered sustainable with outgoings being realistic, ONS data for expenditure may be used in some instances.





5.4 Budget planners must be completed on all cash buyers. For anyone buying less than a 25% share there needs to be a minimum of 20% net income remaining over (this is outside of the standard 10% minimum surplus net income required on non-cash buyer purchases. The budget planner must be based on the household composition and include realistic figures for all expenditure, back up by bank statements where necessary.

6. Legal & Regulatory Context

Homes England Funding Requirements

6.1 Homes England (HE) outline their requirements for Registered Providers (RP's) receiving grant funding for Shared Ownership and Right to Shared Ownership within the Capital Funding Guide and Funding Agreement' that WCHG have entered into.

7. Review

7.1 Policy will be reviewed on a 3 yearly basis or in response to changes in legislation, regulatory guidance, good practice or changes in other relevant WCHG policy.

8. Equality and Diversity

8.1 WCHG will make every reasonable effort to ensure that no-one is discriminated against directly or indirectly based on any protected characteristic as defined by the Equality Act 2010. We recognise that some protected groups may be disproportionately impacted and will take additional steps in the application of this policy and make reasonable adjustments to ensure compliance with the Act. ***Following a review, a full Equality Impact Assessment was not found to be necessary.***

8.2 We are committed to providing excellent customer services, which are fair, equitable and inclusive. As such, we will endeavour to understand and make any reasonable adjustments required for customers in line with WCHG's Reasonable Adjustment Statement and the Equality Act 2010. Any reasonable adjustment provided will be recorded and kept under active review.

8.3 Examples of reasonable adjustments we might make include providing a translator or information in a different format.

9. Statutory & Legislative Framework

- Capital Funding Guide
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10. Associated policies and procedures

- Data Protection and GDPR Policy
 - Complaints Policy & Procedure
 - WCHG Home Ownership Policy