

## Shared Ownership Allocation Policy

Document Owner	Development & Sales Director
Prepared by	Development & Sales Director
Approved by	Directors Group Investment Committee
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Monitoring, Auditing and Reporting	<ol style="list-style-type: none"> <li>1. Approval by DG and IC</li> <li>2. Director will review annually</li> <li>3. Hexagon will keep records to evidence the eligibility and affordability of purchasers</li> </ol>

## **1. Scope and Aims**

- 1.1. Hexagon Housing Association (Hexagon) has the charitable objective of providing decent, affordable homes for lower income households in South London.
- 1.2. Hexagon pursues this charitable objective by developing affordable shared-ownership homes for people who cannot afford to buy a similar property on the open market.
- 1.3. Hexagon develop shared-ownership housing across five London Boroughs: Southwark, Lewisham, Bexley, Greenwich and Croydon.
- 1.4. This policy ensures that Hexagon's shared ownership allocations align with Hexagon's charitable objectives in accordance with the joint guidance from HM Revenue and Customs, the Charity Commission and the Regulator of Social Housing (Formerly (HCA)), and in accordance with the Greater London Authority (GLA) guidance.
- 1.5. This policy aims to ensure that Hexagon's shared ownership allocation process makes the greatest contribution to aiding local authorities in fulfilling their strategic housing function and their duties to meet identified local housing needs.
- 1.6. This policy also applies to shared ownership homes allocated by Horniman Housing Association, a non-charitable subsidiary of Hexagon.

## **2. Equality and Diversity**

- 2.1. Hexagon aims to understand the diverse needs of residents and deliver fair and equitable outcomes under this policy. We commit to considering reasonable adjustments in the delivery of our services to accommodate the diverse needs of residents and their household members.
- 2.2. This Policy will be enacted in line with Hexagon's Vulnerable Residents and Reasonable Adjustments Policy, Hexagon's Equality and Diversity Policy, and in compliance with our obligations under the Equality Act 2010 and the Regulator of Social Housing's Consumer Regulations.

## **3. Policy Statement**

- 3.1. In alignment with Hexagon's charitable objectives, allocation of Shared Ownership homes will involve an assessment of the applicant's housing need. Hexagon will make decisions with regard to eligibility and affordability in a fair and consistent manner.

3.2. In assessing housing need, and in completing a headline affordability assessment at application stage, Hexagon will consider:

3.2.1. The suitability of the applicant's current accommodation including the state of repair of the current accommodation, the applicant's health, proximity to employment, family responsibilities, as well as probable changes to those factors such as whether an applicant has a medical condition that is likely to deteriorate.

3.2.2. The applicant's financial circumstances; in accordance with the GLA guidance, Hexagon will encourage purchasers to buy the maximum share they can afford and sustain, taking account of their individual circumstances. The minimum initial equity share that can be purchased is 25% (10% for homes funded through AHP 2021-26); the maximum initial share is 75%.

3.2.3. Applicants will be required to have an annual household income of £90,000 or less, and to, if successful, incur annual housing costs (including mortgage, rent, and service charge) that are no greater than 40 percent of net household income. Subsequent to first share purchase, households with income exceeding £90,000 can remain in shared ownership.

3.2.4. Where a purchaser's affordability assessment exceeds the 40% 'test', this assessment will be reviewed before a decision is made on whether to allocate the selected home.

3.3. A suitably qualified and regulated Independent Financial Adviser conversant with the GLA Capital Funding Guide will establish the affordability of the purchase for the applicant, which Hexagon will take into consideration before making its' final decision to allocate a home to a purchaser. In some circumstances more than one financial assessment will be needed, for example if a different priced home or alternative percentage share is considered. The final affordability assessment will reflect the final agreed sale in terms of home and percentage share.

3.4. This initial assessment must be provided to the applicant at no cost. The applicant must not be required to take a mortgage out through these advisors. The applicant should be clearly informed of this upfront.

3.5. Where an applicant is proposing to buy a smaller share than the affordability assessment indicates they can afford, careful consideration of their particular circumstances will be undertaken before a decision on whether to allocate is made.

3.6. Detailed affordability assessments, carried out by qualified, regulated advisors or mortgage lenders should be relied upon as the definitive and final source to

ultimately determine the maximum affordable share the applicant(s) can purchase and agree the share to be purchased.

3.7. Hexagon will document the outcome of this assessment on the form attached at Appendix 1. This assessment will consider if providing a shared ownership home is the most effective way of relieving their housing need, and if the applicant could meet their housing need in the open market.

3.8. The assessment will consider if the applicant could purchase a London home in the open market considering the following information, and assuming the average London house price of £568,619 (as of August 2024, data published 16 October 2024):

3.8.1. A deposit of 10% deposit at £56,861

3.8.2. Legal Fees of £2,000 and Lender's fees of £2,000

3.8.3. Stampduty (First Time Buyer rate): £7,181

3.8.4. Assuming a mortgage requires 4x income, the applicant would need an annual income of £142,155 and savings of £68,043 to meet the upfront costs.

3.9. The assessment will also consider if the applicant could rent a London home in the open market considering the following information, and assuming the average London monthly rent of £2,145 (based on latest government data on market rents; latest ONS data released 16 October 2024):

3.9.1. Assuming no more than 40% of net household income is spent on housing cost.

3.9.2. Assuming a 5 weeks deposit of £2,475

3.9.3. 1 month rent in advance at £2,145

3.9.4. The applicant would require an annual net household income of £64,350 and savings of £4,620 to meet the upfront costs.

3.10. Capital, access to that capital and any income generated by it will be taken into account when assessing an applicants eligibility for shared ownership. Capital assets include savings, bonds, shares and any other financial investments.

3.11. However, any lump sums paid to eligible members of the armed forces as a result of illness or injury are to be disregarded when assessing eligibility and sustainability. Please note that the above applies to one off lump sums only and not to other payments, such as pensions, which are still classed as income.

- 3.12. The assessment will also consider whether the applicant can afford to purchase the shared ownership home on the terms being offered.
- 3.13. It is the applicant's responsibility to notify Hexagon of any changes to their circumstances after the application details have been checked by Hexagon.
- 3.14. Applicants must be at least eighteen years old and able to secure a mortgage if required for the purchase.
- 3.15. Hexagon will consider applications from those who have previously owned their own home but no longer do so due to a relationship ending or those relocating for work purposes where commuting is not possible. Applicants must not own a property anywhere in the world unless a Court order forces them to remain on the deed of a property where their child/ren reside.
- 3.16. In accordance with Hexagon's charitable aims, Hexagon will make offers of shared ownership homes according to the following priority order:
- I. Armed Forces personnel (serving military personnel and former members of the British Armed Forces discharged in the last 2 years).
  - II. Council and Housing Association tenants who, by buying a home will vacate a rented home and who currently live in the borough where the new scheme is located.
  - III. Priority applicants from the housing waiting list (as determined by the Local Authority).
  - IV. Those in work tied to temporary accommodation (e.g. NHS).
  - V. People who live in the Local Authority of the shared-ownership property they wish to buy.
  - VI. People who work in the Local Authority of the shared-ownership property they wish to buy.
  - VII. People who live and / or work in London.
- 3.17. The Government has removed the requirement to offer homes to priority groups with the exception of Armed Forces personnel (serving military personnel and former members of the British Armed Forces discharged in the last 2 years).
- 3.18. Hexagon may set additional eligibility criteria for the first three months of marketing a shared ownership home. Any eligibility criteria must cascade to the London-wide criteria if the home has not been reserved after the initial three month marketing period.
- 3.19. Where applicants are of the same priority according to the order set out in 3.16, a points system will be implemented as follows:

- a) 7 points awarded to Armed Forces personnel (serving military personnel and former members of the British Armed Forces discharged in the last 2 years).
- b) 5 points to be awarded to Local Authority or Housing Association general needs/social tenants releasing vacant property back to landlord within the local authority area.
- c) 2 points to be awarded if the applicant is nominated by the relevant local authority in accordance with the special conditions agreed within their nomination agreement.
- d) 3 points awarded if the applicant's permanent residence is within the local authority area.
- e) 2 points awarded if the applicant's main place of work is within the local authority area.
- f) 2 points awarded if the applicant is in temporary/tied/NHS accommodation.
- g) 1 point awarded if the applicant's permanent residence is in a local authority area adjoining the local authority area of the property.
- h) 1 point awarded if the applicant's main place of work is in a local authority area adjoining the local authority area of the property.
- i) 1 point per child awarded for households with children when applying to purchase a two bedroom property or larger (points not awarded if the purchase would cause overcrowding).
- j) 1 point each awarded to those living and/or working within London.

3.20. Hexagon will also consider the following when allocating a property:

3.20.1. Any special needs/requirements.

3.20.2. Household size and makeup (e.g. number / age of children).

3.20.3. The applicant's preference for a particular home.

3.20.4. Evidence of a residence order from a Court may be required if any dependents do not live with the applicant permanently.

3.20.5. Where there is more than one applicant for a property and applicants have the same number of points, Hexagon will endeavour where possible to allocate the property to the applicant that has the least financial resources, in line with our charitable objectives.

3.20.6. Applicants must be able to demonstrate that their circumstances necessitate buying the shared-ownership property that they are interested in.

3.20.7. Applicants who are not a UK citizen or do not have leave to remain in the UK will be considered on a case-by-case basis.

- 3.21. There may be situations where Hexagon need to consider additional circumstances not defined above.
- 3.22. Tenants of mutual co-operatives are also eligible to participate if they meet all the other eligibility requirements.
- 3.23. In the case of existing Hexagon joint tenants where only one tenant qualifies for the programme, the purchase can proceed in the name of the qualifying tenant provided both tenants surrender the joint tenancy and vacate the tenanted property on completion of the sale. Joint applications can only proceed on the condition that all joint applicants become joint owners. A Hexagon tenant qualifying for the programme may have a partner who does not want to join in the application. The application can proceed in the sole name of the qualifying applicant provided Hexagon gains vacant possession of their current property and there is no obligation to re-house the partner.
- 3.24. A Hexagon tenant whose property has to be vacated for repairs or demolition and who needs to be re-housed in alternative Hexagon accommodation may also be eligible.
- 3.25. An applicant who is a Hexagon tenant must not be in rent arrears or in breach of their current tenancy agreement at the time of their application.

## 4. Additional Guidance

- 4.1. In accordance with GLA guidance, Hexagon will provide applicants with Key Information Documents during the marketing, assessment and purchase processes. These are provided to help shared owners understand what they are purchasing.
- 4.2. For a given period (usually three months), properties adapted for mobility needs or for wheelchair users will only be allocated to applicants who have a household need for this. It follows that in such circumstances wheelchair users may be allocated properties of this type even though they have a lower level of points than other applicants.
- 4.3. Hexagon requires that the applicant's household is suitable for the number of bedrooms in the property, in accordance with the following guidance:

Size of Home	Minimum Household Size
1 bed, 2 person (1 double bedroom)	<ul style="list-style-type: none"> <li>Single Person / Couple</li> </ul>

2 bed, 3 person (1 double bedroom + 1 single bedroom)	<ul style="list-style-type: none"> <li>• 2 adults not living as a couple</li> <li>• Single person plus 1 child</li> <li>• Couple plus 1 child</li> </ul>
2 bed, 4 person (2 double bedrooms)	<ul style="list-style-type: none"> <li>• 2 adults not living as a couple</li> <li>• Single person plus 1 child</li> <li>• Couple plus 1 child</li> </ul>
3 bed, 4 person (1 double bedroom + 2 single bedrooms)	<ul style="list-style-type: none"> <li>• 2 adults not living as a couple, plus 1 child</li> <li>• Single person plus 2 children</li> <li>• Couple plus 2 children</li> </ul>
3 bed, 5 person (2 double bedrooms + 1 single bedroom)	<ul style="list-style-type: none"> <li>• 2 adults not living as a couple, plus 1 child</li> <li>• Single person plus 2 children</li> <li>• Couple plus 2 children</li> </ul>

4.4. An applicant may apply for a property larger than indicated above, but preference will be given to those whose household's bedroom need fits the requirements above, as well as to those who need additional room(s) to accommodate working from home where this is required as part of their employment.

4.5. Only in exceptional circumstances will Hexagon allocate a property to a household where this would cause statutory overcrowding.

4.6. In the case of a dispute, the personal details of the other individual applicants will not be disclosed to unsuccessful applicants other than referral to the above selection criteria and any other circumstances Hexagon have considered.

4.7. Hexagon's offer of a home is dependent upon the applicant giving accurate information. Hexagon may withdraw any offer if the information is found to be misleading or incorrect. If there is a dispute, applicants are required to follow Hexagon's Complaints Policy.

4.8. Applicants will be required to complete a declaration of interest as part of their application in order to advise of any potential conflict of interest arising from their relationship with Hexagon staff.

4.9. In line with our aim of continual improvement, Hexagon reserves the right to amend and approve this policy as required without prior notice.

## 5. Data Protection



- 5.1. This Policy will be enacted in line with our Data Protection framework, and in line with the UK GDPR and Data Protection Act 2018.
- 5.2. Hexagon will retain records on purchaser's affordability assessments and any further considerations in line with its' data protection policy.
- 5.3. Hexagon's Privacy Policy sets out the applicant's rights regarding their personal data.
- 5.4. If you want more information about how your personal data is processed under this policy, please contact our data protection team at [dprotection@hexagon.org.uk](mailto:dprotection@hexagon.org.uk) or call our office.

## **6. Legal Framework**

- 6.1. Affordable Home Ownership: Charitable Status and Tax – Joint guidance from HM Revenue and Customs, the Charity Commission and the Homes and Communities Agency 2009
- 6.2. Shared Ownership and Affordable Homes Programme Guidance 2016-2021
- 6.3. The London Plan: The Spatial Development Strategy for Greater London 2021
- 6.4. [GLA's Affordable Housing Capital Funding Guide \(AHCFCG\)](#).

## **7. Related Hexagon policies, strategies and procedures**

- 7.1. Equality and Diversity Policy
- 7.2. Privacy Policy
- 7.3. Development & Sales Strategy
- 7.4. Community Investment Strategy
- 7.5. Corporate Plan
- 7.6. Fraud, Theft & Bribery policy

## Appendix 1: Affordability Assessment Form

Hexagon will document the outcome of the affordability assessment on this form:

Question	Response
<p>1. In what way is the applicant's existing accommodation inadequate for their situation?</p> <p><i>Refer to shared ownership application Form</i></p>	
<p>2. What are the applicant's financial circumstances in terms of</p> <p>a) Savings?</p> <p>b) Income?</p>	
<p>3. What is the current average net household income required to:</p> <p>a) Purchase a London home, assuming mortgage requires 4x income, based on latest ONS house price release</p> <p><i>(Average London house price £568,619 August 2024 published 16 October 2024)</i></p> <p>b) Rent a London home, assuming no more than forty per cent of net income is spent on housing Costs, based on latest govt. data on market rents</p> <p><i>(Latest ONS data released 16 October 2024 states average London monthly rent is £2,145)</i></p> <p>Based on the above, how much deposit / upfront costs are required to</p> <p>c) Purchase a London home</p> <p>d) Rent a London home</p>	<p>a) £142,155</p> <p>b) Net income £64,350</p> <p>c) 10% deposit @ £56,862 + Legal Fees@ £2,000+Lender's fees@£2,000 + Stampduty FTB rate) @ £7,181 = <b>£68,043</b></p> <p>d) 5 weeks Deposit @ £2,475 + 1 month rent in advance@ £2,145 = <b>£4,620</b></p>

4. Does the applicant have sufficient savings / income to meet their housing need in the open market?	
5. Will the accommodation being offered meet the applicant's housing need and can they afford to buy on the terms offered?	
6. Is providing the shared ownership home for the applicant the most effective way of relieving their housing need?	
<b>Signed off by</b>	
<b>Date</b>	