

Gedling Borough Council affordable home ownership statement

1. Introduction

This statement provides additional clarification to the Gedling Borough Council Affordable Housing Supplementary Planning Document (September 2009) regarding eligibility for affordable home ownership (sections 5.41-5.47).

Purchasers of affordable homes are strongly advised to check the Section 106 agreement relating to specific restrictions on the resale of properties.

This statement applies to:

- Affordable homes for sale by private developers and individuals where the Council has nomination rights in the s106 agreement
- Affordable homes for sale through private developers under the Council's equity loan initiative
- Subject to the specific terms of the relevant s106 agreement the eligibility criteria in this policy will be used to approve a purchaser for a low cost home where the Council's role is purely to ensure that the occupancy terms of the s106 agreement are met
- In the case of Registered Provider shared ownership homes the Council's role will primarily be to ensure purchasers meet the terms of the relevant s106 agreement. Where the Council has nomination rights the Council will nominate in accordance with this policy, but subject to any Homes and Communities Agency capital funding criteria
- This policy will not apply to the Government funded equity loan scheme Help to Buy which is administered by the Government's Homebuy agents according to nationally set criteria

2. General eligibility

Applicants must meet the following criteria:

- Applicants (main and joint) must be at least 18 years old
- Applicants must have an annual gross household income of less than £60,000 (as stated in national affordable home ownership guidance¹)
- Applicants must have sufficient income/ capital to afford to purchase a low cost home
- Applicants must have a demonstrable housing need that they cannot meet through the private sector. In the case of affordable home ownership, this will be assessed through the submission of financial information to show that they cannot afford market housing of an appropriate size and type
- Prior to the first occupation of shared ownership and discounted sale properties, purchasers must be able to demonstrate a local connection as stated in section 4
- Applicants must meet the bedroom needs requirements as stated in section 6

3. Process

- The owner must arrange for details of their prospective purchaser and their household to be sent to the Council's Housing Strategy and Development Officer. Details must include 3 months' payslips from main and joint applicants together with evidence of savings and capital. The owner should also arrange for the Council's Housing Strategy and Development Officer to be provided with details of the prospective purchaser's family composition in order to allow an assessment to be made as to eligibility for the size of property. In all cases, evidence should be sufficient to enable the Council to make an assessment of the extent of housing need.

- Prior to the first occupation as a dwelling of the discounted sale or shared ownership dwelling, the owner must provide evidence of local connection of the prospective purchaser to the Council's Housing Strategy and Development Officer. Subsequent disposals of shared ownership or discounted for sale properties must be to households in need of affordable housing, as determined by the Council, but there will be no local connection requirement.
- Prospective purchaser must send a signed covering letter stating that the information provided is accurate.
- Within 20 days of receipt of all necessary evidence, the Council's Housing Strategy and Development Officer will make a determination in writing to the owner. Should the Council fail to provide a written determination of eligibility and local connection within 20 working days of receipt of all necessary information, the owner may certify that in their reasonable opinion the applicant's household is in affordable housing need.
- It is expected that all properties will be actively marketed for an initial period of 3 months. Where prospective purchasers are not identified within that period, the owner may advertise the property free of charge on the Council's Choice Based Lettings website. In circumstances where no eligible prospective purchaser is found after a further 3 months of active marketing of the property, including on the Council's Choice Based Lettings website, the Council may, at its discretion, relax the eligibility criteria to enable the applicant that most closely meets the eligibility criteria, to proceed with the purchase. A request must be made in writing to the Council's Housing Strategy and Development Officer. Confirmation of this decision will be made in writing by Gedling Borough Council.

4. Local connection

- Where the requirement for a local connection applies, a cascade of local connection will be agreed for the first disposal of each low cost home ownership property such that preference will be given to people in need of affordable housing who are ordinarily resident or working in the Borough.
- Following a period of one month of active marketing, eligibility will then widen to people in need of affordable housing who are ordinarily resident or working in the rest of the South Nottinghamshire housing market area (that is, the Boroughs of Broxtowe and Rushcliffe, City of Nottingham, or Hucknall in the south of Ashfield District).
- After a further period of one month, the criteria will then widen to anyone else in need of affordable housing. In the case of joint applicants where the necessary local connection criteria are met by just one of the 2 joint applicants, the applicant with the local connection must become the sole or joint legal owner of the property.

5. Income/assets

- £60,000 is the maximum household income allowed. Only in exceptional circumstances will the Council consider applications from households with incomes above this maximum threshold.
- When an applicant expresses an interest in a property they will be assessed to see if they could afford to purchase a property of a suitable size on the open market to meet their needs within the Borough. Based on whether they would be able to afford to purchase the property if on sale at the Open Market Value. An applicant's capital, access to that capital, and any income generated by it will be taken into account when assessing their eligibility under this policy.

- Applicants will be expected to liquidate what capital assets they have. Capital assets include savings bonds, shares and similar assets.
- Where a property is being jointly purchased the income and capital of both purchasers must be taken into account when assessing eligibility.
- The Council will not be able take into account the income/capital of the partner or other household member of a purchaser if the partner/household member will not become a joint legal owner of the property.
- Where the joint income/capital of an applicant and their partner or member of their household is needed to enable the household to purchase the property both must become legal owners of the property

6. Suitable housing

- In assessing whether a property on the open market is suitable for an applicant's need or whether an applicant's existing property is suitable for their needs the Council or its agent will apply a "bedroom need plus one" standard.
- This is the bedroom need of the household plus one additional bedroom to allow for factors such as potential household growth, access to children, need for live in carer, home working and other lifestyle factors. The following table sets out how bedroom need is generally defined and the resulting bedroom need plus one standard:

Household type	Bedroom need	Bedroom need plus one standard
Single person or couple	1 bedroom	2 bedrooms
Parent(s) with one child/ pregnant	2 bedrooms	3 bedrooms
Parent(s) with 2 children	2 bedrooms	3 bedrooms
Parent(s) with 3 or more children	3 bedrooms	4 bedrooms

7. Repossession

- Where a unit of affordable housing is lost due to re-possession, there will be a requirement for a "Windfall Sum" to be re-paid to the Council by the mortgagee, which will be recycled back into affordable housing within the Borough

8. Existing owners

- Open Market owner occupiers are eligible to apply if they can demonstrate that they are in housing need and cannot afford to purchase an alternative suitable property on the open market.
- Existing owners (including low cost home owners) are required to have already sold their property or to sell their property at the same time as buying their affordable home. In exceptional cases where an applicant is prevented from accessing or selling their existing home an application may be considered, but only with the Council or their agent's prior written agreement

Applicants with existing property which may be considered commercial in nature may be excused from selling such property in the following exceptional circumstances and provided the Council or its agent has given its prior approval:

- The property is not or would not be suitable as a residential dwelling, such as a shop, or other business premises which provides the applicant's main source of income
- The property is residential and is already tenanted and the applicant can demonstrate no access to the property for their own residential needs; that the rental income is the applicant's main source of income and that the total household income is below the maximum household income permitted
- That the applicant has satisfactorily explained why s/he should not sell the property and put the proceeds towards the purchase of a residential home.
- That the Council is prepared to consider a request for an existing property to be allowed is not an indication that there will be a positive outcome.

9. Existing tenants

- Existing tenants must not be in rent arrears or in breach of their current tenancy agreement at the time of the application. Where a tenant is or has been in arrears for a short period due to a sudden change in circumstances or an administrative delay or error in recording the rent paid in the RP's rent accounts, the Council may use its discretion to allow the case to proceed where it is satisfied the rent is being paid and the applicant has sufficient income to support a mortgage loan. In the case of RP tenants the tenancy must be surrendered and the property vacated on completion of the sale and there must be no obligation to rehouse any remaining tenants/occupiers.

10. Letting

- In exceptional circumstances Gedling Borough Council may permit discounted sale properties to be sub-let for a period of up to 12 calendar months. In all cases, this is at the discretion of Gedling Borough Council and written permission must be obtained from the Council prior to sub-letting.
- In the case of shared ownership properties, the owner should contact the relevant Registered Provider for advice.

11. Discretion

- In exceptional cases where an urgent amendment to the policy is required to respond to specific circumstances or general changes in market conditions, national policy or legislation, Heads of the Planning or Housing Services or their delegated representative, in consultation with the relevant portfolio holder shall be authorised to vary the relevant provisions of this policy.
- In exceptional cases, Service Managers for Planning or Housing or their delegated representative shall be authorised to approve a sale where the sale of a property to an individual and their household would not be fully compliant with this policy. In such circumstances, there would need to be no other applicants who would meet the policy in full and it would need to be evidenced that the sale would be consistent with the policy objectives.
- Appeals against any provision of this policy or its application must be made in writing and sent for the attention of the Service Manager - Housing, Gedling Borough Council within 28 days of any decision having been issued.

ⁱ <https://www.gov.uk/affordable-home-ownership-schemes/shared-ownership-schemes>