



Shared Ownership- Minimum income surplus policy

1. Purpose and scope

This policy applies to every allocation of a shared ownership home to a prospective customer and ensures that Selwood Housing allocate shared ownership properties fairly and in line with Homes England Capital Funding Guide (CFG).

We will ensure all prospective customers are aware of our policy and process approach when offering them a shared ownership home and prior to them incurring any costs.

2. Underpinning principles

This policy ensures that grant funded shared ownership homes are allocated in line with the CFG.

The surplus income policy provides a buffer and will limit a buyer's exposure to shock payments. It has to be balanced so that it is not too high that it stops people from buying homes that can afford them, but not too low so that buyers are put at risk if there is economic uncertainty.

3. Policy details

Selwood Housing's minimum surplus income policy is based on a minimum percentage figure of net income after commitments and housing costs have been factored in. This approach creates tailored, individual shares for customers based on their real-life circumstances.

Selwood Housing's minimum surplus income is **10%**. This provides 90% to cover mortgage payments, housing costs, known financial commitments and other essential expenditure. These costs will be identified through the assessment (budget planner) that the mortgage advisor undertakes.



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In considering the most appropriate percentage for the policy Selwood Housing took advice from our panel of mortgage advisors and 10% is in line with how they already work and is a measure they already use.

The CFG provides further guidance regarding the calculation which is used to determine the net income that is available for mortgage purposes.

4. Signposting

The following documents are to be read in conjunction with this policy:

Homes England Capital Funding Guide

Selwood Housing shared ownership policy

Staff buying shared ownership policy

Selwood Housing first come first serve policy

Shared ownership adverse credit policy

MONITORING AND REVIEW

This policy will be reviewed in its first 12 months and every 3 years thereafter, unless a major change is required.

