

Policy title:	Shared Ownership Sales Policy		
Scope:	Aspire Housing		
Policy owner (job title):	Director of Development & Regeneration		
Approver (job title):	Executive Director of Place		
Date:	September 2025	Review Due Date:	April 2028

POLICY SUMMARY

This policy sets out the eligibility requirements for Aspire Housing shared ownership homes and explains the allocation process. It also describes how we support applicants in ensuring they can afford the home they wish to buy, increase their equity share, and resell their property.

The policy applies when Aspire Housing (marketed through its brand Cerris Homes) offers a property for sale under Shared Ownership. This includes new builds, assisting with the resale of existing Shared Ownership homes, or refurbishing homes for shared ownership. It is relevant to both prospective buyers and current shared owners.

The policy ensures that the allocation process is fair, transparent, and consistent, including the financial assessment of applicants and compliance with the Homes England Capital Funding Guide.

Associated Policies and Procedures:

- Leaseholder Management Policy
- Staircasing Procedure
- New Model Lease Reporting Repair Process
- Resale Procedure
- First Come First Served Policy
- Surplus Income Policy
- Homes England Capital Funding Guide

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1. POLICY STATEMENT

1.1 Scheme Overview.

This policy aligns with the Group's values and reflects our commitment to improving lives. It provides a clear, consistent, and customer-focused service that ensures all prospective buyers are treated fairly when applying for one of the Group's shared ownership homes.

This policy is designed to ensure that we:

- Allocate shared ownership homes fairly and transparently.
- Prioritize applicants on a first come first served basis providing they meet the eligibility and affordability criteria.
- Adhere to the requirements of the S.106 agreement where applicable*
- Meet Homes England's requirements, in line with the Capital Funding Guide.
- Comply with other financial and regulatory controls that Aspire Housing must follow.

*If there is any conflict between this policy and a Section 106 or nominations agreement, the terms of the Section 106 or nominations agreement will take precedence.

The exception to the First Come First Served Policy is for parties that meet the Armed Forces Personnel Criteria. There is more information on who qualifies in the 'Shared Ownership FAQs' section of our Cerris Homes website.

1.2 Shared ownership Eligibility

To qualify for a shared ownership property, applicants must meet the following criteria:

1. **Age:** Be at least 18 years old.
2. **Property Affordability:** Be unable to afford a suitable property on the open market that meets their needs.
3. **Savings and Funds:** Have sufficient savings or access to funds for the deposit and other associated purchasing costs.
4. **Ongoing Costs:** Be able to afford the ongoing costs of homeownership.
5. **Income Limit:** Have a gross household income of less than £80,000 per year.
6. **Debt-to-Income Ratio:** Have a debt-to-income ratio of less than 30%.
7. **Creditworthiness:** Be able to demonstrate no mortgage or rent arrears.

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8. **First-Time Buyer Status:** Be a first-time buyer, although some applicants who have previously owned a home may still qualify. This includes:
 - Older individuals
 - Those who have lost a home due to a relationship breakdown
 - Shared owners whose families need a larger home but cannot afford one on the open market
9. **Property Ownership:** Own no other property at the time of completing on the new shared ownership home.
10. **Local Authority Eligibility:** Meet the relevant eligibility criteria set by the local authority (if applicable).
11. **Residency:** Applicants must reside in the UK or be eligible to do so.

Certain homes may have additional eligibility criteria, such as schemes designed for individuals aged 55 and over, rural exception restrictions, or Section 106 schemes.

1.3 Valuation and Sales

Property Valuation

Shared ownership homes will be sold based on their full market value, as determined by a RICS (Royal Institution of Chartered Surveyors) Registered Valuer. The full market value is defined by RICS as the estimated price a property would achieve on the open market in an arms-length transaction. The homes will not be sold for more or less than this valuation.

An independent valuation will be conducted every three months. Prices may fluctuate based on the valuation results, and sale prices will be adjusted accordingly. Once the reservation is confirmed, the valuation will be fixed from that date until the exchange of contracts deadline. A reservation is considered confirmed once the applicant and their appointed solicitor have received the Memorandum of Sale (MOS).

Percentage purchased

Applicants may be eligible to purchase an initial share of the shared ownership property, ranging from 10% to 75%, depending on the grant funding source used to provide the homes.

Staircasing

Owners of shared ownership properties will have the opportunity to buy additional shares in the years following the initial sale, a process known as staircasing. Typically, shares can be purchased up to 100% of the property, at which point the Freehold title will be transferred. However, in some cases, there are restrictions; for example some schemes only allow the leaseholder to staircase to 80% in order to keep the homes at an affordable level for specific groups of people.

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1.4 Application Process

Aspire Housing will ensure all applications are dealt with in line with requirements set by Homes England, to ensure applicants meet the required criteria for the Shared Ownership product.

The following briefly outlines how we handle each step of the application process;

Initial Contact	Upon receipt of an initial enquiry, we will contact the applicant to discuss their current circumstances and eligibility criteria.
Applications	<p>Applicants must complete an application form.</p> <p>A referral to an Independent Financial Advisor (IFA) will be arranged to assess financial eligibility.</p> <p>An eligibility form will also need to be completed to confirm eligibility for the shared ownership scheme. This is reviewed and approved by a member of the sales team</p>
Viewing	Once the application is approved, a property viewing will be scheduled at the earliest opportunity, provided safe access is available.
Reservation	We will request feedback following the viewing. If the applicant wishes to proceed, reservation documents will be issued. A reservation fee, typically £500, is payable to secure the plot. This fee will be credited towards the total costs upon completion of the sale.

1.5 Affordability Assessment

Applicants will be required to complete an application form for the shared ownership scheme. Following this, they will be signposted to an Independent Financial Advisor (IFA) who will assess their eligibility for the scheme and provide a general indication of the share percentage that they may be able to purchase. There will be no additional cost to the applicant for the assessment, which is usually completed online.

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Applicants intending to purchase a share using cash, without obtaining a mortgage, will still be required to undergo a financial assessment and receive approval from an IFA. They must also demonstrate that the associated costs are financially sustainable. Additionally, the reasons for the cash purchase must be verified and assessed in accordance with Anti-Money Laundering regulations.

Following the initial financial assessment, eligible applicants will be required to undergo an additional financial interview with an Independent Financial Advisor (IFA). They will have the option to continue working with the same IFA who conducted the initial assessment or can choose a different company. The assessment will involve a comprehensive evaluation of income, savings, outstanding debts, and regular living expenses.

The share purchased will be agreed upon in consultation with the IFA, based on individual financial circumstances. Typically, the minimum initial share is 25% and the maximum is 75%. However, for certain Homes England funding programmes, the minimum initial share available may be as low as 10%. The minimum share for each development will be clearly stated in the property advertisement.

1.6 Minimum Surplus income

In line with Homes England Capital Funding Guide, applicants must have at least 10% of their net income available as disposable income, relative to the share intended to purchase. 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. This is also in accordance with the lender and broker market assumptions.

The monthly surplus income calculations as specified by Homes England is shown below:

- A) Gross household income i.e. gross monthly pay to include the relevant amount of any overtime, commission or bonus as determined by an Advisor (A)
- B) Gross deductions i.e. Pension, National Insurance, Income tax, Pension (B)
- C) Known commitments i.e. credit commitments, childcare, loans (C)
- D) Housing costs (excluding mortgage) i.e. stress tested rental income, service charge (D)
- E) Net income remaining for mortgage purposes ($E = A - B - C - D$)
- F) Mortgage cost ($F =$ no greater than 30% of E)
- G) Essential costs i.e. council tax, utilities, food, Fuel (G)
- H) Surplus income ($E - F - G$ must be greater than this)

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NB: The above may be exceeded in cases where the Advisor feels that there is a justification for doing so and where the customer is still subsequently able to satisfy the provider's budget surplus policy.

1.7 Allocation Process

As per the requirements of the Homes England Capital Funding Guide, all shared ownership homes must be offered on a first come, first served basis.

Aspire's First Come First Served Policy, which should be read in conjunction with this policy, is based on whoever first registered an interest in a property/new development. This is applicable for both whole developments that are released off-plan and individual homes that are released as and when they come available.

This will ensure we are giving all applicants equal opportunity as this contact can be made through our website, via email or via telephone call, so it is not reliant on an applicant being able to complete the application forms immediately as some of our buyers require assistance with completing online forms.

The exceptions to the 'first come, first served' policy are:

- Qualifying Armed Forces/military personnel, who will be prioritised. There is more information on who qualifies in the 'Shared Ownership FAQs' section of our website.
- Where the development is within a National Park, Area of Outstanding Natural Beauty or a rural exception site. In this instance, there may be a requirement that customers with a connection to the local area be prioritised. Any such restrictions will be advised in the allocation policy and marketing material for the development.

1.8 Sales Process

Following the initial financial assessment, a reservation fee of £500 is payable to secure the property. This is deducted from the purchase price on sale completion.

A formal offer letter will be issued by Aspire Housing to the applicant which must be signed and returned within a set time period. At this stage, applicants will be required to appoint a solicitor to act on their behalf for the purchase.

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A member of the sales team will then issue the applicants solicitor with a Memorandum of Sale (MOS) outlining the purchase details and sales terms. It will include key information in line with lease requirements and a specific date for exchange, which is usually set at 28 days. After the date of exchange, if the applicant withdraws from the purchase the £500 reservation fee will be forfeited.

Applicants should be prepared to exchange contracts prior to viewing the completed property, if the property is still under construction, and within the specified deadline. Handover dates are provided as a guideline, in good faith, and based on the expected construction schedule. These dates may be subject to change following the initial reservation in the event of construction delays.

Cerris Homes Sales Team, the sales and marketing brand of Aspire Housing, will oversee the progression of sales and ensure that customers are regularly updated and well-informed throughout each stage of the sales process.

At the time of sales completion, the Sales Team will facilitate the key handover, conduct a home demonstration, and provide all necessary documentation.

1.9 Shared Owner Information and Support

Aspire Housing is committed to ensuring that Shared Owners are well-informed about their rights and responsibilities under the terms of their lease.

We will make every effort to ensure that Shared Owners clearly understand our role and obligations as the Freeholder. This information will be made available in various formats, including through our website, over the phone, and in printed materials. Additionally, the Shared Owner's acting Solicitor will provide further explanation at the point of signing the Lease.

Shared Owners will have the same opportunities to influence and shape services as other Aspire customers. This will include the methods to scrutinise and improve service delivery and provide feedback upon the services they receive.

1.10 The Lease

Aspire Housing adopts the standard form of shared ownership lease as endorsed by Homes England. The lease sets out the covenants granted to each party at the point of sale and are for a fixed term, which is generally 990 years for the new model lease.

A standard shared ownership lease will include the following information:

- A detailed description of the property, including its boundaries, and clarification on which areas fall under the responsibility of the home-owner and which are maintained by us.
- The initial rent payable upon completion, along with the method we will use to review and adjust this amount on an annual basis
- Information regarding the building insurance arrangement

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- Guidance on the process for purchasing additional shares in the property (commonly known as 'staircasing')
- Instructions on the steps to take if the customer decides to sell the property in the future.

1.11 Rent

The rent payable by the Shared Owner will be specified within the lease and will adhere to the requirements set by Homes England and/or the relevant local planning authority.

Rent is initially determined based on the open market value of the property at the time of purchase. This applies both at the initial sale and at any subsequent staircasing or resale. A RICS valuation is required at each purchase stage, and the rent is then calculated based on 2.75% This calculation will be as follows:

$$\text{Monthly Rent} = (\text{Unsold Equity value} \times 2.75 \div 100) \div 12$$

Rents will be reviewed annually in accordance with either Retail Price Index (RPI) or Consumer Price Index (CPI). The terms and methodology for this calculation are outlined within the lease agreement. Customers will receive annual notification from Aspire Housing regarding any rent increases.

1.12 Repairs and Improvements

Shared Owners living in houses are responsible for maintaining the property within their boundaries. Shared Owners in flats are responsible for all internal repairs. Any structural issues will be covered by the new build warranty, or if that's no longer available, they can be addressed through the building insurance provided by Aspire Housing.

The new model lease currently has provisions which grants an initial 10-year period during which Shared Owners are not required to contribute to the cost of repairs for the building's external structure via service charges. Additionally, during this period, Shared Owners may apply for a £500 contribution towards internal repairs per year. This should be read in conjunction with New Model Lease Reporting Repair Process.

All Shared Owners who are eligible for the Repair Budget will receive a 'Reporting a Repair Process' document as part of their sale completion pack. This document provides a detailed, step-by-step guide on how to report a repair, outlines expected response times, and includes guidance on what qualifies as an eligible repair.

Shared Owners intending to undertake any improvements or alterations to their property must obtain prior written approval from Aspire Housing. Consent is not required for minor works such as internal redecoration.

Any approved improvements will not affect the Shared Owner's share. In the event that such improvements result in an increase in the property's market value, the uplift in value will be apportioned in line with the leaseholder's existing equity share.

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Shared owners are encouraged to consult with Aspire Housing prior to commencing any works, particularly where an increase in value is anticipated.

1.13 Staircasing

Staircasing is the process of purchasing additional shares in the property, potentially up to 100% ownership. Some properties, however, have a maximum cap of 80% ownership to help retain local housing affordability, particularly in rural areas. The terms governing staircasing are outlined in the lease. This should be read in conjunction with the Staircasing Procedure.

Shared Owners may staircase at any time after initial purchase, although some leases require a minimum 12-month period before doing so.

There are currently two staircasing options available, depending on the lease terms, for model leases introduced from 2021 onward;

- **1% Staircasing:** No valuation is required. Aspire Housing will provide annual updates on the cost of buying an additional 1% share. This option is only available on the new model lease.
- **5% or More:** A valuation by an independent RICS surveyor is required. The purchase price will be based on the current market value. Legal representation and, where applicable, updated mortgage arrangements will

When additional shares are purchased, the rent payable on the remaining unowned equity will decrease proportionally.

Older Section 106 model leases (prior to 2021) typically required a minimum staircasing increment of 25%, meaning shared owners could only purchase additional shares in chunks of 25% or more. This was standard practice before more flexible models were introduced. To confirm eligibility, it's essential to check the terms of the lease.

Staircasing to 100% Ownership

- **Apartments:** The property remains leasehold. Rent payments will cease, but service charges will continue.
- **Houses:** The property may become freehold upon reaching 100% ownership, subject to the lease terms. Rent will no longer be payable. However, purchasers may still be responsible for service charges and building insurance, particularly where shared areas exist.

1.13 Resales

Shared Owners may sell their property at any time. Where less than 100% of the property is owned, Aspire Housing reserves the right to nominate a buyer within a standard 4-week period before the property can be marketed on the open market.

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Proceeds from the sale will be divided according to the respective ownership shares held by the Shared Owner and Aspire Housing. If the Shared Owner owns 100%, the property may be sold directly on the open market, and they will retain all sale proceeds, subject to any outstanding mortgage balance.

Shared Owners are responsible for any estate agency fees and must inform their mortgage lender of the intention to sell. Where applicable, a resale fee may be charged by the housing provider, as outlined in the lease.

2. Equality and Diversity

This policy has been considered against our Equality and Diversity Policy and an Equality Impact Assessment has been undertaken. Where people have specific needs to access the policy, or progress a matter via the policy, reasonable support would be given. By way of example, this may include the provision of the policy in alternate forms e.g. braille, large print or audio versions and ensuring that the process followed was reasonably adapted to reflect the needs of the individual.

3. RESPONSIBILITIES OF EMPLOYEE

To ensure compliance with the Shared Ownership Sales Policy for all properties and to provide prospective applicants with a clear understanding of the policy when applying for a home or registering interest in a development.

To ensure the policy is readily accessible and clearly visible to all prospective applicants

4. RESPONSIBILITY OF ASPIRE

This policy will be monitored and reviewed in response to any significant changes introduced by Homes England. It will be formally reviewed every three years, or sooner if required by changes in policy or legislation.

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