



VHA Policy Document

HOME OWNERSHIP POLICY

Reviewed: July 2021

Next Review Due: July 2024

VECTIS HOUSING ASSOCIATION LIMITED

HOME OWNERSHIP POLICY

1. Introduction

VHA operates exclusively on the Isle of Wight (the Island) and in partnership with the Isle of Wight Council.

The Association recognises that the prospect of home ownership is beyond the reach of many of those households with whom it works to assist with their housing needs. In many instances it is also the case that market renting is not an affordable option either. For these a sub-market rented property is the only practical solution. Nevertheless, we acknowledge that subsidised home ownership may be a viable option for a number of working households whose income is not enough to purchase on the open market.

As such, the approved Business Strategy for 2020-25 includes a balanced portfolio of affordable rented and sub-market purchase options. Access to both options are largely predicated on a household's circumstances clearly demonstrate an ability to sustain the outlay and responsibilities involved with each.

In relation to the option to purchase the range of offers are intended to cater flexibly for a range of needs and circumstances and include:

- Shared Ownership
- Discounted Market Sale
- Rent-to-Buy

2. Policy Objectives

The Key objectives of this policy are:

- To address local housing needs on a more flexible basis;
- To promote affordable and sustainable home ownership for those with the desire and means to achieve it;
- To promote and support our commitment to sustainable local communities;
- To release rented stock for re-letting where possible;
- To ensure shared-ownership and buyers of flats are aware of their responsibilities under the terms of the lease;
- To treat applicants in a fair and non-discriminatory way in accordance with our Equality, Diversity and Inclusion policy;
- To invest surpluses arising from sales in the provision of properties to be let at sub-market rents.

3. Funding the schemes

Funding for home ownership properties will be either through s106 yields from developers or through grant funding from Homes England. In many instances, the provision of home ownership dwellings or other 'intermediate' tenures will be a requirement of planning permissions.

To ensure viability, in the instance of s106 agreements we would normally expect to acquire such properties in the first instance at a sub-market price, normally less than two thirds of market value; and/or by acquiring the land at nil value, or similar nominal amount; and/or with the assistance of off-site grant funding provided by the developer.

Where VHA is the developer, we will look to ensure that sale costs are kept affordable by obtaining capital grant funding either from Homes England or the Local Authority.

4. Applicant eligibility

Applications for home ownership stock will be accepted from current tenants and the wider community:

In broad terms, applicants must normally:

- Not be in a financial position to buy a suitable home on the open market;
- Be able to afford the associated costs of buying a home;
- If required, be able to obtain mortgage facilities from a building society, bank or other reputable source of finance;
- If a tenant of the Association, not be in arrears of rent by more than four weeks at the time of application, such arrears to have been cleared at time of purchase;
- Be prepared to provide evidence of circumstances as requested, or as required by local lettings plans to prove a (relevant) local connection;

4.2 Assessment of application

Each application will be assessed on the basis of fulfilling the criteria of this policy. VHA may refuse an application if there is more than one application for a property and at least one other meets the necessary criteria.

4.3 Financial assessment

The financial circumstances of every applicant will be critical to the success of any application. Each applicant will be expected to provide evidence of their ability to raise the necessary finance and for sustaining home ownership. Confirmation of this will be expected from an Independent Financial Advisor. VHA will work in partnership with HRD in this capacity, but applicants are free to select one of their own choice, provided he/she has the necessary qualifications to so advise.

5 Related Policies

This policy document sets out the Association's general approach to the provision of home ownership. It should be read in conjunction with further policies relating to Discounted Market Sale, Shared Ownership and Rent-to-Buy. A further policy relating to Right to Buy reflects the statutory requirements for that scheme.