

Manchester City Council Report for Resolution

Report to: Executive – 27 June 2018

Subject: The disposal of 20 housing units for shared ownership at Booth Hall, Charlestown - North Manchester New Build Phase 1 Programme

Report of: Strategic Director (Development)

Summary

The North Manchester New Build Programme has evolved since the original funding bid was submitted in 2014. This has led to a change in the delivery of the original proposition of 56 Affordable Rent homes. This report sets out in detail the proposed new scheme which will deliver 40 Affordable Rent and 20 shared ownership homes.

Recommendations

The Executive is recommended to:

1. Note the overall increase in the provision of affordable homes as part of the North Manchester New Build 1 Programme from 56 to 60.
 2. Note the changes to the North Manchester New Build Programme and the rationale to reduce the number of Affordable Rent homes planned to be available from 56 to 40 as set out in Section 2 of this report.
 3. Note the acquisition of the 20 new build houses from Taylor Wimpey as part of the existing s106 agreement on the Booth Hall Development in the Charlestown Ward of North Manchester.
 4. Consent to the Chief Executive using existing delegated authority to dispose of 20 new build houses in the Charlestown ward of North Manchester as shared ownership homes.
 5. Approve the Sales and Marketing policy as set out in Section 4 of this report.
 6. Authorise the City Solicitor to enter into any agreements to give effect to the recommendations.
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Wards Affected

Charlestown, Cheetham, Harpurhey, Moston

Manchester Strategy outcomes	Summary of the contribution to the strategy
A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities	The provision of shared ownership homes will support the city in providing an affordable home ownership product for lower income households to support a functioning Manchester and sub regional economy.
A highly skilled city: world class and home grown talent sustaining the city's economic success	The new and existing homes will be well connected to employment opportunities and schools
A progressive and equitable city: making a positive contribution by unlocking the potential of our communities	Increasing the supply of good quality affordable homes for low cost home ownership will provide the opportunity for Manchester residents to raise their individual and collective aspirations
A liveable and low carbon city: a destination of choice to live, visit, work	The right mix of quality energy efficient housing is needed to support growth and ensure that our growing population can live and work in the city and enjoy a good quality of life.
A connected city: world class infrastructure and connectivity to drive growth	This approach recognises the importance a balanced housing offer plays within a well-connected city and the neighbourhoods within it. It seeks to create neighbourhoods where residents will choose to live and their housing needs and aspirations are met

Full details are in the body of the report, along with any implications for

- Equal Opportunities Policy
- Risk Management
- Legal Considerations

Financial Consequences – Revenue

Costs will be incurred in respect of security and sales and marketing costs prior to the sale of the 20 properties, and these will be costs to the Housing Revenue Account (HRA) As the 20 shared ownership homes have been funded through HRA resources they will be assets of the HRA and both the costs and future rental income will form part of the HRA long term business plan. As part of the shared ownership arrangements rental income of 2.75% of the remaining value owned by the Council will be charged to the shared owner, and this will be income to the HRA. There will also be ongoing costs in respect of insurance, management fees for annual inspection and estate management costs that will be incurred in the first instance through the HRA, but these will be recovered from the shared owners via a service charge arrangement. Projections of revenue streams based on debt repayment over 30 years show in year income covering debt costs by year 8, and the running costs breaking even by year 14. However it is anticipated that the Council's 75% share will

have been purchased by year 10 at the latest and these receipts will ensure that overall income exceeds expenditure incurred.

Financial Consequences – Capital

Agreement has been reached with Taylor Wimpey to purchase 20 affordable homes on the Booth Hall development that will be sold on a shared ownership basis. The agreement to purchase the homes was at a discount of 26% against the open market value, and the total purchase price including costs is £2.453m. The costs of purchase are split £345k Homes England Grant and the remaining £2.108m from the Housing Revenue Account (HRA) capital resources. Upon selling each of the properties the shared owner will initially acquire a minimum of 25% of the full open market value of each property, and the capital receipt received will be ring fenced within the HRA. .

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Background documents (available for public inspection):

The following documents disclose important facts on which the report is based and have been relied upon in preparing the report. Copies of the background documents are available up to 4 years after the date of the meeting. If you would like a copy please contact one of the contact officers above.

- Report to Executive 21st January 2015 – Housing Revenue Account 2015/16
- Report to Executive 14th December 2016 - Housing Affordability in Manchester
- Report to Executive 28th June 2017 - Progress of the Residential Growth Action Plan
- Report to Executive 13th December 2017 – Capital Programme Proposed Increases

1.0 Introduction

1.1 The 'Our Manchester' strategy has established a series of high level aims to secure the 2025 vision for the city, in particular the need to build well designed, energy efficient, sustainable and affordable homes to rent and buy. In doing so the strategy recognises the importance of focussing on reducing the gap between resident's wages and the average wage earned in the city. It is imperative that we continue to work with our residents to improve their employment prospects and increase their household income so they can access more homes of their choice.

1.2 The average household income in the city is currently around £27k per year. Households above this income level have more housing opportunities than those below it. Households with below average incomes depend to some extent on welfare benefits and need lower rents. If they are to buy a home they need it to be lower cost. In recognition of this the City Council reviewed its definition and approach to the affordability of housing across Manchester.

1.3 In December 2016 Executive approved the Housing Affordability Policy Framework (HAPF) which redefined affordable housing in Manchester as;

'Decent and secure housing that meets the needs of Manchester residents that are below the average household income for Manchester'

1.4 It was recognised that there will be geographical variations to the type of home ownership and rental products required which will reflect the diverse nature of Manchester's neighbourhoods and the financial circumstances of the residents within them.

1.5 This report sets out the background to the first phase of the North Manchester New Build Phase 1 (NMNB1) Programme and the changes to the original NMNB1 scheme which reduced the numbers of homes for Affordable Rent from 56 units to 40 units along with the proposals to take advantage of Homes and Communities Agency (HCA) [now Homes England] resources to supplement the reduced NMNB1 with shared ownership properties.

1.6 This revised scheme will deliver a total of 60 affordable homes broken down by:

- 40 Affordable Rent Homes
- 20 Shared Ownership homes

2.0 The North Manchester New Build Programme Phase 1

2.1 In 2014 the Homes and Communities Agency (now Homes England) announced the prospectus for the Affordable Housing Funding Programme for 2015–18. Within the prospectus the Government was very clear that all bids for rented homes through this programme would only be accepted for Affordable Rent (80% of market rent) unless there were exceptional circumstances such as decanting existing social tenants into new homes.

- 2.2 The City Council submitted a successful bid for funding under this programme and was awarded just over £1 million for the delivery of 56 homes to be let at Affordable Rent.
- 2.3 In January 2015 Executive approved the additional capital expenditure required to construct the homes from the Housing Revenue Account (HRA). This would form the first phase of the North Manchester New Build (NMNB1) Programme and would be delivered across a selection of approximately 15 small infill sites in the Cheetham (5 sites) , Harpurhey (2 sites), Higher Blackley (3 sites) and Moston wards (5 sites) of North Manchester
- 2.4 In terms of delivery of the NMNB1 Programme the original intent was to deliver high quality modular homes for Affordable Rent. The intention was to use the Affordable Homes Programme (AHP) funding to part fund the development of modular homes. As such the Council entered into a procurement exercise and then a series of discussions with a selected modular homes contractor and manufacturer. However, by November 2016 it was clear that a modular homes based solution could not be delivered within the cost parameters set for the NMNB1 scheme.
- 2.5 In December 2016 the modular homes solution was terminated and a procurement exercise, via the North West Construction Hub, was commenced to deliver a traditional construction solution for the 56 homes. Tenders were sought for a Design and Build solution that would reach practical completion by March 2018 in line with the original grant agreement with the Homes and Communities Agency (HCA).
- 2.6 Two bidders responded and one was selected as a preferred developer based on their cost and quality submission. Contract negotiations and Pre-Contract Services Agreement (PCSA) works were undertaken to deliver a final cost plan submission and contract agreement by July 2017.
- 2.7 On 10th July 2017 the contractor submitted a 2nd stage detailed costs estimate which was over £1 million over the anticipated contract sum. There were 2 key factors which led to the contractor high cost estimate:
- Low unit numbers across a large number of sites had a significant impact on the site preliminary costs; and
 - Site abnormalities which included topographical and utility issues which led to an increased cost per unit for remediation.
- 2.8 The contractor was unable to make any meaningful reduction to their cost proposal based on the existing scheme so the following steps were undertaken:
- Working with the contractor the most expensive units to construct / develop were identified; and
 - Discussions were initiated with the HCA to explore what options were available to change the grant rates to deliver the homes for Affordable Rent.

- 2.9 The outcome of this work led to the conclusion that a number of sites would need to be withdrawn from the first phase as a result of the high costs associated with delivering the new homes on them. Reducing the sites that were the most expensive to deliver had the obvious effect of reducing the number of new homes for Affordable Rent from the original 56 to 40.
- 2.10 The timescales associated with the procurement of original NMNB Phase 1 programme had the effect that the grant monies which had been secured from the HCA could not be invested within the set programme period. This required the Council to enter into a new dialogue to deliver the NMNB Phase 1 Programme. The next section sets out the outcomes of that dialogue.

3.0 North Manchester New Build 1 – A revised Grant Agreement with Homes England (formerly the Homes and Communities Agency)

- 3.1 In light of the reductions in the numbers of homes available for Affordable Rent and, as a result of the dialogue with the Homes & Communities Agency, the opportunity to access grant monies to deliver affordable homes for Shared Ownership steps were taken to determine if such grant could be secured and quickly deployed in the North Manchester area. Such an approach was intended to sustain the overall numbers of affordable homes within the original NMNB Programme.
- 3.2 As a result of the requirements from the HCA to deploy their grant quickly the Taylor Wimpey development on the former Booth Hall Hospital site was viewed as one development which could deliver the necessary requirements from the HCA. The Booth Hall Hospital development in the Charlestown Ward of North Manchester has secured planning permission to deliver 258 new build homes and the scheme is subject to an s106 agreement between the City Council and Taylor Wimpey.
- 3.3 The s106 agreement for the Booth Hall Hospital development is in place to support the delivery of 51 shared ownership homes. In terms of delivering this requirement Great Places Housing Group initially acquired 11 homes from Taylor Wimpey and disposed of them for shared ownership. Other Registered Providers were engaged but have not acquired any of the available new build homes for Shared Ownership. This left a situation where the development could potentially complete with only 11 of the 51 planned affordable homes being delivered.
- 3.4 The position outlined in the previous paragraph and with the opportunity to secure grant monies for Shared Ownership steps were taken for the City Council to purchase 20 of the new build houses using a combination of Housing Revenue Account resources and HCA resources thereby helping to enable the shared ownership component of the s106 agreement to be delivered, and also maximising the availability of Shared Ownership grant from the HCA (now Homes England). The ready availability of the homes on the Booth Hall Hospital site also enabled the grant to be invested within the HCA timescales.

- 3.5 As a result of determining that the Booth Hall Hospital site would meet the HCA's timescales for delivery and following extensive discussions with the contractor the City Council proposed to the HCA that the NMNB Phase 1 would now deliver new affordable homes by:
- Reducing the original programme from 56 Affordable Rent homes to 20 Shared Ownership homes. The 20 Shared Ownership homes would need to be subject to a binding agreement to acquire the 20 new build houses on the Booth Hall Development from the developer Taylor Wimpey. The 20 houses would be purchased from the developer by March 2018 in order to meet the grant funding agreement. This proposal would maximise the developer contribution through the existing s106 agreement and the additional subsidy from HE would allow the City Council to offer these new homes to households in line with Manchester's Housing Affordability Policy Framework. It would also ensure the onsite provision of this type of affordable homes in perpetuity.
 - Homes England providing new resources to enable the City Council to deliver 40 new build homes to be let at an Affordable Rent. The 40 units would be delivered across 6 sites in Cheetham, Harpurhey and Moston wards of North Manchester
- 3.6 The net effect of this revised proposition would provide an additional 4 affordable homes to the original NMNB1 scheme of 56.
- 3.7 An additional £0.753 HE grant funding was agreed, and this has been used to obtain the approved capital budget increase, taking the original capital budget of £8.544m to £9.297m for NMNB 1, this was agreed as part of the Capital Increases report to the December 2017 Executive. This was approved and it allowed the acquisition of the 20 homes from Taylor Wimpey on the Booth Hall development to proceed and complete in line with strict timescales to satisfy the grant funding requirement. It also enabled the delivery of the 40 new build homes for Affordable Rent to commence.
- 3.8 The City Council subsequently exchanged contracts with Taylor Wimpey for all 20 homes on 21st December 2017 and will complete the acquisition of each property on practical completion of the same as they are completed by Taylor Wimpey on a phased basis this year.
- 3.9 Following the phased completion of the homes it is proposed that the City Council will dispose of each of the units by way of shared ownership on an individual basis. This is to comply with the requirements of the grant agreement between the City Council and Homes England
- 3.10 Each of the homes will be disposed of by way of a 150 year Lease and the shared owner will be permitted to purchase under the terms of the shared ownership lease, an agreed percentage of the property according to their

financial circumstances and in line with proposed Sales Policy attached at Appendix 1 and detailed in the section 4 of this report.

4.0 Shared Ownership – Sales and Marketing

- 4.1 As the handover of the first homes from Taylor Wimpey were required before 31st March 2018 to meet the grant conditions from Homes England the NMNB Officer Project Board agreed to begin preparations to take ownership and possession of the completed units. Northwards Housing agreed to take on the responsibility for the security of the completed units while they were vacant. In order to maximise the rental income and minimise the costs associated with the security and the potential for vandalism the NMNB Officer Project Board also agreed to procure an experienced organisation to market for sale the shared ownership homes. Northwards Housing would have been the first choice of organisation to market for sale the completed units but they didn't possess the necessary skills and capacity to undertake this work
- 4.2 In January 2018 a procurement exercise was undertaken in line with the City Council's Constitution and Contract Procurement Rules to select an organisation to provide a sales and marketing service for the 20 shared ownership homes. Invites went out to a range of Registered Provider's (RP's) who had experience in delivering shared ownership.
- 4.3 From the initial invites 2 firm quotes were received from:
- Plumlife (part of the Great Places Housing Group)
 - Equity Living (part of Equity Housing Group)
- 4.4 Following an evaluation of the proposals by the project team a report was submitted to the NMNB Officer Project Board in February 2018 with a recommendation to appoint Equity Living, who are part of the Registered Provider Equity Housing Group, as they were the lowest quote. The Board subsequently approved the recommendation.
- 4.5 In order to maximise the City Council's rental income and minimise the security and holding costs, early marketing of the shared ownership homes began in late March 2018. As part of this marketing exercise Equity Living were informed by the City Council to target the sales of homes to the following:
- Social housing tenants living in Manchester
 - People currently living and permanently employed in Manchester.
 - Persons who have a family connection that have continually lived in Manchester. Family connection for the purposes of this clause shall be defined as Mother, father, sister or adult dependent children.
 - Persons who are former residents of (North) Manchester who have moved away because of a lack of affordable housing in the area.
 - Earning on or below the average household income of (£27,000) as stated in the Housing Affordability Policy Framework (HAPF) June 2016.

- 4.6 This approach has been formalised into a proposed Sales and Marketing Policy and Process which can be found in Appendix 1. Eligibility is in line with Manchester's Housing Affordability Framework and Northwards Housing will undertake the management of the rental part of the shared ownership homes.

5.0 Progress on the 40 Affordable Rented Homes

- 5.1 These are the 6 sites which are currently in development to provide the 40 new build homes for Affordable Rent:

Site	No of units	Ward
Tarvington Close, M40 7TQ	6	Cheetham
Barnstaple Drive M40 7TU	2	Cheetham
Faversham Street, M40 5EL	4	Moston
Hugo St/Rodenhurst Drive M40 5WU	6	Moston
Douglas Street, Harpurhey, M40 9DS	6	Harpurhey
Rudd Street, Harpurhey, M40 9DQ	16	Harpurhey

- 5.2 The 40 new build units started on site in February 2018, following a ground breaking event hosted by Councillor Priest and attended by a representative from Homes England and local members. Adverse ground conditions were found on a number of sites which caused some delays but the project is now on course to complete by end of November 2018.
- 5.3 Northwards Housing will be taking on the management of the 40 rented homes in line with the grant agreement with Homes England. These will be let at an Affordable Rent (which is 80% of market rent). They will be let through Manchester's Housing Allocations Policy through Manchester Move and will rehouse 40 households in current housing need (Reasonable Preference) from the Housing Register.

6.0 North Manchester New Build 2

- 6.1 The City Council has also secured £2.85m from the Homes England Shared Ownership & Affordable Housing Programme (SO&AHP) 2016-21, to deliver a new second phase of the North Manchester New Build programme (NMNB2). This should deliver 75 new homes.
- 6.2 The profile of the Phase 2 programme is expected to be:
- 25 shared ownership
 - 50 Affordable Rent homes
- 6.3 An initial desktop study assessing financial and commercial feasibility of a number of infill sites has been undertaken. Full site investigation works are being commissioned for the sites, with intrusive ground works envisaged being undertaken by September 2018. This work will confirm the viability of the sites for development.

- 6.3 Local member consultations and engagement will start in July 2018 and a report will be brought to Executive in October 2018 which will set out the plans for the proposed scheme.

7.0 Conclusion

- 7.1 The City Council is using its available resources and capacity to support the direct delivery and development of a range of affordable homes in Manchester. In line with Manchester's Housing Affordability Policy Framework officers will continue to look for innovative ways to deliver homes that are affordable for new and existing residents in the city.

8.0 Contributing to the Manchester Strategy

(a) A thriving and sustainable city

- 8.1 The provision of shared ownership homes will support the city in providing an affordable home ownership product for lower income households to support a functioning Manchester and sub regional economy.

(b) A highly skilled city

- 8.2 The new and existing homes will be well connected to employment opportunities and schools

(c) A progressive and equitable city

- 8.3 Increasing the supply of good quality affordable homes for low cost home ownership will provide the opportunity for Manchester residents to raise their individual and collective aspirations

(d) A liveable and low carbon city

- 8.4 The right mix of quality energy efficient housing is needed to support growth and ensure that our growing population can live and work in the city and enjoy a good quality of life.

(e) A connected city

- 8.5 This approach recognises the importance a balanced housing offer plays within a well-connected city and the neighbourhoods within it. It seeks to create neighbourhoods where residents will choose to live and their housing needs and aspirations are met

9.0 Key Policies and Considerations

(a) Equal Opportunities

- 9.1 The provision of these shared ownership homes will help diversify the tenure within the Charlestown ward of North Manchester to meet the needs of the

growing and changing population. The new homes will be made available to lower income households who may not have had the chance otherwise to get onto the housing ladder.

(b) Risk Management

- 9.2 Assessment, mitigation and management of risk will be overseen through the city council's governance arrangements associated with residential growth

(c) Legal Considerations

- 9.3 There are no legal considerations arising out of this report and Legal Services will provide legal advice and support as and when requested or required in regard to any matters arising or on receipt of instructions

Appendix 1 – Sales and Marketing Policy and Process

Manchester City Council Shared Ownership Sales Policy (Booth Hall) **June 2018**

Introduction

Manchester City Council has acquired 20 houses at the Booth Hall development, Blackley, and intends to sell them as shared ownership. The houses have been acquired with support of Homes England Shared Ownership and Affordable Homes Programme (SO&AHP) grant on the understanding that they will be sold in accordance to the criteria set out in the Manchester Housing Affordability Policy (approved at Executive – 14th December 2016).

The Council has commissioned Equity Living to provide sales and marketing services for the homes available for shared ownership on the Booth Hall development in North Manchester. Equity Living specialise in shared ownership properties, both buying and selling, sales of privately owned homes and lettings.

Eligibility

An applicant's ability to access Shared Ownership will be determined by assessment across the following areas:

1. Applicants will meet the eligibility criteria set out in the Manchester Housing Affordability Policy in terms of household income and ratio of housing debt to household income¹;
2. Applicants must meet Homes England Shared Ownership eligibility requirements;
3. Applicants must be financially capable of purchasing their initial share and sustaining payments on any associated mortgage and rent commitments.

Shared Ownership Eligibility Requirements

Shared Ownership is aimed at helping people in housing need who are unable to a purchase a property on the open market. Northwards Housing will direct any households that are interested in purchasing through Shared Ownership to Equity Living.

The Equity Living agent is responsible for carrying out a preliminary assessment for each applicant against Shared Ownership eligibility criteria.

Applicants eligible to apply will:

- Be over 18 years of age.
- Usually be a First Time Buyer.
- Be able to demonstrate that they are unable to purchase a property on the open market.

¹ If no eligible applicants are forthcoming after a reasonable period of advertising and sales promotion, the Strategic Director, at their discretion, may consider applicants who most closely match the affordability criteria

- Not earn more than £27K per annum² (earnings threshold for single and joint applications)
- Have sufficient funds to meet the purchase costs of buying a home.
- Be able to access a mortgage and sustain mortgage and rental payments over time.
- Usually be a British or EU/EA citizen, or have indefinite leave to remain in the UK.

Priority for Shared Ownership properties will be given to the following groups (listed in priority Order):

- Existing council or housing association tenant (freeing up a social home).
- MOD personnel (definitions of eligibility will be available on the Homes England website).
- Local Authority priority groups as defined by the 1996 Housing Act.
- Manchester Residents.
- Other First time buyers.

Current Owner-Occupiers and Key Workers

Owner occupiers, including existing shared owners and key workers can have access to Shared Ownership on condition that they:

- *Have a priority need for accommodation (as defined by s189 of the Housing Act 1996) as amended by the Homelessness Act 2002) and a Local Authority has assessed that it is not reasonable for them to continue to occupy their current accommodation (as defined by s177(3) of the Housing Act 1996(as amended by the Homelessness Act 2002) and*
- *Cannot afford to buy a property that is suitable for their needs.*

The type of property suitable for any such applicant(s) need will be determined by an assessment undertaken of the number of people in their household, age and gender and any other family circumstances e.g. where the applicant has divorced or separated and children visit on a regular basis.

Any existing owners or shared owners who are assessed as eligible to purchase through shared ownership will be required to sell their property at the same time as buying through Shared Ownership. Should there be exceptional circumstances where an applicant is prevented from selling their existing home, a case can be submitted to Homes England to request consideration for a waiver of this requirement. Although Homes England is prepared to consider exceptional cases this is not an indication that there will be a positive outcome. Please note, requests that will be denied relate to properties that are second homes, holiday homes, homes abroad, homes in negative equity.

Affordability

² Taken from the Manchester Affordability Policy. Homes England equivalent threshold is a maximum of £80,000 per household

The Equity Living agent is responsible for undertaking a preliminary financial assessment on any eligible applicants based on the information they have provided on their application form to ascertain a prescribed mortgage level. They will write to the applicant to confirm this to explain the next steps in their application of Shared Ownership.

Equity Living will collect the required evidence of income (i.e. 3 months' payslips, proof of working tax credits etc.) and will then refer any applicants to an approved Independent Financial Adviser (IFA) to carry out a detailed financial assessment. The IFA will use the current Homes England affordability calculator – or similar approved template – to ascertain the following information for the applicant (s):

- That the applicant(s) income would not allow them to purchase a property suitable for their housing need outright
- That the applicant(s) income and ability to access a mortgage will allow them to purchase through Shared Ownership, and sustain the monthly costs of home ownership on the property applied for
- That the applicant(s) combined monthly mortgage, rent, and service charge and debt costs for the property applied for would not exceed more than 30% of their gross income³
- What the maximum affordability share for the applicant(s) will be. Buyers will be encouraged to purchase the maximum share that they can afford to purchase and sustain the monthly costs on⁴.

As well as proof of income, applicant(s) will need to provide Equity Living staff with additional documentation were relevant to assess their application – for example where savings are being used to purchase share, applicants would need to provide copies of bank or building society statements.

Equity Living would expect an applicant's maximum mortgage ability as recommended by the IFA to be based on no more than 3.5 times applicant's single income and 4 times for a joint applicant.

People accessing grant funded shared ownership properties are required to demonstrate that they can afford and sustain home ownership in the longer term. Applicants who are subject to immigration control (i.e. who require leave to enter or remain in the United Kingdom under the Immigration Act 1971) are less likely to be able to satisfy this requirement unless they have leave to remain in the UK. However, there is nothing which legally prevents individuals subject to immigration control but without leave to remain accessing shared ownership, provided that they fulfil all the usual requirements. If such an applicant can demonstrate their ability to sustain their home ownership obligations, it is likely to be discriminatory to deny them access to the product. MCC may wish to take the view that if a reputable mortgage company is willing to provide finance for the purchase then the individual is considered good security and therefore should be allowed access to the scheme. MCC must adopt a

³ Taken from the Manchester Affordability Policy. Homes England equivalent measure is 45% of net income

⁴ Where applicants can afford a share of 70%+ they will be advised about the Help to Buy product (not available on these units)

case by case policy and are responsible for the decision as to whether the individual in question qualifies for shared ownership.

Approving the Mortgage Offer

In order for Equity living to approve any mortgage offer received by a purchaser they must be satisfied that:

- a) The terms of the mortgage offer are fair and that the repayments will be sustainable for the purchasers.
- b) The Council is, as far as possible, safeguarded from financial loss that may be incurred in the event of future repossession.

Mortgages must be obtained from a lending institution that is regulated by the Financial Services Authority (FSA). In addition to seeking their own financial advice, potential purchasers will be able to obtain free independent financial advice on the mortgage products available to them from one of our panel IFAs.

As a guide, Equity Living will not approve a mortgage offer in the following circumstances:

- Where the mortgage offers further borrowing without consent.
- Where the amount borrowed exceeds the value of the share being purchased.
- Where the interest rate exceeds 4% above the standard variable rate (SVR) offered by either: Nationwide Building Society: or Abby National, or HSBC (whichever is the highest).
- Where the mortgage term is more than 30 years, unless there are exceptional circumstances or hardship.
- Interest only mortgages.
- Self-certified mortgages.

Cash Purchasers

Cash purchasers will be assessed in accordance with the general affordability criteria – i.e. that the applicant requires a shared ownership option due to not having sufficient funds to buy outright, and would appear to be able to afford and sustain the monthly payments (mortgage and/or rent) in accordance to the criteria set out in this policy.

Equity Living will require information and evidence on the source of cash payments and will act in accordance with Anti-Money Laundering Policy protocols. The type of evidence required may include a legal completion statement from a property sale or a solicitor's letter, banking statements etc. If staff involved in sales have any suspicions over the sources of funds, this will be raised with the Council and potentially the Police.

Anti-Money Laundering Policy

Equity Living staff will be familiar with any relevant Anti-Money Laundering Policy and will comply with the relevant procedures in place to safeguard the Council from money laundering.

On any Shared Ownership sales the solicitor appointed by Equity Living to act on plot sales will be responsible for carrying out appropriate checks to confirm the identity of the customer.