

## **Cornwall Council affordable home ownership policy**

### **Introduction**

This policy 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 FirstBuy which is administered by the Government's Homebuy agents according to nationally set criteria

### **General eligibility**

- Applicants (main and joint) must be at least 18 years old AND
- Applicants must have an annual gross household income of less than £60,000 AND
- Applicants must have sufficient income/capital to afford to purchase a low cost home AND
- Applicants must show to the satisfaction of the Council or its agent that they are unable to afford to purchase a property suitable for their needs on the open market AND
- Applicants must be in housing need, that is be homeless or threatened with homelessness or living in accommodation which in the opinion of the Council or its agent is insecure or unsuitable. Accommodation may be unsuitable on the grounds of cost, overcrowding, unfitness or lack of basic amenities or because of a person's infirmity, physical disability, mental disability or specific social or care needs. Housing which is insecure may include accommodation subject to assured shorthold tenancies or assured tenancies with a limited term OR
- Where households are not in housing need they are releasing an affordable home of any size and any tenure in Cornwall

### **Applicant priority**

Where there are more applicants than homes available priority will be given in the following order:

- 1) purchasers freeing up a Council or Housing Association rented property within Cornwall
- 2) Purchasers in housing need
- 3) purchasers freeing up a affordable home for sale in Cornwall who is assessed as not being in housing need

Where there are 2 or more applicants within each of the above groups preference will be given firstly to those applicants whose household size and circumstances best match the number of bedrooms within the property ***applying the bedroom need standards*** . Where there are 2 or more households with a best match priority will then be given to applicants with the least resources but still able to afford the property.

The above priorities will be subject to the local connection terms detailed below under 'Local Connection' and any other relevant terms of a s106 agreement. For example priority is given to applicants with a local connection with the parish or town where the development/home is located. This means that a Council or Housing Association tenant who does not have the relevant local connection will not take priority over an applicant with the local connection.

### **Local connection**

Where a s106 agreement is in place the local connection criteria and cascades contained in the agreement will apply.

Where there is no s106 agreement or the s106 agreement does not include local connection criteria priority will be given as if the Council's local connection criteria were in place. This means:

In the case of towns priority will be given to applicants who have a local connection with the town. Where there are no applicants with a connection with the town priority will be given to applicants who have a local connection with Cornwall.

In the case of rural areas priority will be given to applicants in the following order:

1. Those with a local connection with the parish where the home/development is located (the primary parish)
2. Those with a local connection with the parishes adjoining the primary parish
3. Those with a local connection with the former district area
4. Those with a local connection with Cornwall

The Council's local connection criteria are contained within the Council's Cornwall Homechoice policy.

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.

### **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 suitable property on the open market. Where the applicant has a local connection with the parish/town where the property is located the parish/town will constitute the open market area. Otherwise the assessment will be based on the open market values in the parish/town where the applicant currently lives or, where they are seeking to move to be nearer to their place of work, the assessment will be based on the open market values in the parish/town where they work.

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 to 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

### **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 (in the final column):

Household type	Bedroom need	Bedroom need plus one standard
Single person or couple	1 bedroom	2 bedrooms

Parent(s) with one child	2 bedrooms	3 bedrooms
Parent(s) with 2 children both under 7 years	2 bedrooms	3 bedrooms
Parent(s) with 2 children of different sexes where at least one child is over 7 years	3 bedrooms	4 bedrooms
Parent(s) with 2 children of the same sex where there is more than a 5 year age gap	3 bedrooms	4 bedrooms
Parent(s) with 3 children	3 bedrooms	4 bedrooms
Parent(s) with 5 children	4 bedrooms	5 bedrooms

### **Affording a low cost home**

Applicants must be able to demonstrate that they can afford their purchase, including having access to savings or sufficient funds to pay, if needed, the necessary deposit, legal fees, stamp duty and other costs of moving and that they can sustain home ownership in the long run.

### **Existing owners**

Open Market owner occupiers are eligible 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 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
  1. no access to the property for their own residential needs;
  2. that the rental income is the applicant's main source of income;
  3. 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.

### **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 or Council'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 or Council 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.

### **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 Heads of the Planning or Housing Services 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 Strategic Affordable Housing Manager, Cornwall Council within 28 days of any decision having been issued.