Archie Homes

Sales, Eligibility & Affordability Policy

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Sales, Eligibility & Affordability Policy

Policy checklist	
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Accountable lead	Sales & Marketing Director
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Date of next review	October 2028, or within 3 months of any material change to the Capital Funding Guide, GLA guidance, leases or law

Archie Homes will provide this policy, on request at no cost, in large print, in Braille, in audio or other non-written format, and in a variety of languages.

1.0 Summary

We sell shared ownership homes to people who cannot afford a suitable home on the open market, on a first-come, first-served basis, at a share they can afford and sustain. An independent, regulated mortgage advisor from our panel assesses every applicant; Archie Homes makes the final decision. This policy sets out who can buy, how we assess affordability, and how we allocate homes.

2.0 Scope

This policy applies to:

- first sales of new shared ownership homes
- the eligibility and affordability assessment of buyers of resale homes during the nomination period (see the Staircasing & Resales Policy for the resale process)
- homes funded by Homes England, the Greater London Authority (GLA) or Section 106 agreements

Where a Section 106 agreement or local authority nominations agreement sets different rules, that agreement takes precedence for those homes. Homes located within the Greater London Authority area follow the GLA's funding requirements.

3.0 Regulatory framework

- Homes England Capital Funding Guide (CFG), Chapter 1 Shared Ownership, sections 1 to 3, 6 and 11
- GLA Affordable Housing Capital Funding Guide (London homes)
- Regulator of Social Housing Consumer Standards, in particular Transparency, Influence and Accountability
- Equality Act 2010
- Money Laundering Regulations 2017 as amended (see Archie Homes' Anti-Money Laundering Policy)

4.0 Who can buy

Applicants must meet every criterion below at reservation, and must tell us if their circumstances change before exchange.

Criterion	Rule
Age	18 or over
Household income	Gross £80,000 or less; homes in the Greater London Authority area follow the GLA income limit
Housing need	Unable to buy a home suitable for their needs on the open market, taking account of income, savings and other assets
Other property	Own no other home at completion (section 6)
Right to live in the UK	Visa and immigration status checked as part of affordability
Affordability	Pass the affordability assessment (section 7)
Money laundering	Pass the checks in Archie Homes' Anti-Money Laundering Policy
Honesty	Give complete and accurate information; false or misleading information ends the application

5.0 Household income

To check an applicant is within the income limit, we count the gross income of everyone who will live in the home, whether or not they are named on the application. In line with CFG 3.4, we leave the following out of this check, which can only help an applicant come within the limit:

- children under 18 and household members in full-time education

- household members whose stay is unlikely to be permanent
- Personal Independence Payment, Disability Living Allowance, Attendance Allowance and other benefits for a specific purpose
- income used for non-household costs such as ongoing care
- fostering allowance, adoption pay and child maintenance (child benefit is included)

Leaving these out of the income limit does not stop them counting towards affordability. Where a lender accepts them, the advisor includes them as income in the budget planner.

Evidenced future changes, such as reduced hours or maternity leave, are taken into account. One-off lump sums paid to armed forces personnel for injury or illness are disregarded. Exceptions above the income cap need a business case to Homes England.

6.0 Existing owners, joint and sole applicants, and connected persons

- **Existing homeowners** (UK or abroad) must have sold, or sell their home on the same day they complete on the shared ownership home. Existing shared owners may buy another shared ownership home on the same basis.
- **Joint applicants** all become joint legal owners and all must meet the eligibility criteria.
- **Sole applicants** are accepted where the reason is an unavoidable need consistent with shared ownership. A sole application cannot be used to avoid selling a home or to keep a partner's income out of the assessment; household income still counts everyone living there.
- **Archie Homes colleagues, board members and their relatives** may apply. Applications are placed on hold for approval by the Sales & Marketing Director and a member of the Senior Leadership Team, and recorded in the conflicts register.

7.0 Affordability assessment

7.1 How it works

A panel advisor assesses every applicant. The advisor completes a budget planner, verifies documents, stress-tests rent increases over five years and confirms the share the applicant can afford. Applicants do not have to use the panel advisor for their mortgage.

The advisor, the applicant and Archie Homes all sign the Homes England-format sign-off sheet. The applicant's signature confirms they understand and accept the assessment.

7.2 The tests

- **Surplus income:** after housing costs, commitments and essential spending, applicants must have at least 10% of net income available for mortgage purposes or £200, whichever is higher, left each month (Appendix A). Applicants may keep extra headroom to absorb service charge changes.
- **Mortgage payment:** normally no more than 30% of net income after commitments and housing costs. The advisor may exceed this where the full assessment supports it and the applicant agrees.
- **Savings:** applicants are expected to use savings and other capital towards the purchase (CFG 3.4.6). How much they may keep depends on their individual circumstances (CFG 1.3.5), so each case is assessed on

its facts. Keeping more than £20,000 needs Sales & Marketing Director approval, with a reason such as future health or care costs, retirement planning or children's education.

- **Maximising the share:** applicants are encouraged to buy the largest share they can comfortably sustain, but are never required to buy above the share the advisor recommends.

7.3 Credit history

We will not usually proceed where any applicant has:

- missed mortgage or rent payments in the last 12 months
- an unsatisfied County Court Judgment or default, or one satisfied less than 2 years ago
- an IVA, debt relief order or bankruptcy discharged less than 2 years ago, or any residual debt from one
- had a home repossessed in the last 5 years

Debt management plans and other payment arrangements

This covers debt management plans (DMPs), arrangements to pay agreed with a lender, Breathing Space and any other plan to repay debt at a reduced or agreed rate. (IVAs, debt relief orders and bankruptcy are covered above.)

Position at application	What we do
Plan still running	We will not usually proceed. Sales & Marketing Director exception only.
Plan ended less than 12 months ago, or ended but debt is still being repaid	Individual assessment. Sales & Marketing Director sign-off required.
Plan ended 12 months or more ago, debt fully cleared, no missed payments since	Treated as normal credit history.

For any plan in the last 6 years the advisor must record: start and end dates, the original and remaining debt, the monthly payment, how the applicant has kept up payments since, and confirmation that the proposed lender knows about it. Any payment still being made counts as a commitment in Appendix A, line C.

Credit and store card balances

- **Commitment:** every credit and store card, with its balance and limit, must be recorded in the budget planner (Appendix A, line C). Each card counts as a commitment at the higher of the actual monthly payment or 3% of the balance, even where it is paid off in full each month.
- **Balances on completion:** the advisor shows the balance and limit for every card at assessment and the expected balance on completion. A balance is only treated as cleared if the applicant shows the money to do it, and that money is not also counted as savings or deposit.
- **Utilisation:** where combined balances are more than 75% of combined limits, or any card is over its limit, the advisor explains in writing why the applicant can sustain the home and how the balance will come down, and the case is referred to the Sales & Marketing Director.

- **Recent credit:** new cards, loans or limit increases in the 3 months before application are flagged in the planner.

Required documents for affordability approval

The mortgage broker must send Archie Homes, for every applicant:

- a copy of their full credit report
- the completed budget planner, including the adverse credit section
- details of any debt management plan or payment arrangement in the last 6 years
- the supporting documents listed in Appendix B

Where the broker describes a case as higher risk, they must say why and whether they still recommend it.

Exceptions

The Sales & Marketing Director may approve an exception where the applicant shows the problem was outside their control, is resolved or clearly reducing, and the home is still affordable with a surplus of at least 10%, and never less than £200, after all commitments. The decision and reasons are recorded in the exceptions log. Where the applicant uses a non-panel advisor, we may ask a panel advisor to review the case before deciding.

7.4 Panel and non-panel advisors

Each panel advisor works under a written agreement with Archie Homes, must be regulated, experienced in shared ownership, and have read CFG sections 3 and 6. Where an applicant uses a non-panel advisor and the outcome differs, we follow the Homes England "different affordability outcome" process. We review panel performance annually.

8.0 Buying without a mortgage

We accept cash purchases only where the applicant cannot get a mortgage because of religious belief, age, long-term disability, caring responsibilities that prevent work, or income that supports rent and service charge but not a mortgage. Cash buyers:

- complete the affordability assessment and budget planner, and must show they can sustain rent, service charge and other costs long term
- must still be unable to buy a suitable home on the open market once all their capital is taken into account
- are not accepted where the reason for not getting a mortgage is poor credit history
- always receive enhanced checks under Archie Homes' Anti-Money Laundering Policy

9.0 Shares, rent and what buyers receive

- **How much you can buy:** usually between 10% and 75% of the home's value, depending on how the home was funded. The share range for each home is shown in its advert and its Key Information Document.

- **Minimum shares:** on some developments, once a set number of homes have been reserved, we may raise the minimum share for the homes that are left. If we do, we update all our marketing straight away. If a sale at a lower share later falls through, we offer that home first to anyone we turned down because of the higher minimum.
- **Rent:** you pay rent on the share you don't own. It starts at 2.75% a year of the value of that share and goes up each April as set out in your lease.
- **Repairs:** on homes with our newer leases, we are responsible for essential structural and external repairs for the first 10 years, and you can claim up to £500 a year towards certain other repairs. Some of these repairs may also be covered by the new-build warranty. Your lease confirms whether your home includes this.
- **Information before you buy:** you receive a Key Information Document before you reserve, and again with the memorandum of sale.

10.0 How we allocate homes

Homes are offered on a first-come, first-served basis to eligible applicants. The first applicant to pass the affordability assessment and submit a complete reservation pack (budget planner, documents at Appendix B, AML checks, reservation form and fee) secures the home. We time-stamp every submission. We progress one applicant per home at a time to avoid abortive costs.

The only exceptions are:

- qualifying armed forces personnel who have completed phase 1 training (regular service personnel, clinical staff other than doctors and dentists, MOD Police and Defence Fire Service uniformed staff); ex-regulars with 6 years' service applying within 2 years of discharge; and surviving partners applying within 2 years of bereavement
- local connection or cascade rules set by a Section 106 agreement, National Park, National Landscape or rural exception site

Where two eligible applicants in the same priority group are equal, the applicant with the earlier time-stamped submission will be offered the property.

11.0 Reservations and exchange

- Reservation fee: £500, held under the terms set out in the reservation agreement and deducted from the price on completion.
- The home is held for 6 weeks while legal work starts.
- Exchange must take place within 3 months of offer acceptance so the price stays covered by a valid valuation; see the Valuation Policy for extensions.

12.0 Declining applications, complaints and who decides

We decline an application if it fails a criterion in this policy, documents are not provided, or information is withheld or untrue.

Decision or task	Responsible
Eligibility and priority	Archie Homes
Affordability assessment and recommended share	Panel advisor
Accept or decline, and at what share	Archie Homes
Mortgage advice (if the applicant asks)	Panel advisor or applicant's own advisor
Complaints about the application or share decision	Archie Homes complaints procedure, then the Housing Ombudsman
Complaints about mortgage advice	Advisor's own procedure, then the Financial Ombudsman Service

13.0 Records

We keep sign-off sheets, budget planners, eligibility evidence, share-adjustment calculations and exception approvals for Homes England compliance audit and for at least 6 years.

Appendix A: Surplus income calculation

Line	Item	Includes
A	Gross monthly income	Salary, regular overtime, bonus or commission as assessed by the advisor, Universal Credit and other benefits, guaranteed maintenance
B	Deductions	Income tax, National Insurance, pension, student loan, other payslip deductions
C	Commitments	Loans, car finance, credit and store cards (every card and balance recorded; higher of actual payment or 3% of balance), debt management or other repayment plans, childcare, care costs
D	Housing costs	Stress-tested rent and service charge
E	Net income for mortgage purposes	A minus B, C and D
F	Mortgage payment	As assessed by the advisor; normally no more than 30% of E
G	Essential spending	Council tax, utilities, food, travel, insurance, other essentials (ONS data may be used where the CFG allows)
H	Surplus	E minus F and G; must be at least 10% of E or £200, whichever is higher

Worked example: A £3,000; B £550; C £300; D £450; so E is £1,700. F £500 and G £800 leave H at £400. 10% of E is £170, so the £200 floor is the minimum, and H passes.

Appendix B: Document checklist

- Passport or other photo ID, and proof of address
- Last 3 months' payslips and most recent P60; self-employed: 3 years' SA302s and tax year overviews
- Last 3 months' bank statements for every account, and savings statements
- Proof of any other income
- Gift letter and the giver's ID and source of funds, if any money is gifted
- Credit report for every applicant
- Statements for every credit and store card showing balance and limit, and details of any debt management plan or payment arrangement in the last 6 years
- Proof of sale for any home owned
- Visa or immigration documents where relevant
- Armed forces evidence (discharge certificate or service confirmation) where priority is claimed