

## **Guidance Notes for Purchaser Eligibility.**

Older Persons Shared Ownership is aimed at individuals who otherwise would be unable to afford to purchase a home suitable for their current housing needs.

The property lease will contain a requirement that the leaseholder meets a minimum age requirement, and may also contain a requirement for additional occupiers to also meet the same age requirement. The lease may also contain a requirement for the leaseholder to live an independent lifestyle.

To qualify for Older Persons Shared Ownership, a buyer must meet the following criteria:-

- 1) any requirements within the lease
- 2) demonstrate a need for affordable home ownership and be able to sustain ongoing housing costs
- 3) if applicable, show a commitment that their existing home is being sold or will be sold – the property being purchased must be the only property the applicant will own

### 1) Lease Requirements

#### Age

The individual property lease will state the age requirement for the leaseholder of a property. When a lease states purchasers must be 'elderly' or 'retired' this will be interpreted as aged 55.

The lease will also confirm whether the age requirement relates to the age of the purchaser / purchasers, or those occupying the property.

If joint applicants wish to purchase property, and only one applicant meets the age requirement within the lease, the applicant who meets the age requirement must be the sole leaseholder. Under this scenario, if the lease states that family and dependants (other occupiers) must be of a certain age, the application will be declined.

#### Independent Living

Some leases contain a requirement that the applicants are able to live an independent lifestyle.

## 2) Demonstrate a requirement for affordable home ownership

Applicants with sufficient equity to be able to purchase a suitable home outright on the open market may not be assessed as eligible. It is expected that applicants will use the majority of their capital to fund the purchase of a property.

To meet these terms we expect that an applicant will use at least 60% of their savings and capital to fund the purchase of the property and must have a form of income, savings or capital to be able to sustain ongoing housing costs.

It is recognised that this calculation will not be appropriate in some cases, for instance where there are relatively low property values or on low equity percentages being sold. In these cases we will look at the amount of capital which an applicant will retain following the purchase.

Some applicants may need to retain a higher level of savings or investments to provide on-going income to cover living and care costs.

Our allowance for the retention of capital to fund living and care costs is £100,000 (sole applicant) / £125,000 (joint applicants). So a sole applicant with up to £100,000 capital remaining following the purchase will be approved\*. Joint applicants with up to £125,000 capital remaining will be approved\*.

\*subject to applicant also satisfying any other eligibility criteria

**Some leases allow us to apply flexibility around the retained capital allowance. We will assess applications on an individual basis and no assumptions should be made regarding eligibility until the application has been formally assessed by Places for People. Contact Property Sales to discuss individual circumstances.**

## 3) Sale of existing home

Places for People will expect applicants who are currently homeowners to sell their existing property in order to fund the purchase of the shared ownership property.

If however an applicant requests that the purchase proceeds ahead of the sale of their current home, and the Officer assessing the case (whose decision will be final), is prepared to consider this, the applicant will be required to demonstrate their commitment to sell.

### **Evidence of Funding**

We will require information/evidence to accompany an application to demonstrate how the purchase of the property will be funded. This will include but is not limited to: -

- A copy of a Mortgage offer/Offer in Principle (if applicable)
- Evidence of Savings
- Details and evidence of any cash gifts, including from those who are gifting monies.
- Memorandum of Sale showing the sale details of existing home.