

# L&Q Shared Ownership Eligibility and Allocations Policy

L&Q

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## 1 Purpose and Scope

- 1.1 L&Q's purpose is to provide homes and neighbourhoods everyone can be proud of. Shared ownership is an affordable home ownership product that helps people who cannot afford to buy a home outright to get onto the property ladder.
- 1.2 This policy sets out who is eligible to purchase a shared ownership home from L&Q, how we assess affordability, and how we allocate our shared ownership homes fairly, responsibly, and transparently.
- 1.3 Through this policy we aim to ensure that:
- Shared ownership homes are allocated to people who meet eligibility criteria and can afford to sustain home ownership
  - Our allocation process is fair, transparent and complies with all legal and regulatory requirements
  - We make the best use of our affordable housing stock to support those in housing need

### Scope

- 1.4 This policy applies to all shared ownership homes owned or managed by L&Q, including shared ownership, Older Persons Shared Ownership (OPSO) for people aged 55 and over, Home Ownership for People with Long-Term Disabilities (HOLD), homes in designated protected areas, and resale homes.
- 1.5 This policy covers both newbuild shared ownership homes and resales, as well as the Right to Shared Ownership for eligible tenants.
- 1.6 This policy does not cover outright sales or Shared ownership staircasing. Please see the separate Staircasing policy.

## 2 Legislation and Regulation

- 2.1 We regularly review this policy to ensure it complies with relevant legislation and regulation. Key legislation includes, but is not limited to:
- The Housing and Regeneration Act 2008 – defines shared ownership as social housing
  - The Commonhold and Leasehold Reform Act 2002 – sets out that shared ownership leases are Assured Tenancies until 100% ownership is reached at which point a leasehold or freehold interest can be held.

- The Equality Act 2010 – prohibits discrimination based on protected characteristics
  - The Building Safety Act 2022 – sets requirements for building safety in higher risk buildings
  - The Leasehold and Freehold Reform Act 2024 – reforms leasehold law and improves transparency
  - The Data Protection Act 2018 and UK GDPR – governs how we handle personal information
- 2.2 We also follow regulatory requirements set by Homes England Capital Funding Guide, GLA Capital Funding Guide, and the Regulator of Social Housing Consumer Standards.
- 2.3 Where our shared ownership homes are subject to Section 106 planning agreements, we will follow any specific allocation requirements set out in those agreements.
- 2.4 Homes England model leases for the Affordable Homes Programme 2021-2026 will be used for all grant-funded shared ownership homes. These include minimum initial shares from 10%, the ability to staircase in 1% increments annually for 10 years, landlord responsibility for qualifying repairs for the first 10 years, and rent increases based on CPI + 1%.
- 2.5 In instances where you wish to staircase and you fall outside of the Affordable Homes Programme 2021-2026, the requirements and ability to staircase should be found in your lease. For further information on this please see our Staircasing Policy or contact us for information on your lease.

## 3 Definitions

- 3.1 **Shared Ownership** - a government-backed home ownership scheme where you buy a share of a property (between 10% and 75%) and pay rent on the remaining share to L&Q. You can buy additional shares over time through a process called staircasing.
- 3.2 **Staircasing** - the process of buying additional shares in your shared ownership home, increasing the percentage you own and reducing the rent you pay to L&Q. In most cases you can staircase to 100% ownership.
- 3.3 **Initial share** - the first percentage share of the property you purchase when you buy a shared ownership home. Under the Affordable Homes Programme 2021-2026, this can be as low as 10%.

- 3.4 **Housing costs** - the total monthly costs of living in your home, including mortgage payments, rent paid to L&Q, service charges, ground rent, and any other property-related charges.
- 3.5 **Right to Shared Ownership (RtSO)** - a legal right for eligible social housing tenants living in homes funded through the Affordable Homes Programme 2021-2026, to purchase a share of their rented home on shared ownership terms. This right is subject to some criteria including the Initial Repair Period of 10 years from handover.
- 3.6 **Independent Mortgage Advisor (IMA)** - a qualified mortgage advisor who works independently to assess your financial situation and help determine what you can afford.
- 3.7 **Section 106 agreement** - a legal agreement between a developer and local authority that sets out obligations for affordable housing as part of a development's planning permission.

## 4 Eligibility

- 4.1 To be eligible to purchase a shared ownership home from L&Q, you must:
- Be at least 18 years of age
  - Not be able to afford more than 75% of the home they are applying for.
  - Not exceed the maximum full household income threshold (£80,000 per year outside London; £90,000 per year in London)
  - Have at least £5,000 in savings available (in addition to your deposit) to cover costs such as legal fees, surveys, and moving costs
  - Not knowingly give false or misleading information
  - Have a good credit history and able to obtain a mortgage through a high street lender if applicable.
- 4.2 For specific developments, income thresholds may be different than the above.
- 4.3 If you are an existing social housing tenant, in addition to the criteria above, you must not be in rent arrears or breach of your tenancy agreement and must give up your tenancy on completion of your shared ownership purchase.
- 4.4 If you are an existing social housing tenant (with any housing association or local authority), you must:
- Not be in rent arrears or in breach of your tenancy agreement at the time of application

- Give up your tenancy and hand back the keys on completion of your shared ownership purchase

## **Property ownership**

- 4.5 You cannot currently own a home unless you are in the process of selling it. If you own or part-own a property (either in the UK or abroad), you must provide evidence that:
- The property is actively being marketed for sale, and/or
  - You have accepted an offer and have a memorandum of sale, and/or
  - You are in the process of removing your name from any mortgage agreement
- 4.6 The sale of your current property must complete on or before the completion date of your shared ownership purchase.
- 4.7 If you currently own a shared ownership home and wish to move to another shared ownership property, you must sell your current shared ownership home before completing the purchase of your new home.

## **Credit history and financial standing**

- 4.8 You must have a good credit history. We will not normally accept applications from people who:
- Have been declared bankrupt in the last 6 years
  - Have an unsatisfied County Court Judgement (CCJ) registered against them
  - Are in arrears with tenancy or mortgage payments
  - Have active Individual Voluntary Arrangements (IVAs)
  - Have had their home repossessed in the last 5 years
- 4.9 We will carry out, or instruct a third party to carry out, identity checks, proof of address checks, and anti-money laundering checks on all applicants.
- 4.10 If you have had adverse credit previously but can demonstrate this is now satisfied and are able to obtain a mortgage, we will consider your application on a case-by-case basis, in line with our internal approval process. You will need to provide a satisfactory credit report from a recognised credit referencing agency such as Equifax, Experian, or TransUnion.

## **Joint applications**

- 4.11 Couples who are married or in a civil partnership must make a joint application and will become joint legal owners of the property.

- 4.12 If one person in a joint application is unable to obtain mortgage finance, the other person may proceed as a sole applicant.
- 4.13 If you are separated but not legally divorced or separated, you must provide a statutory declaration from a solicitor confirming:
- That you are separated and the date of separation
  - That you do not have any legal, financial, or equitable interest in another property
  - That you intend to live in the property (stating whether alone, with dependants, or with a joint applicant)

### **Cash purchases**

- 4.14 In limited circumstances, we may accept cash purchases (buying your share without a mortgage) where:
- You are unable to obtain a mortgage due to age, religion, disability, or low income, and
  - You can demonstrate that you have sufficient savings to afford the purchase and ongoing housing costs, and
  - You have a good credit history showing you make regular payments on time
- 4.15 Cash purchases require approval for us and must include a credit report to confirm your payment history.
- 4.16 We will not accept cash purchases where you are unable to get a mortgage due to poor credit history.
- 4.17 You will be required to meet the normal eligibility criteria and are encouraged to maximise the share purchase with available funds
- 4.18 If a home is considered to be unsuitable for mortgage finance, we will consider applications for a cash purchase on a case-by-case basis

### **Household size**

- 4.19 We allocate homes based on household size to avoid overcrowding and to make best use of our housing stock. The property must have enough bedrooms to meet the current needs of your household.
- 4.20 We follow the principles of the Allocation of Accommodation Guidance 2012 for assessing suitable property size (see the following table):

Household composition	Minimum bedrooms required
1 adult	1 bedroom
1 adult with 1 child (any age)	2 bedrooms
2 adults	1 bedroom
2 adults with 1 child (any age)	2 bedrooms
2 adults with 2 children (same gender, both under 16)	2 bedrooms
2 adults with 2 children (different gender, one or both over 10)	3 bedrooms
Each additional child under 10 (same gender as existing child)	Shares a bedroom
Each additional child over 10 or of different gender	Additional bedroom

4.21 Depending on availability, affordability, and demand, we may offer you a home that is larger than the minimum size required for your household.

4.22 If you have dependants other than children, or children who do not live with you permanently, we may assess your circumstances on a case-by-case basis.

### **L&Q employees and their relatives**

4.23 If you are an L&Q employee or a relative of an L&Q employee, your application will require additional approval in line with our internal procedures, and be approved at an appropriate level.

## **5 Affordability**

5.1 We want to make sure that shared ownership is affordable and sustainable for you and you will work with an Independent Mortgage Advisor (IMA) to assess:

- Whether you can afford the purchase and meet your monthly housing costs
- The maximum percentage share you can afford to buy

5.2 Your monthly housing costs include:

- Your mortgage payments
- Rent paid to L&Q on the share you don't own
- Service charges

- Ground rent (if applicable)
- Buildings insurance (if applicable)
- Any regular financial commitments and household bills and expenditure

### **Affordability rules for London (GLA-funded homes)**

- 5.3 For newbuild shared ownership homes in London funded by the GLA:
- Your monthly housing costs must not be less than 25% of your household income
  - Your monthly housing costs must not exceed 45% of your household income
- 5.4 For resale shared ownership homes in London:
- Your monthly housing costs must not exceed 50% of your household income
- 5.5 If your monthly housing costs exceed these limits, we will not be able to proceed with your application.

### **Affordability rules outside London (Homes England-funded homes)**

- 5.6 For homes outside London funded by Homes England, the IMA will assess affordability in line with mortgage lender criteria. Generally, this means:
- Your mortgage payments must not exceed 30% of your net household income
  - Your rent must be stress-tested based on predicted increases over a 5-year period
  - You must have sufficient income remaining after all expenses

### **Budget planning**

- 5.7 All applicants must complete a budget planner detailing your monthly expenditure, including:
- Existing loans and credit commitments
  - Childcare costs
  - Travel costs
  - Council tax
  - Utilities (gas, electricity, water)
  - Food and groceries
  - Insurance
  - Other regular expenses



- 5.8 After accounting for all your new housing costs and regular expenditure, you must have a minimum surplus of 10% of your net monthly household income.

### **Share size and savings**

- 5.9 You can normally purchase (for 2021 onwards) an initial share of between 10% and 75% of the property value, subject to:
- The affordability rules above
  - The terms of your mortgage
  - Any restrictions in the lease or funding conditions
- 5.10 Additionally, if you are purchasing a resale home you can only purchase, as a minimum, the share the current owner is selling.
- 5.11 If you have significant savings, we encourage you to use these to:
- Increase the share you buy (reducing your monthly rent), or
  - Reduce your mortgage borrowing (reducing your monthly mortgage payments)
- 5.12 We will require manager approval if you wish to retain savings above £20,000, and we will assess your circumstances on a case-by-case basis with supporting evidence.

### **Mortgage requirements**

- 5.13 Your mortgage must be from:
- A high street bank or building society, or
  - A lender specialising in shared ownership
- 5.14 We will not normally accept mortgages from adverse credit lenders unless you can provide a satisfactory credit report.

## **6 Prioritisation**

- 6.1 We aim to allocate our shared ownership homes fairly and transparently. Our approach to prioritisation differs depending on whether the home is in London or outside London, and whether it is a newbuild or resale property.
- 6.2 Any specific prioritisation requirements in Section 106 planning agreements will take precedence over our general approach.

### **Prioritising applications for London homes (GLA-funded)**

- 6.3 For newbuild shared ownership homes in London, where we receive multiple applications for the same property, we will prioritise applicants in the following order:

6.4 First priority – applicant type:

- Ministry of Defence (MOD) personnel
- Existing local authority or housing association tenants with no arrears
- Applicants registered for rehousing and in priority need
- Applicants living in temporary accommodation
- First-time buyers
- Existing shared owners

6.5 Second priority – within each group above:

- Number of children (under 16 years) who will live in the property
- Lives in the borough where the property is located
- Works in the borough where the property is located
- Currently living with family
- Currently renting privately
- Number of adults in the household
- Affordability (measured by debt-to-income ratio within acceptable parameters)
- Date the application was received

**Prioritising applications outside London (Homes England-funded)**

6.6 For shared ownership homes outside London, we normally allocate homes on a first-come, first-served basis to all applicants who meet the eligibility and affordability criteria.

6.7 The exception is where Section 106 planning requirements specify different prioritisation criteria (such as local connection requirements), the home is in a designated protected area with specific local prioritisation, or if the applicant is MOD personnel.

**Resale homes**

6.8 For resale shared ownership homes (both in and outside London), we allocate homes on a first-come, first-served basis to applicants who meet the eligibility and affordability criteria, have viewed the property, have completed a financial assessment, and can proceed with the purchase within reasonable timescales.

6.9 The percentage of shared ownership available for sale may vary in these circumstances.

## **Older Persons Shared Ownership and HOLD**

- 6.10 Older Persons Shared Ownership homes are available to people aged 55 and over. Home Ownership for People with Long-Term Disabilities (HOLD) helps people with long-term disabilities to buy a home that meets their specific needs. Applicants must meet the general eligibility criteria and, for HOLD and demonstrate their disability-related housing needs.

## **Rural and protected areas**

- 6.11 For homes in National Parks, Areas of Outstanding Natural Beauty, or on rural exception sites, priority will usually be given to applicants with a connection to the local area. The specific prioritisation criteria will be set out in the Section 106 planning agreement and may include a cascade system.
- 6.12 Some homes in designated protected areas may have restricted staircasing (typically to 80%) to ensure they remain affordable in perpetuity.

## **MOD personnel priority**

- 6.13 We give priority to Ministry of Defence personnel for government-funded shared ownership homes. This includes regular service personnel (Navy, Army, Air Force) who have completed basic training, clinical staff (excluding doctors and dentists), Ministry of Defence Police Officers, uniformed Defence Fire Service staff, ex-regular service personnel who served at least 6 years and apply within 2 years of discharge, and surviving partners of personnel who died in service applying within 2 years of bereavement.
- 6.14 MOD personnel must still meet all other eligibility and affordability criteria and may be eligible for the Forces Help to Buy scheme administered by the Ministry of Defence.

# **7 Allocating Homes**

- 7.1 Once you have found a property you would like to buy and we have confirmed you meet the eligibility criteria, you can reserve the property by completing our electronic reservation form or sending a reservation request by email (For resale homes), and paying a reservation fee (typically £500) within 24 hours. The date and time we receive your reservation may determine your place in the allocation process.
- 7.2 For new developments where we expect high demand, we may hold launch events or viewing days, release homes in phases, or set a defined period during which applications can be submitted.
- 7.3 For homes allocated on a first come first served basis, we will allocate homes strictly in date and time order of receipt of the reservation request, subject to the applicant having a valid accepted application, meeting eligibility and affordability criteria,

having completed any required financial assessment, and having provided any supplementary information.

- 7.4 Applications received before or after any defined period will not be included in the allocation of those homes. If you are unsuccessful and more homes become available in the same development, we may hold your details on a waiting list.
- 7.5 Resale homes are allocated strictly on a first-come, first-served basis in order of when we receive the reservation request, subject to you having viewed the property, meeting the eligibility and affordability criteria, having completed a financial assessment, and receipt of your reservation payment within 24 hours of offer.
- 7.6 Being on a waiting list does not guarantee that you will be offered a property. Properties are still allocated based on the criteria in this policy.
- 7.7 You must tell us promptly if your circumstances change, such as changes to your income, household composition, financial situation, or if you purchase or sell a property. Changes to your circumstances may affect your eligibility or the properties suitable for you.
- 7.8 You can withdraw your application at any time. If you have paid a reservation fee and withdraw before exchange of contracts, the fee may not be refundable depending on the stage of the process.

## **8 Rights to Shared Ownership**

- 8.1 The Right to Shared Ownership gives eligible social housing tenants the right to purchase a share of their current rented home on shared ownership terms.
- 8.2 The Right to Shared Ownership applies only to homes that were built using grant funding from the Affordable Homes Programme 2021-2026 and are let at social rent or affordable rent. It does not apply to homes in remote rural areas, specialist homes for older people or people with disabilities (where specified in the funding agreement), homes where the cost floor would be breached, or other exemptions as set out in legislation.

### **Eligibility for the Right to Shared Ownership**

- 8.3 To be eligible for the Right to Shared Ownership, you:
- Must be a tenant of L&Q,
  - Hold an assured tenancy, secure tenancy, localism Act fixed-term tenancy within a property less than 10 years old,
  - Have lived in your current home for at least 12 months,

- Have been a tenant of social or affordable housing for at least 3 years in total (this does not need to be continuous or with the same landlord),

- 8.4 Additionally, you must meet all the general shared ownership eligibility criteria including income thresholds and credit history requirements, while not currently own any other property, and not able to afford to purchase a suitable home on the open market.
- 8.5 You must not be in rent arrears or in breach of your tenancy agreement. Up to three family members who have lived with you for at least 12 months can jointly purchase the property with you.

### **Applying for the Right to Shared Ownership**

- 8.6 To apply for the Right to Shared Ownership, you must complete an application form and submit it to L&Q, attend a meeting with us to discuss how shared ownership works and your financial responsibilities, receive independent financial advice through an Independent Mortgage Advisor, and have your home valued by an independent valuer.
- 8.7 We will provide you with an estimate of your home's value based on comparable sales in your local area.

### **Initial Repair Period**

- 8.8 If your home has an Initial Repair Period remaining (from when it was first built), this will continue for the period left. The Initial Repair Period is a maximum of 10 years from when the property was completed.
- 8.9 Once the Initial Repair Period expires, you will be responsible for all repair and maintenance costs not covered by warranty, guarantee, or insurance. You must check with L&Q how long remains on the Initial Repair Period for your home before purchasing.

### **The Right to Shared Ownership lease**

- 8.10 All Right to Shared Ownership purchases must use the Affordable Homes Programme 2021-2026 model lease. This includes the ability to buy an initial share as low as 10%, the ability to buy additional 1% shares annually for 10 years, rent increases based on CPI + 1%, and the benefit of any remaining Initial Repair Period.

## **9 Monitoring and Controls**

- 9.1 We monitor lead levels and the number of sales, and other relevant information. This may be published via annual reports, and used for learning and service planning.
- 9.2 All Shared ownership transactions are submitted to the Continuous Recording of social housing lettings and sales (CORE) reporting for transparency.

## 10 Equality, Diversity and Inclusion

- 10.1 We are committed to valuing and promoting equality and diversity. We recognise our duty to eliminate unfair treatment and discrimination in the services we provide and to promote and value respect in everything we do. We expect our staff to share these values and treat all customers with fairness and respect.
- 10.2 We can make this policy available in an accessible format on request. We can also offer interpreting services for applicants.
- 10.3 Throughout this policy we have clearly set out eligibility, affordability, and prioritisation, and explained how we take particular circumstances into account, including where we can consider some situations case by case.

## 11 Communication

- 11.1 This policy will be published on our website.
- 11.2 This policy should be used in conjunction with the following documents:
- Homes England Capital Funding Guide
  - GLA Capital Funding Guide
- 11.3 The table below sets out the various elements of the shared ownership allocation and assessment process, and which organisation, from Homes England's perspective, is responsible for queries, questions and complaints.

Application / Assessment Element	Responsible Organisation
Applicant eligibility and prioritisation	Shared Ownership Provider
Financial assessment of affordability	Mortgage Broker / Advisor (on behalf of Shared Ownership Provider)
Decision to accept or decline an application and at what share level	Shared Ownership Provider
Application of provider specific policies	Shared Ownership Provider
Mortgage advice (if requested)	Mortgage broker / advisor (acting under their own FCA regulation)
Complaints regarding application or share decision	Shared Ownership Provider

Complaint regarding mortgage advice	Mortgage Broker's / Advisor's own complaints procedure
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11.4 Complaints managed by L&Q will follow our main complaints policy and process.

## 12 Policy controls sheet

**Date of approval:** 04/12/2025

**Approved by:** Customer Group

**Effective date:** 15/01/2026

**Next Review date:** 04/12/2028

**Policy owned by:** Director of Homeownership

**Associated documents:** Shared Ownership Staircasing

Main change	Key points
<p>Updated in line with the legislative and regulatory obligations, with a focus on aligning it with SO10.</p> <p>It has also been updated to be clearer for external publishing.</p>	<ul style="list-style-type: none"> <li>• SO10 updates.</li> <li>• AHP 2021-26 update added.</li> </ul>
Reviewed by: Patrick Mills-Munday	
Approved by: Customer Group	