

Surplus Monthly Income

Affordability assessment is key to making sure that our homes are not only affordable at initial purchase but also sustainable for the length of residency.

The Capital Funding Guide has recently been amended and requires us to take into account an individual's circumstances along with factoring in possible rent increases over the next 5 years.

In order to mitigate unforeseen costs, inflation, cost of living increases etc. we have set a minimum surplus income after expenditure guideline of £200.00 per month.

The method for calculating the £200.00 surplus income is set out below:

- (A/B) Gross income, less gross deductions (tax, National Insurance, student loan, etc)
- (C) Less known commitments (loans, credit cards, childcare, etc)
- (D) Less housing costs of the Shared Ownership purchase (rent stress tested over a 5 year period plus service charges)
- $(A - B - C - D) =$ and to meet our surplus income requirements, this must be a minimum of £200.00 of net.
- (E) income available to support a mortgage, other essential expenditure identified through a budget planner $(A - B - C - D)$
 - (F) less mortgage payment if applicable
 - (G) Budget planner of outgoings for essential costs, utilities, food, travel, communications etc.
 - (H) The total from section E minus the budget planner section G. This needs to leave a surplus of a minimum £200 per month to meet Housing 21's minimum income policy. If this is not the case then any surplus funds (Client Funds) can be considered assuming a regular amount per month to the age 90 or for a minimum of 5 years if the client is over 85.

Prioritising Applications (Homes England-funded schemes)

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

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

For resale shared ownership homes 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.

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