



PLYMOUTH COMMUNITY HOMES
SHARED OWNERSHIP -SURPLUS INCOME POLICY

Version:	Version 1.0
Effective from:	1 August 2024
Lead Directorate:	Business Services & Development
Approved by:	Affordable Housing Group – EMT members 4th July 2024
Review Date:	August 2027

1. Policy Statement

This policy sets out how Plymouth Community Homes (PCH) will work within Homes England, Capital Funding Guide when considering applicants for our Shared Ownership homes and assessing applicants affordability and sustainability when being considered for a shared ownership home.

This policy is a mandatory policy required by Homes England for all Landlords selling Shared ownership homes, and has been implemented from the 1st August 2024.

2. Surplus income

PCH will work with a Mortgage Advisor to financially assess all our applicants prior to allocating them a property.

When applicant applies for a home, the finances of the applicant will be considered when taking into account incomings and outgoings of the new home.

PCH will allow for a minimum surplus income of **10%** per applicant per home to be expected at the end to determine if the home is affordable and sustainable.

PCH will with our Mortgage Advisor who undertake the financial assessment will ensure each applicant that applies for a shared ownership home completes a budget sheet and the applicant will only be eligible to proceed to offer, if the applicant has a surplus of 10% income based on the calculations of the budget sheet detailed below.

If an applicant does not have the sufficient surplus PCH and the Mortgage Advisor will decline the applicant.

The table below is a budget sheet for assessing affordability provided by Homes England.

Item	Example/Explanatory Notes
A. Gross Income	<ul style="list-style-type: none"> • Gross monthly pay to include the relevant amount of any overtime, commission or bonus as determined by a specialist mortgage broker. • Any Universal Credit or benefit income • Any guaranteed maintenance payments
B. Gross Deductions	<ul style="list-style-type: none"> • Income Tax • National Insurance • Pension Contribution • Student Loan • Other payslip deductions
C. Commitments	<ul style="list-style-type: none"> • Credit commitments to include personal loans, PCP, HP, etc • Credit and store cards • Childcare costs • Care costs
D. Housing Costs	<ul style="list-style-type: none"> • Stress tested rental figure • Service charge
E. Net Income for Mortgage Purposes	$(A) - (B+C+D) = E$
F. Mortgage Payment	<p>The indicative Mortgage Payment as determined by the advisor.</p> <p>Where possible, the Mortgage Payment (F) should not exceed 30% of E</p> <p><i>NB: This may be exceeded in cases where the advisor feels that there is a justification for doing so and where the customer is still subsequently able to satisfy the provider's budget surplus policy.</i></p>
G. Essential Costs	<ul style="list-style-type: none"> • Council Tax • Utilities • Food • Fuel and Travel • Insurances • Other
H. Surplus Income	$(E) - (F+G)$ This is the figure remaining once F and G have been deducted from E. This figure should be at least 10% of the original figure E (Net Income).

The above table is not an exhaustive list of costs, this is an illustration of what our Mortgage Advisors will take into account.

3. Monitoring and Review

PCH will review this policy in line with the CFG changes as and when required but will complete a full review in every 3 years.

Version Control

Version	Date	Responsible SMT contact	Details
1.0	June 2024	Head of Development	New policy required by Homes England