Shared Ownership Affordability and Minimum Deposit Policy

1. Purpose

1.1 The purpose of this policy is to ensure that all Shared Ownership purchases are affordable, sustainable and compliant with the requirements of Homes England, while protecting customers from financial hardship and reducing the risk of arrears, repossession and future affordability issues.

1.2 Connexus is committed to supporting customers into sustainable home ownership by ensuring that purchasers are not placed under excessive financial pressure and retain sufficient disposable income to meet both anticipated and unforeseen household costs.

2. Scope

2.1 This policy applies to all Shared Ownership sales undertaken by Connexus, regardless of whether the purchaser receives mortgage and affordability advice through Metro Finance or another regulated financial adviser.

2.2 **The policy applies to:**

- Initial Shared Ownership purchases.
- Purchases funded through mortgage finance.
- All applicants assessed against Homes England affordability requirements.

3. Policy Statement

3.1 Connexus will assess affordability in accordance with Homes England guidance contained within the Capital Funding Guide and will apply additional affordability safeguards where appropriate to ensure purchases are sustainable over the long term.

3.2 All Shared Ownership purchases must demonstrate that:

- The proposed purchase is affordable at the point of application.
- The purchase remains sustainable when considering foreseeable changes in circumstances.
- The customer retains sufficient residual income following all housing and household expenditure commitments.
- All income relied upon for affordability purposes is sustainable, evidenced and acceptable to mainstream mortgage lenders.

3.3 Applications that do not satisfy the affordability requirements set out in this policy will not be approved.

4. Homes England Affordability Requirement

4.1 Affordability assessments will be completed in accordance with Homes England guidance and will consider:
- Household income
- Mortgage commitments
- Rent payments
- Service charges and other housing-related costs
- Household expenditure and financial commitments

4.2 Minimum Residual Income Requirement. To ensure affordability and sustainability, applicants must retain a minimum surplus of:
- 10% of net mortgageable income following all deductions, including mortgage payments, housing costs and stress-tested rent assessments; and
- 10% of total net household income when assessed through Connexus's approved budget planner.

Both requirements must be satisfied.

4.3 Purchases Below 25% Share. Where an applicant is purchasing less than a 25% share, a higher affordability threshold will apply.

4.4 Applicants purchasing less than a 25% share must retain:
- 20% of total net household income as a surplus on the approved budget planner.

4.5 This requirement reflects the increased affordability risk typically associated with lower-share purchases and provides additional resilience against unexpected expenditure.

4.6 **Minimum Deposit**
Connexus does not prescribe a minimum deposit requirement. Applicants must provide a deposit that meets the requirements of their chosen mortgage lender and supports a sustainable Shared Ownership purchase.

4.7 **Income Assessment**
Only income that is considered sustainable and acceptable for mortgage lending purposes may be included within the affordability assessment.

Income sources will be assessed in accordance with Metro Finance's approved income criteria and prevailing lender standards.

Connexus reserves the right to exclude income that:
- Cannot be evidenced adequately.
- Is temporary or uncertain in nature.
- Would not normally be accepted by mainstream mortgage lenders.

4.8 **Expenditure Assessment**

Affordability assessments must be based upon realistic household expenditure.

Where declared expenditure appears materially lower than average household spending benchmarks, including those published by the Office for National Statistics (ONS), additional verification may be requested.

Verification may include:
- Bank statements.
- Credit commitments.
- Household bills.
- Written explanations from the applicant.

5. Exceptional Circumstances

5.1 Connexus recognises that individual circumstances may vary and will consider exceptional cases where there is clear evidence that the standard affordability assessment does not accurately reflect the applicant's financial position.

5.2 Examples may include:
- Deposit-constrained purchasers whose income would support a higher share purchase.
- Applicants with evidenced expenditure patterns that differ from standard assumptions.
- Other circumstances where sufficient justification and supporting evidence are provided.

5.3 Any exception must:
- Be fully documented.
- Demonstrate that the purchase remains affordable and sustainable.
- Receive approval in accordance with the governance requirements set out in this policy.

5.4 No exception may be approved where affordability cannot be evidenced.

6. Governance and Responsibilities

6.1 **Connexus**

Connexus is responsible for:
- Ensuring compliance with Homes England requirements.
- Applying this policy consistently and fairly.
- Reviewing affordability evidence provided by advisers.
- Making final decisions regarding eligibility and approval.

6.2 **Metro Finance**

Metro Finance is responsible for:
- Completing affordability assessments in accordance with this policy.
- Providing affordability supporting documentation.
- Confirming compliance with both Homes England and Connexus affordability requirements.

6.3 **Decision Making**
All affordability decisions must be supported by documented evidence and retained within the sales file.
Any approved exceptions must include a clear audit trail detailing:
- The rationale for the decision.
- Supporting evidence considered.
- The approving officer.

7. Risk Management

7.1 This policy is intended to:
- Protect customers from entering into unsustainable financial commitments.
- Reduce the likelihood of rent and mortgage arrears.
- Minimise the risk of repossession.
- Protect Connexus from regulatory, reputational and financial risk.
- Support confidence in the Shared Ownership sector through responsible affordability assessments.

7.2 The policy recognises that home ownership carries additional financial responsibilities, including maintenance, repairs and replacement of household items, which may not arise in rented accommodation. Affordability assessments must therefore ensure that purchasers retain sufficient financial resilience to meet these costs.

8. Monitoring and Review

8.1 **Review frequency** – this policy will be reviewed at least every 2 years, or sooner where:
- Homes England guidance changes.
- Regulatory requirements change.
- Market conditions indicate that affordability thresholds should be reconsidered.
- Operational experience identifies a need for amendment.

8.2 The review will assess the effectiveness of the policy in supporting sustainable home ownership and mitigating affordability-related risks.

9. Document Control

Approved by ELT	01 July 2026
Approved by Committee/Board	N/A
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Policy developed by	Sales Manager
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Associated documents	Homes England Capital Funding Guide. Shared Ownership Sales Procedures. Metro Finance Affordability Assessment Framework. Connexus Sales and Allocations Policies.

Version	Author	Date Published	Next Review	Comments
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