ACHIEVING MOBILITY IN THE INTERMEDIATE HOUSING MARKET: MOVING UP AND MOVING ON?
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Please contact:
Communications Department,
Joseph Rowntree Foundation,
The Homestead,
40 Water End,
York YO30 6WP.
Tel: 01904 615905.
Email: info@jrf.org.uk
ACHIEVING MOBILITY IN THE INTERMEDIATE HOUSING MARKET: MOVING UP AND MOVING ON?

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Alison Wallace
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Chartered Institute of Housing
Octavia House, Westwood Way
Coventry CV4 8JP
Telephone: 024 7685 1700
www.cih.org

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Joseph Rowntree Foundation
The Homestead
40 Water End
York YO30 6WP
Telephone: 01904 629241
www.jrf.org.uk

Achieving mobility in the intermediate housing market: moving up and moving on?
Alison Wallace
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All opinions and any errors contained in the report are the sole responsibility of the author.

Alison Wallace
York
Executive Summary

The term ‘intermediate housing market’ in this report refers primarily to the shared ownership of properties. That is, part rent-part buy in the shared ownership of the home – which places it as a tenure that is intermediate between social renting/private renting and full owner occupation. The ability that shared owners have to move (mobility) – within and out of this tenure – is the focus of much of the report.

Key findings

- Mobility amongst shared owners appears to be lower than among social rented tenants, other home-owners buying with a mortgage and private rented tenants.
- Shared ownership cannot be considered as a purely transitional tenure or ‘stepping stone’ to full home-ownership. For many shared owners the sector has become a permanent hybrid tenure between ownership and renting. A significant minority of shared owners wanted to move but could not and, although half of the moving owners did achieve full home-ownership, many moved within the shared ownership sector, or, reluctantly to private or even social renting.
- Some households experienced changes in their circumstance that increased their household income, such as having professional type careers or becoming a couple so they could afford additional mortgage borrowing, but others were unable to bridge the equity gap between their current holdings and open market values, and could not afford to ‘staircase’ incrementally.
- For households who remain unable to afford to purchase in the open market being able to move within the shared ownership sector was important and is likely to become a greater issue as the sector grows. Shared ownership providers should do more to ensure trade can take place within the sector.
- Underlying the issue of mobility within shared ownership is a tension between whether the properties are affordable market housing that meets housing demand or whether the sector is another form of social housing that meets housing need. Resolving this conflict informs the extent to which moving on should be supported within the sector and whether shared owners can trade freely or are required to demonstrate that they are inadequately housed.

Background and research approach

Shared ownership schemes are viewed as a ‘foot on the housing ladder’, a ‘stepping stone’ to full home-ownership, but mobility within the sector has not previously been the focus of research. The aims of this UK-wide study were to examine to what extent
shared owners ‘move on’ when their housing aspirations or needs change, and in what circumstances they are able to fulfil their hopes to ‘move on’ to full home-ownership, given that the open market was unaffordable at the outset.

Supporting access to home-ownership through the expansion of shared equity or shared ownership schemes is a policy ambition across the UK. Growing the low-cost home-ownership sector meets government objectives in encouraging an asset-holding society, as well as meeting deep seated support for home-ownership amongst the public. Although the housing market has entered a downturn it is likely that shared ownership and shared equity products will be an enduring feature of housing policy in the foreseeable future, as they create opportunities to widen access to the perceived benefits of owner occupation amongst lower-income households, and house prices may rise once again. Shared ownership sales have also become an important element of housing association business plans as the surpluses generated are used to cross-subsidise social rented housing. As consumer confidence and the supply of mortgage finance are restored it is likely that a focus on shared ownership will remain.

Little is known about mobility within the shared ownership sector, but it has been viewed as a transitional tenure to full home-ownership, but for many shared owners it may have become a permanent hybrid tenure between renting and owning. But mobility is important for the households to fulfil their needs or aspirations, to access labour market opportunities and to provide repeated opportunities for new households to access home-ownership, even in pressured housing markets. Previous studies have provided some mixed evidence with regard to moving on from shared ownership, suggesting that opportunities were limited or that although housing association systems could be improved, prospects for moving on were reasonable. As shared ownership has attracted substantial investment in recent times, this is a timely study with the key objective to consider the longer-term mobility outcomes for shared owners.

The research was conducted across six case study areas, Glasgow, Belfast, Gwent, London, Milton Keynes and Cornwall. Interviews were conducted with housing professionals involved in the shared ownership market as well as with shared owners who were moving or had moved, or who wanted to move but had not yet done so. A survey was conducted of shared owners who had lived in their homes for more than three years or who had expressed an interest in moving or increasing their shares in their home in the last 12 months. A small survey of housing associations was also conducted and all data supplemented with analysis of statistical and administrative datasets.

**Shared ownership and mobility**

Shared owners often occupy a weak position in the housing market as they are less well off than other new buyers and their investment in the market is significantly less. Shared owners are less likely to have professional and managerial type employment
and have lower wages than ordinary first-time buyers. The homes shared owners purchase are also smaller and are less likely to be under-occupied than other first-time buyers. Shared owners’ homes are, in most regions, valued below those bought by other new buyers and the proportion of the homes bought by shared owners has fallen from 50 per cent to 40 per cent. Single households are increasingly represented in the sector as the type of property offered has changed from houses to flats and amongst single adult households women are in the majority. In two of the case study areas, black and minority ethnic households are also over-represented.

The evidence suggests that mobility amongst shared owners is around three to five per cent, below that of other home-owners buying with a mortgage, social renters and private tenants. Shared owners who want to move have a range of reasons that include: moving to larger accommodation, a better neighbourhood, for family reasons, starting a family, or, to be nearer parents. Although shared owners aspire to their next home being full home-ownership, it seems that when they do move not all achieve this goal. Half of the moving shared owners identified in this study moved to full home-ownership, but others moved to private renting or another shared ownership property and even social renting. Furthermore, a third of the shared owners surveyed wanted to move but had not done so because they could not afford it.

Facilitators and barriers to full home-ownership

The research identified a number of factors that acted as facilitators or barriers for shared owners wishing to ‘move on’ to full home-ownership. These centred on the circumstances of the household and the local housing market, but also included how low-cost home-ownership providers mediated the relationship between the two.

Some shared owners were unable to ‘move on’ to the open market as they wanted to live in high-cost housing markets, for reasons of family and employment, as well as lifestyle, and they remained unable to increase their mortgage borrowing. Although some shared owners in low-cost housing markets were similarly constrained by having no less expensive markets to which they could move. Other shared owners were able to ‘move on’ to the open market by increasing their household income, most commonly by being employed in professional career occupations where their wages had advanced more rapidly than those owners who held more clerical or manual positions, or increasing the household income by a single person becoming a couple. Not all single people, however, anticipated ever living with someone and sharing housing costs. Another factor that inhibited shared owners from taking on additional mortgage borrowing was their age. Several were past retirement or had too few years left prior to retirement to take on a mortgage at an affordable level.

Most shared owners had made equity gains on their share of their home during the recent period of rising prices that has now come to an end. Some owners were able to use these equity gains as a deposit on a full home-ownership property, especially if combined with additional income or a move to a less expensive housing market.
However, the equity gains did not help people moving within their local housing market as the next property they wished to purchase had similarly risen in value. For many shared owners rising markets had meant that their ambition to ‘move on’ to full home-ownership could not be realised as the affordability of property had deteriorated even further since their initial purchase. Many shared owners were also unable to increase their investment in their home, to bridge the equity gap between their current share and open market values, as they could not afford to pay market values for the unsold shares. At the time of the fieldwork demand for shared ownership properties had not weakened, although the market had already halted in Northern Ireland, but the slowdown did not disadvantage shared owner households any more than other home-owners.

Shared ownership providers have a role to play in supporting mobility amongst shared owners. The major barrier is that shared owners have an equity gap to overcome between their current investment in their home and the open market, but very few shared owners take steps to bridge the gap by increasing the shares in their home incrementally. The study found there were few incentives or encouragement for them to do so. Shared owners would like to see some discounts on the market value of the unsold portion of their home offered.

Many shared owners will remain financially unable to ‘move on’ to full home-ownership, so being able to ‘move on’ to another shared ownership property was important for them. However, not all shared ownership providers supported shared owners purchasing another shared ownership home. Even when associations recognised that this service was required, it was a challenge, as they were not always confident a suitable property or further opportunities would be available. Shared owners did not view a return to private renting or social housing as attractive options, although some did make these moves.

The trade in shared ownership homes was fragmented, and sometimes difficult to access, even for households already in the sector. No systems to support long-distance moves for shared owners were evident amongst the housing associations, and yet resales, and to a lesser degree new-build shared ownership opportunities, are rarely advertised in the alternative ‘virtual marketplace’ of national home sales websites, which are increasingly important for buyers and sellers in the open market.

Conclusions

The evidence suggests that shared ownership cannot be viewed exclusively as a transitional tenure to full home-ownership. Although many successfully achieve full home-ownership, for other shared owners the sector has become a hybrid permanent tenure, offering secure and affordable homes. Furthermore, a significant minority of shared owners fall between these poles, and find their aspirations to full ownership are unrealisable and yet they are also constrained from moving within the shared ownership sector.
This raises a question about the extent that options to ‘move on’ should be a concern for shared ownership providers, reflecting a tension between whether shared ownership is ‘market’ or ‘social housing’. It is often marketed as a less expensive route into market housing to meet aspirations and housing demand, then administered and allocated on the same basis as social housing with moves sometimes facilitated only on the basis of housing need. Should there be a free trade of shared ownership homes, within certain eligibility parameters set by the housing associations, or should the trade remain controlled by the providers? This conflict may persist and prove difficult to overcome, but the outcomes for shared owners should be at the heart of any developments in the sector.

Summary of policy and practice recommendations

- If the policy intention is for the sector to be a bridge to full home-ownership:
  - shared ownership purchasers should be encouraged to buy the maximum share they can afford in their homes;
  - providers should also avoid offering low shares; and
  - incentives should be given to shared owners to increase their equity stake in their home when they can.

- As key providers, housing associations should facilitate the movement of shared owners within the sector. Systems need to be developed to facilitate long-distance shared ownership moves.

- The marketing and allocation of second-hand shared ownership homes should be reviewed to ensure the best outcomes for the seller, as well as the housing association. Greater use could be made of national websites to overcome the fragmented nature of the LCHO (low-cost home-ownership) market; providing a wider audience for resales and new build and assisting potential buyers with access to, and knowledge of, the sector, as well as supporting long-distance moves.

- Best practice guidance on valuations and the status of shared owners’ home improvements should be disseminated to overcome circumstances where the owner is financially disadvantaged when selling their property.

- Services such as equity release in retirement need to become more attuned to long-term residents in shared ownership properties.

- Data resources in the sector need an urgent overhaul both to inform housing associations’ business planning and to develop greater understanding of this important policy arena.
Chapter One
Why focus on mobility for shared owners?

Summary points

• Assisting households to become home-owners through the expansion of low-cost home-ownership schemes is a key policy across the UK. Low-cost home-ownership is widely viewed as a ‘stepping stone’ to full ownership.

• There are a number of low-cost home-ownership models across the UK, centred on shared ownership and shared equity schemes. This study is focused upon shared ownership, the most common form of subsidised access to home-ownership.

• Mobility in shared ownership is important to satisfy changes in housing needs and aspirations, to facilitate labour market mobility and to provide repeat opportunities for new households to enter home-ownership.

• Understanding trends within the low-cost home-ownership sector is important as it now forms a key component of housing association business plans.

• The research aimed to examine the extent to which shared owners are able to ‘move on’ when their housing needs or aspirations change, what the outcomes of any moves are, and in what circumstances moves are undertaken.

• The report is based upon a mixed method study conducted across six case study areas: London, Cornwall, Milton Keynes, Glasgow, Belfast and Gwent.

The term ‘intermediate housing market’ in this report refers primarily to the shared ownership of properties. That is, part rent-part buy in the shared ownership of the home – which places it as a tenure that is intermediate between social renting/private renting and full owner occupation. The ability that shared owners have to move (mobility) – within and out of this tenure – is the focus of much of the report.

Introduction

‘A foot on the housing ladder’ is how low-cost home-ownership schemes are currently marketed and the sector is widely viewed as a ‘stepping stone’ to full home-ownership. This study examines whether this is the case and if so how it is achieved, and to what extent low-cost home-ownership is in fact a permanent rather than transitional tenure for some households.
As a key element of housing policy across the UK, low-cost home-ownership (LCHO) is likely to remain important over the long term. Although this report is produced against a backdrop of falling house prices and the ‘credit crunch’, the magnitude and duration of any market downturn remains uncertain. There are also enduring policy concerns regarding social inequalities as tenants may feel they have been disadvantaged, while over the long term owner occupiers have seen the value of their homes rise. Moreover, demographic changes, such as people living longer and the increased incidence of relationship breakdown, have increased demand that the supply of new homes has failed to match, and are both circumstances that are likely to persist. Therefore, as consumer confidence and the supply of mortgage finance is restored, house prices could once again rise, reflecting underlying demand, and access to home-ownership will remain a policy concern.

Furthermore, low-cost home-ownership has become a significant feature of housing association business plans, as the surpluses that have been generated as shared owners move out or purchase further shares in their home, have been increasingly used to cross-subsidise social renting. There are therefore a number of reasons why a study of low-cost home-ownership still demands attention. A study that focuses on the mobility outcomes for LCHO purchasers is timely as it addresses concerns about housing and labour market mobility raised in the Hills Report (2007). It also raises issues pertinent to housing associations experiencing a reduction in receipts from owners staircasing out of the sector as well as focusing on whether, and to what extent, owners fulfil ambitions towards full ownership.

There are different forms of LCHO models but shared ownership is the focus of this study, a part rent-part buy scheme that dominates the low-cost home-ownership market in the form of New Build Homebuy, traditional shared ownership, Do-It-Yourself-Shared Ownership (DIYSO) and Co-Ownership in Northern Ireland. Shared equity schemes such as Homestake, variants of Open Market Homebuy, Leasehold Schemes for the Elderly and other LCHO models such as discounted sales have not been included in this research. There are however, transferable lessons for the wider LCHO market.

### Policy background

Increasing access to home-ownership is a key policy ambition across all the administrations in the UK (ODPM, 2005a; Scottish Government, 2007; Semple, 2006; Welsh Assembly Government, 2001). Public support for home-ownership has proved quite resilient and although it dipped during the 1990s, support remains strong (Park et al., 2005). Recent work suggests that amongst low-income renters home-ownership may be a proxy for households seeking better quality accommodation and safer neighbourhoods (Edwards, 2006; Bennett and Murray, 2006). Nevertheless, home-ownership is central to the public policy interest in asset-based welfare and the development of personal safety nets (Maxwell and Sodha, 2006) and citizenship.
WHY FOCUS ON MOBILITY FOR SHARED OWNERS?

benefits are also claimed for the tenure (Rohe et al., 2003). Creating opportunities to access home-ownership can satisfy these public aspirations towards the tenure and it does so using less public subsidy than the provision of social housing (Bramley et al., 2002; NAO, 2006; Boelhouwer et al., 2004).

However, there are concerns regarding the sustainability of the current levels of home-ownership and the scope for further expansion, as there has been a fall off of first-time buyer activity and a recent fall in the level of home-ownership rates amongst young people. For example, in 1984, 34 per cent of 20-24 year olds were home-owners, 60 per cent of 25-29 year olds and 66 per cent of 30-34 year olds, compared to 20 per cent of 20-24 year olds, 50 per cent of 25-29 year olds and 31 per cent of 30-34 year olds in 2004 (Williams, 2007). The evident affordability problems that have emerged over the recent period have attracted much attention as growing numbers of young households cannot gain entry to the housing market (Wilcox, 2006, 2007, 2008). In addition, there are also suggestions that other factors such as debt, delayed marriage, delays to starting a family and lifestyle choices also impact on their decisions to buy (Andrew, 2006). Households are also able to exercise wider choice arising from the renewed private rental sector (Williams, 2007, 2008).

Across the UK there remains a focus on extending the opportunity to own by the continued development of the low-cost home-ownership (LCHO) market (ODPM, 2005a; Scottish Government, 2007). In England, LCHO now attracts 30 per cent of housing subsidy and the sector has expanded rapidly, increasing the stock by 18 per cent during the period 2003 and 2006 alone (CORE). Subsidised entry to home-ownership is also a priority in Scotland (Scottish Government, 2007) and new shared equity products are being considered to add to the long-standing Co-Ownership scheme in Northern Ireland (Semple, 2006). In Wales, shared equity and shared ownership have been longstanding features of the market and in some local authorities they attract the bulk of housing subsidies (Welsh Assembly Government, 2005).

Low-cost home-ownership is designed to fulfil a number of policy objectives, as outlined in a Homebuy consultation document for England (ODPM, 2005a):

- To provide opportunities to enjoy the benefits of home-ownership, most notably asset holding.
- To release social housing units at low public cost.
- To support urban regeneration.
- To assist in the creation of socially mixed, balanced communities.
- To support key worker recruitment and retention in high pressured housing markets.

In practice, tensions are likely to arise between some of these ambitions: for example, the development of low shares of 10-25 per cent provide the opportunity to accumulate some assets, but may be incompatible with pursuing full home-ownership. Similarly, developing LCHO in sites of urban regeneration or mixed tenure
developments may not fulfil expectations that associate home-ownership with ‘good’
neighbourhoods (Bretherton and Pleace, 2008). Furthermore, building up assets in a
shared ownership home may be less beneficial to the owners if they remain in the
property, as additional borrowing against that equity can only be spent on repairs and
improvements to the property.

Although evaluations of the main LCHO products have all been conducted, the focus
of policy and research has been on the potential demand for LCHO purchases,
owners’ satisfaction and the effectiveness of the scheme in meeting short-term goals.
Little attention has been paid to the longer-term outcomes for LCHO purchasers. As
the sector forms an important and expanding component of both housing policy and
some housing markets, it is timely to consider the crucial factor of mobility in LCHO
and whether the tenure fulfils its role as a ‘stepping stone’ to home-ownership as is
widely assumed.

**Low-cost home-ownership models**

The low-cost home-ownership or intermediate housing market is characterised by a
disparate range of suppliers and a complex range of schemes. Appendix A provides a
more detailed overview of the schemes that exist across the UK, but this section
provides details of the basic models.

*Shared ownership* represents the oldest and most common form of LCHO and is the
focus of this study. Owners part buy and part rent the property and in time are able to
purchase further shares in their properties and ‘staircase’ up to full home-ownership,
and therefore out of the sector. Other products available are commonly based on a
*shared equity* model where purchasers are given full legal title of the property, but are
given an equity loan to buy the portion they cannot afford to purchase. This loan is
repayable on the sale of the property, but can be repaid at any time prior to this, and
the owner and the scheme provider obtain a proportionate share in any increase in
the value of the property if it is subsequently sold.

Evaluations of the schemes show high levels of satisfaction amongst low-cost home-
owners although with some qualifications. While LCHO schemes offer good value for
money for public agencies, shared ownership properties can be less value for money
for some owners as they have both mortgage and rent to pay, and in the case of
apartments, service charges (Bramley *et al.*, 2002; Clarke *et al.*, 2007; Bretherton and
Pleace, 2008). However, shared ownership can provide a lower entry threshold to
home-ownership than shared equity schemes for those on low incomes as lower
shares can be purchased and the rented portion is eligible for housing benefit in the
event of an interruption in income (Bramley *et al.*, 2002; Clarke *et al.*, 2007). Shared
equity owners are more satisfied with their product but have generally purchased
larger properties on larger shares (Bramley *et al.*, 2002; Battye *et al.*, 2006, Bramley *et
al.*, 2007). There were few incidences of incorrect targeting of schemes on those who
could afford to purchase by other means, and this is not considered to be a
widespread problem, although the schemes have allowed some people to buy earlier who would have otherwise bought outright (McGreal et al., 2006; Bramley et al., 2002; Clarke et al., 2007). Shared ownership and shared equity schemes provided by private developers are emerging as a response to the market downturn, but also as a result of changes in the business models in the construction industry as volume builders seek to retain a financial interest over the longer term in the sites they have created (Calcutt, 2007).

In England, shared ownership schemes for older people exist in niche developments but are not included in this study. Shared ownership aimed at addressing affordability problems, mainly amongst first-time buyers (although some other households are included in some schemes), and diversifying tenure in regeneration areas are the focus of this study.

**Mobility in low-cost home-ownership**

At any point in time most households do not want to move home. However, the ability to do so, if households want or need to, has implications for both the household, the wider economy and social outcomes. Obviously, from the household’s point of view, moving home satisfies changing housing needs or aspirations, but the movement of households is also important for the economy as housing mobility can provide access to employment and is important to the functioning of the labour market (Barker, 2004; Munro et al., 2005). Social housing tenants and home-owners are less likely than private tenants to move to access employment (Bhattu and Phimister, 2007), although ease of mobility is likely to be a factor in tenure choice. The high transaction costs and a commitment to existing neighbourhoods are said to inhibit mobility for home-owners and Boheim and Taylor (1999) suggest that promoting home-ownership may not be an appropriate response to promoting residential and labour market mobility. Hills (2007) recently highlighted the issue of mobility and its relationship to the labour market in social housing, expressing concern that employment attracted insufficient prioritisation for applications and transfers.

Little is known about mobility in the low-cost home-ownership sector. LCHO is widely thought to be a transitional tenure, or ‘stepping stone’, to full home-ownership, but for some people the intermediate market may offer a stable hybrid tenure between renting and ownership. That LCHO fulfils a transitional role is important, as upward mobility to full home-ownership is central to providing repeated opportunities for new households to access home-ownership, even in pressured housing markets. Therefore, mobility enhances the supply of new opportunities for other potential home-owners, meets housing needs and aspirations and crucially facilitates labour market mobility. Williams and Wilcox (2007) note the importance of resales to the supply of LCHO properties in London, where approximately 13 per cent of LCHO opportunities were provided by shared owners selling on the shares of their property to new entrants to the sector.
Rather than a temporary measure prior to full home-ownership, for many shared owners the sector has become a permanent tenure. Dunmore et al. (1998) suggested that there were few opportunities to ‘move on’, or ‘staircase out’, of shared ownership. Their study suggested that to improve mobility within the intermediate market a national market for second-hand shared ownership properties should be established. This would enable current owners to have the same priority as social rented tenants in new schemes to meet their changing needs, and for reciprocal arrangements to be developed so that LCHO owners are able to move around the country. Again, it remains unclear to what extent the functioning of this burgeoning intermediate market has improved, or what the uptake of these recommendations has been.

For LCHO purchasers to ‘move on’ to the open market they must have the ability to financially bridge the equity gap between the value of their share of the property and the open market values for the type of property and location in which they are conducting their house search. Bramley et al. (2002) found that very few people actually increase their shares, unless they are buying the property outright, and found that 4.9 per cent of shared ownership stock is sold per year, compared to around six to seven per cent per year in the open market. Eighty four per cent of shared owners would prefer, and 74 per cent expected, their next home to be full home-ownership. The authors concluded that the intermediate sector provided reasonable opportunities to ‘move on’, but that providers need to gear up and organise themselves to effect resales for the benefit of the owners who want to move as well as new entrants.

Evaluation of the Homebuy scheme operating in Wales shows that 21 per cent of the total provision was sold during period 1998 and 2004 (Welsh Assembly Government, 2007), but the ‘move on’ destinations of the households or whether they remained in residence and bought out the housing associations equity loan is unclear. In a study of affordability amongst London shared owners, Clarke et al. (2007) found that, although currently manageable, few owners could sustain increases in their housing costs, which already represented 30 per cent of their income. This suggests that many in their current circumstances could not take on the additional borrowing that is likely to be required to achieve full home-ownership.

To date, research into low-cost home-ownership has, understandably in the face of affordability problems, been almost exclusively focused upon the potential demand for affordable home-ownership and the costs and satisfaction with various LCHO products (see Bramley et al., 2002; Battye et al., 2006; Morgan et al., Homestake (Bramley et al., 2007); Welsh Assembly Government, 2007; McGreal et al., 2006). Studies in Northern Ireland (McGreal et al., 2006) and Wales (Welsh Assembly Government, 2006) included some assessment of shared owners exiting the sector, but mobility has not previously been a primary focus of research in this area. This study aims to fill this knowledge gap.
Research aims and methods

The study aimed to explore whether, to what extent, how and where people moved on to from their initial low-cost home-ownership property once their aspirations or housing needs had changed. The specific objectives of the research were to:

- identify the extent and nature of mobility in the intermediate housing market in the UK;
- examine the ability of LCHO owners to ‘move on’, or within, the intermediate market;
- to understand what facilitates or constrains mobility across different housing markets; and
- to explore how movement out of, or within, low-cost home-ownership may be improved.

The evidence presented in this report is drawn from the research undertaken in several stages during 2007 and early 2008. Mixed methods were used and are outlined in more detail in Appendix A, but are summarised as follows:

1. Across the six case study areas, 39 in-depth interviews were undertaken with key players such as housing associations, estate agents, Homebuy agents, local authorities, private providers and solicitors. These were conducted either face-to-face or by telephone to examine the policy and market context in which owners made their decisions to move.

2. 189 shared owners were surveyed in the case study areas to provide an overview of moving intentions, experiences of the moving process, and moving outcomes.

3. 28 in-depth telephone interviews were held with shared owners in the case study areas to provide detail of their experiences of staying put or moving on.

4. Housing associations and local authorities were surveyed nationally to supplement the limited administrative data available and estimate the extent of moving on. Twenty six housing associations and 31 local authorities responded.

5. Secondary data analysis of CORE Sales 2006, RSR data 2006/7 and the Survey of English Housing (SEH) 1999-2003 was also conducted to provide estimates of the extent of ‘move on’ and the circumstances of owners. Limited data is available for the sector in Scotland, Wales and Northern Ireland, but where data is accessible these have been used.

The surveys were not statistical random samples and are therefore indicative rather than representative of the wider population of shared owners and providers of shared ownership. Where possible the study’s survey results have been presented in comparison with large, statistically representative data sources to aid interpretation.

The case study areas were chosen to reflect a variety of housing market circumstances across the UK and the range of purposes to which shared ownership has been put,
such as diversifying tenure or addressing affordability problems. Further details of the case study areas are provided below:

- Glasgow was selected as it has the most shared ownership properties in Scotland, where shared ownership was used during the 1990s primarily to give ‘choice’ in areas of regeneration, in order to provide mixed communities and not specifically to overcome affordability issues.

- Milton Keynes has a mature LCHO sector and has around five per cent of the local housing stock held on a shared ownership basis. The LCHO market has been developed as part of the new town since the 1970s. Although in the South East, Milton Keynes is more affordable than other areas in the region and has been identified as a growth area for new housing development.

- Two west London boroughs were selected to provide the experiences of shared ownership in a highly pressured housing market. The London Borough of Brent and the Royal Borough of Kensington and Chelsea were chosen as two adjacent boroughs, albeit with different experiences.

- Cornwall was selected as an area with both provincial urban and rural experiences in a pressured housing market. Previous studies have found that the South West’s affordability problems are on par with those experienced in London and the South East due to the low wages and an influx of higher earners from other regions.

- Belfast and its adjacent counties were selected to reflect experiences of shared ownership housing and the Co-Ownership scheme in Northern Ireland. The area had, until 2007, experienced rapid house price growth.

- Gwent, centring on the cities of Cardiff and Newport was selected to reflect the experience of shared ownership in a Wales. The area represents a modestly priced housing market.

**Structure of the report**

The report continues in Chapter Two by examining the characteristics of the low-cost home-ownership market in the UK. Chapter Three examines the moving outcomes of shared owners. The next chapters look at the factors that facilitate or constrain shared owners from moving on to full home-ownership. Chapter Four considers how the circumstances of the household might affect their ability to ‘move on’. Chapter Five explores the housing market factors that influence mobility and Chapter Six looks at the factors that may impact upon mobility that are the responsibility of the LCHO providers. The report concludes in Chapter Seven and makes policy and practice recommendations to support mobility for shared owner households who have constrained means.
Chapter Two
Profile of the shared ownership sector

Summary points

• The volume of low-cost home-ownership properties is small, but in some areas represents an important access point to home-ownership.

• More single households are entering shared ownership than couples or families, but the types of households amongst existing shared owners vary across the UK. Singles are more prevalent in Milton Keynes and London, and couples with children are more significant in Glasgow, Cornwall and Wales.

• Only in Milton Keynes are existing shared owners’ household incomes significantly more than that of new entrants to the sector, despite existing owners being around ten years older and including more couples with children and lone parents.

• Shared owners in single adult households are overwhelmingly female. Nearly two-thirds of new entrants are single women, but amongst single adult households already in shared ownership, the difference between male and female single adults is wholly due to the greater prevalence of lone mothers.

• More existing shared owners live in houses compared to new entrants who have mostly purchased flats. Shared owners are more likely to purchase smaller homes than other first-time buyers.

• Shared owners in the North West and North East not only purchase properties of a value in excess of ordinary first-time buyers, but their properties are greater in value than the average house price in the region.

Introduction

This chapter describes the context for the research by providing a profile of the size and geography of the LCHO market, as well as the characteristics of low-cost home-owners and the properties they purchase.

The UK LCHO market

The low-cost home-ownership market is characterised by a range of different schemes, with varying terms and conditions, which have been promoted at different periods of time across the UK. (A full description of these schemes is provided in Appendix A.) The main products are split between shared ownership and shared equity-based purchases.
In England, shared ownership style products have been offered since the 1970s. Shared ownership has been offered on a new-build basis, or by assisting households to purchase open market property as part of the DIYSO (Do-It-Yourself-Shared-Ownership) for many years. DIYSO was replaced in 1999 by Homebuy, an equity loan scheme using open market properties. The stock of shared ownership homes in England had grown from 68,000 in 1997/8 to over 86,000 by 2006/7, an expansion of around 28 per cent in ten years.

In Scotland, shared ownership was founded in the 1990s, but since then the volume of stock has reduced, as more properties have been bought by their owners or sold and disposed of on the open market and have not been replaced by new development. Total holdings across Scotland were 5,822 in 2006, decreasing from 7,620 in 2001, a reduction of a quarter (Communities Scotland Statistics Archive). The incidence of shared owners staircasing up to 100 per cent of their home or, and it is important to note that the data does not appear to disaggregate these events, both associations and shared owners simultaneously selling both of their shares on the open market, ranged from 23-53 a year during the 1990s, reaching a peak of 281 a year by 2004. While the stock of shared ownership housing is contracting, an equity sharing product, Homestake, was introduced to Edinburgh and the Lothians in 2005. From 2008, both the new-build and open market equity share products have been rebranded to form part of the Low-cost Initiative for First Time Buyers (LIFT), which is being expanded to other high pressure areas.

In Wales, there were 1,321 shared ownership properties in 2006. They are concentrated in North and South East Wales. Homebuy was pioneered in Wales in 1995 and currently there are around 215 new sales per year, which is around 1.5 per cent of the volume of the lower decile in the housing market.

The Co-Ownership scheme in Northern Ireland has assisted over 19,000 since its inception in 1978, and currently holds around 4,000 properties. Over recent years the number of owners selling their homes or staircasing to 100 per cent ownership has exceeded the numbers entering the scheme. Co-ownership properties are distributed widely across Northern Ireland, but are represented heavily in the high-cost areas of Belfast and the counties to the East (NICOHA, 2004).

The impact of LCHO on the wider housing market is small because the stock of properties forms a very small proportion of the total, but is more important in terms of the flow of new entrants to the sector. For example, in England low-cost home-ownership only represents around one per cent of home-owners, although in London up to four per cent of home-owners have purchased through these schemes, and in Milton Keynes as many as five per cent. However, one in ten of recent first-time buyers in London are estimated to have used an LCHO scheme (Williams and Wilcox, 2007).
Owners’ profiles

Table 2.1 compares the characteristics of the flow of new entrants into the sector in England (CORE data) to the stock of existing owners (Survey of English Housing (SEH)). The table shows that while half of new entrants to shared ownership are single only around a quarter of the stock of owners are single. The number of couples without children is slightly less in the stock of owners compared to the proportion of new entrants, but couples with children represent nearly one-third of the stock of owners compared to only 14 per cent of new entrants to shared ownership. The proportion of lone parents amongst the stock of shared owners is also a lot higher at 15 per cent compared to only three per cent of new entrants. Unsurprisingly, new entrants to shared ownership are younger with a mean age of 31 in 2006 compared to the stock of owners whose mean age is 43. There is also a greater proportion (nine per cent) of over 60s in the current stock than amongst new entrants (one per cent).

Table 2.1: Comparison of household composition of the stock and flow of shared ownership households in England

<table>
<thead>
<tr>
<th></th>
<th>New entrants (flow)</th>
<th>Residents (stock)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single (%)</td>
<td>50</td>
<td>26</td>
</tr>
<tr>
<td>Couple no children (%)</td>
<td>29</td>
<td>23</td>
</tr>
<tr>
<td>Couple with children (%)</td>
<td>14</td>
<td>32</td>
</tr>
<tr>
<td>Lone parent (%)</td>
<td>5</td>
<td>15</td>
</tr>
<tr>
<td>Multi-family household (%)</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Mean age (oldest person)</td>
<td>31</td>
<td>43</td>
</tr>
<tr>
<td>Proportion over 60 (%)</td>
<td>1</td>
<td>9</td>
</tr>
</tbody>
</table>

1. CORE Sales data, 2006.
(Note: Numbers may not add up to 100 because of rounding.)

The mix of shared ownership properties purchased has shifted from being mainly houses to mainly being flats (see Table 2.5). This may explain why single people and childless couples are more strongly represented amongst new shared owners. Cho and Whitehead (2006) compared CORE data and showed that single households have increased as a proportion of new entrants from 25 per cent during the period 1995-1998 to 38 per cent during the period 2003-2004. New entrants have become slightly younger with 37 per cent being under 30 in period 1995-1998 and 44 per cent during 2003-2004. The proportion of new purchasers in their 30s and over 40 has also dropped slightly over time. According to the SEH the mean age of all those residing in shared ownership is 43. This is around the same as those buying their entire home with a mortgage, although there is a wider distribution age for shared owners. Half of existing shared owners are now over 40.
Differences in the proportion of over 60s between existing shared owners (SEH) and new entrants (CORE) may be due to the inability to disaggregate residents in Leasehold Schemes for the Elderly from mainstream shared ownership in the Survey of English Housing, as can be done with CORE sales data. However, it is likely that the numbers of older households in mainstream shared ownership will rise as the LCHO sector matures. Cho and Whitehead (2006) calculated that the proportion of new entrants to shared ownership who are over 65 has increased slightly, as during the period 1995-1998 it was 6.3 per cent, but during the period 2003-4 it was 8.4 per cent. However, they note a large regional variation: for example in 2003-04 around 17 per cent of new purchasers were over 65 in the North of England, compared to only 2.4 per cent in London and the South.

There is a variation in the types of household that are using shared ownership in different locations. Table 2.2 shows the differences between the characteristics of the owners represented in the Owners’ Survey conducted for this study. Although some caution must be applied to interpreting these indicative findings as some of the numbers are small, clear differences are apparent. London and Milton Keynes display higher proportions of single person households than Cornwall and Wales in particular, where half of shared owners in the London sample were single compared to only one-fifth in Cornwall. Wales, Cornwall and Belfast had more couples with no children, two-fifths compared to less than one-fifth in London and Milton Keynes. Half of the respondents from Belfast, Cornwall and Wales were couples with children, compared to less than one-fifth in London. Glasgow and Wales had around 20 per cent lone parent households whereas London had only around six per cent. The shared owners in Glasgow were significantly older than in other areas, with an average age of 58 compared to around 40 or early 40s elsewhere, and over half of the owners in Glasgow were above the age of 60. Interview data suggest that the first wave of shared owners in Scotland were middle aged former social housing tenants who took up shared ownership as an opportunity to access good quality accommodation locally.

Table 2.2: Household composition of shared owners in case study areas

<table>
<thead>
<tr>
<th></th>
<th>London</th>
<th>Milton Keynes</th>
<th>Belfast</th>
<th>Cornwall</th>
<th>SE Wales</th>
<th>Glasgow</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>N</td>
<td>45</td>
<td>21</td>
<td>40</td>
<td>34</td>
<td>9</td>
<td>31</td>
<td>180</td>
</tr>
<tr>
<td>Single (%)</td>
<td>51.1</td>
<td>42.9</td>
<td>30.0</td>
<td>20.6</td>
<td>22.2</td>
<td>35.5</td>
<td>36.0</td>
</tr>
<tr>
<td>Couple no children (%)</td>
<td>17.8</td>
<td>14.3</td>
<td>10.0</td>
<td>23.5</td>
<td>11.1</td>
<td>19.4</td>
<td>9.0</td>
</tr>
<tr>
<td>Couple with children (%)</td>
<td>17.8</td>
<td>28.6</td>
<td>45.0</td>
<td>41.2</td>
<td>44.4</td>
<td>19.4</td>
<td>35.0</td>
</tr>
<tr>
<td>Lone parent (%)</td>
<td>6.7</td>
<td>14.3</td>
<td>15.0</td>
<td>14.7</td>
<td>22.2</td>
<td>22.6</td>
<td>20.0</td>
</tr>
<tr>
<td>Multi-family household (%)</td>
<td>6.7</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>3.2</td>
<td>–</td>
</tr>
<tr>
<td>Mean age (oldest person)</td>
<td>41</td>
<td>39</td>
<td>43</td>
<td>42</td>
<td>47</td>
<td>58</td>
<td>42</td>
</tr>
<tr>
<td>Proportion over 60 (%)</td>
<td>5.7</td>
<td>6.7</td>
<td>11.1</td>
<td>14.3</td>
<td>16.7</td>
<td>56.3</td>
<td>7.0</td>
</tr>
</tbody>
</table>

Source: Owners’ Survey (This study).
Table 2.3 illustrates the differences between household earnings between the case study areas for new entrants and existing shared owners. The table draws upon data in the Owners’ Survey and SEH, but also includes data on the local full-time earnings for individuals as a comparator.

Table 2.3: Annual household incomes of shared owners by case study area

<table>
<thead>
<tr>
<th>N=182</th>
<th>London</th>
<th>Milton Keynes</th>
<th>Cornwall</th>
<th>Belfast</th>
<th>SE Wales</th>
<th>Glasgow</th>
</tr>
</thead>
<tbody>
<tr>
<td>Existing residents¹</td>
<td>£34,566</td>
<td>£35,723</td>
<td>£19,934</td>
<td>£20,961</td>
<td>£24,428</td>
<td>£18,050</td>
</tr>
<tr>
<td>New entrants²</td>
<td>£31,896</td>
<td>£26,705</td>
<td>£23,541</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>New entrants Northern Ireland³</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Full-time individual earnings⁴</td>
<td>Brent £24,679</td>
<td>Kensington and Chelsea £40,893</td>
<td>£25,147</td>
<td>Carrick £20,077</td>
<td>£20,899</td>
<td>Newport £20,524</td>
</tr>
</tbody>
</table>

Sources: 1. Owners’ Survey, 2007 (This study).  
2. CORE Sales (Regional figures), 2006.  

Cho and Whitehead (2006) found that shared owners in London and the South East had incomes 15-30 per cent higher than the Inland Revenue median earnings across those regions. In contrast, shared owners in the Midlands and the North had earnings ten per cent below regional median earnings. Table 2.3 suggests that in all areas, except perhaps Milton Keynes, shared owners’ household incomes were broadly in line with individual full-time local earnings. Furthermore, it is apparent that the income of existing owners is only marginally above that of new entrants, and yet the household composition of existing owners is very different to new entrants, as they are older with more families and lone parents. CORE data records little upward movement of purchasers’ household incomes between 2004/5 and 2007/8, despite the value of homes purchased rising by one-third, whilst the proportion of purchasers in full-time employment has risen from 50 per cent to 72 per cent during these four years. Glasgow and Cornwall show the lowest incomes, both below £20,000 a year, compared to London and Milton Keynes where households’ income was around £35,000 per year. That Cornwall and Glasgow had more families with children and lone parents further illustrates the constraints on their low incomes.

Almost 85 per cent of shared owners classified themselves as ‘white’, and in the case study areas outside London and Milton Keynes, the proportion rose even further to between 93 and 97 per cent white. In London (Brent and Kensington and Chelsea) and Milton Keynes white owners only represented 65 and 71 per cent respectively,
slightly below the white population of those local authorities, suggesting that take up of shared ownership amongst black and minority ethnic groups in those areas was higher, although the London Research Centre (LRC, 1998) found that the proportion of shared owners reflected the black and minority ethnic population of the local boroughs. A more representative figure is likely to be provided by the SEH data, which revealed that 92 per cent of shared owners were white. The difference reflects the fact that the Owners’ Survey was not randomly sampled and that the geography of LCHO development may also impact on the ethnic profile of shared owners. The responses from black and minority ethnic shared owners are too few to allow any further analysis of responses by ethnicity.

Shared ownership appears to be important to single women. Table 2.4 shows the proportions of males and females amongst single adult households in the existing stock, the case study areas for this study, and new entrants into shared ownership, represented by the SEH, the Owners’ Survey and CORE data respectively. Of the single adult households who were new entrants to shared ownership properties, 59 per cent were woman. Amongst existing shared owners the difference is greater as more than 70 per cent of them are female.

Table 2.4: Single adult shared owner households by sex

<table>
<thead>
<tr>
<th></th>
<th>Male</th>
<th>Female</th>
</tr>
</thead>
<tbody>
<tr>
<td>Case study shared owners (%)</td>
<td>28</td>
<td>72</td>
</tr>
<tr>
<td>Owners’ Survey 2007</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Existing shared owners (%)</td>
<td>33</td>
<td>67</td>
</tr>
<tr>
<td>SEH 1999-2003</td>
<td></td>
<td></td>
</tr>
<tr>
<td>New shared owners (%)</td>
<td>41</td>
<td>59</td>
</tr>
<tr>
<td>CORE 2006</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Further analysis of the SEH reveals that of working age single adult households in existing shared ownership the proportion of men and woman living alone is exactly the same, at 26.5 per cent each. The difference shown in Table 2.4 is a result of there being 35 per cent of the single adult households who were lone mothers, compared to only 3.8 per cent of lone fathers. In addition, single women aged 60 or over make up 6.3 per cent of the single adult households, compared to less than one per cent of men in this age category. However, for new entrants, analysis of CORE data suggests that the proportion of female working age single adults who live alone remains higher than men, at 49.5 per cent compared to 39.5 per cent. Amongst new entrants, lone mothers make up only 8.6 per cent of single adult households, compared to only one per cent for lone fathers.

In terms of shared owners’ occupations Figure 2.1 illustrates that compared to ordinary first-time buyers, shared owners are more strongly represented in mid and
lower ranking employment types. Twenty two per cent of traditional first-time buyers are employed within higher professional or managerial jobs, compared to only nine per cent of existing shared owners. Conversely, 25 per cent of existing shared owners are in routine type employment compared to 15 per cent of first-time buyers. Professional and managerial salaries are likely to rise at a faster rate and, as such, have often been treated more favourably by mortgage lenders in the past when determining how much they can borrow, should they wish to move.

Figure 2.1: Socio-economic classification of shared owners and first-time buyers 1999-2003

![Graph showing socio-economic classification of shared owners and first-time buyers 1999-2003.]


Property profiles

This section provides a descriptive overview of the types and size of property purchased, the stake shared owners have in their homes, the geography of shared ownership and the values of the homes bought.

New entrants to shared ownership overwhelmingly purchase new-build apartments, compared to those who bought their homes some time ago, who mainly bought houses. Table 2.5 illustrates that 80 per cent of existing shared owners across England live in houses, which is only slightly less than the proportion of ordinary first-time buyers who live in houses, compared to only 40 per cent of new entrants to shared ownership. The Owners’ Survey conducted as part of this study occupies a middle point between these two extremes. The differences in property types undoubtedly reflect patterns of new building after the planning changes of the late 1990s, and thus the supply of shared ownership going onto the market.
The number of bedrooms also differs for existing shared owners and new entrants (Table 2.6). New entrants have mostly purchased homes with fewer bedrooms than existing shared owners, with 58 per cent of new entrants buying two-bedroom properties compared to 46 per cent of existing owners. A higher proportion of new entrants bought one-bedroom properties at 22 per cent, compared to 12 per cent of existing shared owners and only eight per cent of first-time buyers. Almost half, 45.4 per cent, of first-time buyers purchased three-bedroom properties, but only around a third of existing shared owners and only 18 per cent of new entrants to shared ownership bought three-bedroom homes. Shared owners who bought in previous years are more likely to have more bedrooms and a house than new entrants who have bought fewer bedrooms and more flats.

Table 2.5: Property type of shared owners

<table>
<thead>
<tr>
<th></th>
<th>Apartment/Flat</th>
<th>House</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>Existing shared owners (%)</td>
<td>19.4</td>
<td>80.6</td>
<td>–</td>
</tr>
<tr>
<td>New shared owners (%)</td>
<td>58.3</td>
<td>40.9</td>
<td>0.8</td>
</tr>
<tr>
<td>Case study shared owners (%)</td>
<td>36.5</td>
<td>59.7</td>
<td>3.9</td>
</tr>
<tr>
<td>First-time buyers (%)</td>
<td>15.4</td>
<td>84.5</td>
<td>0.1</td>
</tr>
</tbody>
</table>

3. Owners’ Survey, 2007 (This study).

Figure 2.2 shows the year that shared owners and first-time buyers bought their properties, drawing data from the Owners’ Survey and the SEH. The Owners’ Survey was based on a sample of households who had lived in their properties for over three years. The SEH data used in this study pools the surveys for the years 1999 to 2003 and is imperfect in its estimation of the length of residence, since someone who bought their property in 1999 would be represented in all years of data, whereas someone who bought their property in 2003 would only be in one year’s survey, and someone who bought their property in 2004 would not be represented at all. Nevertheless, the data for first-time buyers and shared owners shares these limitations equally and still provides evidence that the length of residence of first-time buyers is
much less than for shared owners and that first-time buyers ‘move on’ from their initial purchase more quickly. Almost all first-time buyers bought during the period 1995 to 2004, compared to only around 60 per cent of shared owners in the SEH or around 70 per cent of the Owners’ Survey. A negligible proportion of first-time buyers bought prior to 1995, compared to around a third of shared owners in the SEH and a fifth of the respondents to the Owners’ Survey.

According to CORE data, half of new entrants to shared ownership in England purchased a 50 per cent share in their home. The next most frequent share was 40 per cent, which 17 per cent of owners purchased. The SEH does not record details of equity stakes in shared ownership homes, but the CORE data echoes the shares held by the owners in the case study areas.

Table 2.7 compares the purchase price of new entrants in 2006 to the price of homes purchased by ordinary first-time buyers and to the simple average house prices for the region for that year. This table is intended to gauge where shared owners are buying in the local housing market.

In the Midlands, Yorkshire and the North, shared ownership purchases in 2006 were greater in value than homes bought by traditional first-time buyers in those regions. In the Midlands, shared ownership properties were only four per cent more expensive than those purchased by first-time buyers, which may simply reflect the premium paid on new-build properties. However, in the North East, shared ownership purchases were not only 28 per cent more expensive than first-time buyer homes, but also ten per cent more costly than the average house price in those regions. This must call into question the role shared ownership is playing in those housing markets, as it seems that it is assisting households to purchase higher up the housing ladder into better quality or larger accommodation, rather than just simply assisting entry to home-ownership. It does suggest, however, that purchasers of LCHO property in the North will have fewer constraints on their movement to full home-ownership than shared owners elsewhere.
In the South, East and London shared owners are purchasing properties that are less expensive than those bought by first-time buyers. In London, shared ownership properties are 14 per cent cheaper than purchases by ordinary first-time buyers, whereas in the South East, South West and East regions, the properties are closer in value to the purchases made by first-time buyers. It appears that in Northern Ireland there is a substantial difference between the purchases under the Co-Ownership scheme and those by other first-time buyers, but the shared ownership figure is an average over the year ending March 2006 compared to prices of all dwellings averaged over the whole 12 months to the end of year. House prices rose rapidly in Northern Ireland during this period which may go some way to explaining the large discrepancy.

Table 2.7: Average purchase price for new entrants into shared ownership compared to average and first-time buyer house prices, England 2006

<table>
<thead>
<tr>
<th>Region</th>
<th>Average shared ownership purchase price</th>
<th>First-time buyer purchase price</th>
<th>% Difference to SHO</th>
<th>Average house price</th>
<th>% Difference to SHO</th>
</tr>
</thead>
<tbody>
<tr>
<td>North East</td>
<td>£134,473</td>
<td>£97,039</td>
<td>-27.8</td>
<td>£120,335</td>
<td>-10.5</td>
</tr>
<tr>
<td>North West</td>
<td>£128,161</td>
<td>£110,554</td>
<td>-13.7</td>
<td>£123,542</td>
<td>-3.6</td>
</tr>
<tr>
<td>Yorks and The Humber</td>
<td>£128,714</td>
<td>£110,164</td>
<td>-14.4</td>
<td>£132,295</td>
<td>+2.8</td>
</tr>
<tr>
<td>East Midlands</td>
<td>£121,975</td>
<td>£117,038</td>
<td>-4.0</td>
<td>£135,652</td>
<td>+11.2</td>
</tr>
<tr>
<td>West Midlands</td>
<td>£129,838</td>
<td>£123,754</td>
<td>-4.7</td>
<td>£142,653</td>
<td>+9.9</td>
</tr>
<tr>
<td>South West</td>
<td>£146,168</td>
<td>£151,842</td>
<td>+3.9</td>
<td>£176,080</td>
<td>+20.5</td>
</tr>
<tr>
<td>East</td>
<td>£144,126</td>
<td>£156,624</td>
<td>+8.7</td>
<td>£172,363</td>
<td>+19.6</td>
</tr>
<tr>
<td>London</td>
<td>£206,145</td>
<td>£236,900</td>
<td>+14.9</td>
<td>£286,422</td>
<td>+38.9</td>
</tr>
<tr>
<td>South East</td>
<td>£164,773</td>
<td>£176,380</td>
<td>+7.0</td>
<td>£200,724</td>
<td>+21.8</td>
</tr>
<tr>
<td>Scotland</td>
<td>–</td>
<td>£92,894</td>
<td>–</td>
<td>£137,192</td>
<td>–</td>
</tr>
<tr>
<td>Wales</td>
<td>–</td>
<td>£113,332</td>
<td>–</td>
<td>£157,457</td>
<td>–</td>
</tr>
<tr>
<td>Northern Ireland</td>
<td>£83,497</td>
<td>£119,603</td>
<td>+43.2</td>
<td>£169,259</td>
<td>+102.7</td>
</tr>
</tbody>
</table>

Sources: 1. CORE Sales, 2006.  
2. CLG Table 503 Simple House Prices, 2006.  

Conclusions

This chapter has provided an overview of the characteristics of shared owners and their homes. It is clear that shared ownership has been an important point of entry to home-ownership for households on lower incomes with less professional employment and for single women. However, lone parents were more frequently represented in
previous cohorts of shared owners than amongst new entrants to the sector. In the London and Milton Keynes case study areas, there were greater proportions of black and minority ethnic households amongst shared owners than might be expected from the ethnic composition of the local population, suggesting shared ownership is also important to those groups. Shared ownership has been used more frequently by households with children in Glasgow, Cornwall and Wales, which were also the areas with the lowest household incomes in the study. Shared owners have been purchasing smaller homes than first-time buyers and the evidence suggests that the homes purchased increasingly have fewer bedrooms and are flats.
Chapter Three
Mobility and the outcomes of moving on

Summary points

- Mobility amongst shared owners appears to be lower than among social renters, other home-owners buying with a mortgage and private renters.
- Nearly one-third of shared owners wanted to move but had not done so, most frequently because they could not afford to.
- Shared owners most frequently wanted to move to obtain a larger property, to live in better neighbourhood and for a variety of family reasons.
- Only half of movers identified went on to be full home-owners. Some move within the LCHO sector, return to private renting or go into social renting.

Introduction

An objective of the study was to identify the extent and nature of mobility from, or within, the shared ownership sector. This chapter presents evidence regarding the mobility rates of shared owners, their length of residence, reasons for moving, tenure destinations and any outcomes of the moves they undertake.

Mobility in the shared ownership sector and the wider market

The Survey of English Housing provides data on the number of households moving annually by current tenure (Figure 3.1 overleaf). This shows that there has been a tailing off of mobility within all tenures since the mid 1990s. Private renting remains the tenure whose occupants exhibit most mobility, ranging between 38 and 42 per cent during the period since the mid 1990s. The least mobile households are owners who have bought outright, with only two or three per cent moving annually. The turnover of social rented tenants has decreased from 13 per cent to nine per cent during the decade 1996/7 to 2005/6. Owners buying with a mortgage are typically younger and less advanced in their life stage than outright owners, but their mobility has reduced from ten per cent in the late 1990s to seven per cent by 2005/6.

The SEH has too few shared ownership cases to enable estimates to be made regarding mobility from the five year dataset used in this study, but Table 3.1 overleaf provides a number of estimates from alternative data sources. Regulatory and Statistical Returns (RSR) to the Housing Corporation record the number of properties
that have been staircased up to 100 per cent. It has previously been assumed that this may be a proxy indicator for shared owners selling their homes as few people staircase without also moving (Bramley et al., 2002). However, this may not capture the number of shared owners who move by selling their share in the property, without staircasing up to 100 per cent as part of the transaction, so it may be an underestimation. It may also include owners who increased their shares up to 100 per cent but did not move.

It is mandatory for housing associations in England to complete CORE sales logs for each sale of a LCHO property, but practice appears unreliable. The London Home Ownership Group (LHOG), a benchmarking club of London associations involved in the LCHO sector, collects more comprehensive performance data than is required by the regulator. The LHOG data records that there were 1,195 resales of shared ownership properties across the stock of their member associations in 2006/7, and yet for the London region CORE data records only 146 resales across the capital. Even if
CORE forms were regularly completed for each sale it would only record the sales of homes that were available for purchase by another sharing owner, when in practice there are a proportion of shared ownership homes that, for various reasons, are sold in their entirety on the open market when the owner wants to move.

The best estimates of turnover amongst shared owners probably lie in the benchmarking data supplied by LHOG and the survey of housing associations conducted for this study. LHOG estimate that turnover in the capital is around three per cent per annum. The survey of housing associations undertaken as part of this research suggests a turnover of five per cent, but these data only represent around a tenth of the LCHO stock nationally. Both of these estimates are broadly in accord with previous estimates of turnover in the LCHO sector, provided by Bramely et al. (2002), who suggested the rate of moving on from sector was 4.9 per cent. These data estimates all suggest that mobility amongst shared owners is below that of the homeowners in the open market which in 2005/6 stood at seven per cent.

Deciding to move

Table 3.2 shows that, of the 189 people who answered the question whether they had considered moving, nearly half were not interested in moving yet or not interested in moving at all. A further 15 percent reported that they were in the process of moving or had moved, with some people completing their moves as the study progressed. The largest response was 37 per cent, from those who said they would like to move but had not yet done so.

<table>
<thead>
<tr>
<th>Already moved</th>
<th>In process of moving</th>
<th>Would like to move but have not yet done so</th>
<th>Not interested in moving yet</th>
<th>Not interested in moving at all</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>14</td>
<td>37</td>
<td>28</td>
<td>20</td>
</tr>
</tbody>
</table>

Source: Owners’ Survey (This study) n=182.

The survey asked respondents who indicated that they wished to move but had not, what the main reason was that lay behind them remaining in their current property. By far the most common explanation, provided by 41 per cent of people, was that they could not afford to move.

Not been able to afford a bigger property. Survey Respondent.

Cannot afford to. We cannot even afford to buy the other 50 per cent share as we would have to pay current market value. We regret buying a home on shared ownership as we believe it has prevented us making money and moving up the property ladder. Survey Respondent.
Table 3.3 indicates that ‘family reasons’ accounted for a third of the issues that prompted households to think about moving, with 16 per cent saying they were starting or expanding a family and 17 per cent saying ‘other family reasons’, which interviews revealed often involved long-distance moves to be near parents and return to their home towns. Thirty per cent of owners said that the reason they wanted to move was for a better neighbourhood, with the next most common reason with 26 per cent being for a larger home.

<table>
<thead>
<tr>
<th>Owners’ Survey (%)</th>
<th>Owners’ Survey (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Starting/expanding a family</td>
<td>16</td>
</tr>
<tr>
<td>Better neighbourhood</td>
<td>26</td>
</tr>
<tr>
<td>Job-related</td>
<td>9</td>
</tr>
<tr>
<td>Larger home</td>
<td>30</td>
</tr>
<tr>
<td>Smaller home</td>
<td>3</td>
</tr>
<tr>
<td>Cannot afford mortgage</td>
<td>6</td>
</tr>
<tr>
<td>Relationship breakdown</td>
<td>1</td>
</tr>
<tr>
<td>Other family reasons</td>
<td>17</td>
</tr>
</tbody>
</table>

Source: Owners’ Survey (more than one reason was permitted) n=103.

The largest single reason for owners wishing to move was the need or desire for a larger home. The bedroom standard is used to measure household under- or over-occupation of dwellings. Figure 3.2 shows that compared to owners buying with a mortgage and first-time buyers, shared owners are more likely to have a property compliant with the bedroom standard for their household members, so have fewer spare bedrooms and are slightly more likely to have one room less than they need and thus be overcrowded. Shared owners do not under-occupy homes to the same extent as first-time buyers or owners purchasing the full property with a mortgage.

Some owners had consciously bought a smaller home to save money at the outset but later regretted their prudence.

_We’re really cramped, the house is suitable for two small children, but not a larger older family._ Owner, Northern Ireland.

While other shared owners tried to plan ahead and wished to move prior to expanding the family.

_We feel we could cope with another child and we also wanted more than one and so are looking for a larger property._ Owner Cornwall.
The second most frequent reason for wanting to move related to the household’s desire to live in a better neighbourhood, with 26 per cent of owners who answered the question citing this as a reason. This reflects a recent study of the experience of living on new mixed tenure developments (Bretherton and Pleace, 2008) where LCHO owners were the least satisfied with their neighbourhoods as it had not matched their perception of home-ownership. In particular, their dissatisfaction arose from living in the same development as social rented tenants. Analysis of the SEH suggests that shared owners are no more dissatisfied with their area than ordinary first-time buyers, which appears to contradict Bretherton and Pleace’s evidence. However, most shared owners in the SEH live in houses, whereas most new entrants surveyed by Bretherton and Pleace live in new-build high density developments, which may exacerbate the impact of anti-social behaviour. Interview data collected for this study certainly support the view that dissatisfaction with both developments and the local neighbourhood were commonplace:

It’s a very mixed area, it’s inner London Brent. At the time I thought it was OK but now I view it differently, the area is very rough and there are a lot of social problems and me and my husband are very obviously white middle class, and we’ve had a bit of abuse when walking back from the station, and I wouldn’t go to certain stations after 9 or 10 and would get my husband to come and get me. Key Worker, London.

I am happy. It’s a lovely place to live…but I’m not a fan of a flat block or shared living. It’s when you have noisy neighbours or anti-social behaviour, I mean there are some lovely people but you’re always going to have one or two who don’t want to be considerate to others. Single Woman, Milton Keynes.
A lot of kids around now, kids that might have been wee babies when I arrived but now they’re running riot. We also have a drug problem in this area, and I don’t know if you’ve heard of the *** in Glasgow, but we have a lot of prostitutes. Older Single Woman, Glasgow.

No [not fulfilled our hopes]. I think to be honest we’re very disappointed that we weren’t informed that the 4 floors below weren’t social housing and the way it was marketed was as shared ownership and we weren’t told the rest was social housing so people with mental health issues in block, urinating in the lift, damage to communal areas, my car was broken into. There has been a lot of those issues, I know they happen anywhere but they have the wrong kind of people in the block. Owner, South East.

Although not a universal experience, the issue of anti-social behaviour on mixed tenure estates was raised repeatedly as a reason for wanting to move. The most extreme event reported was an owner who suffered a campaign of harassment from a neighbour, but other complaints largely related to the misuse of public space, drugs and the poor response to such complaints from the housing association.

Many households reported that they wanted to move due to family reasons, which included expanding or starting a family, but just as frequent was the desire to move to be nearer older parents in their home area. This was interesting as these latter reasons to move involved more long-distance moves than other shared owners wishing to move, who were commonly looking in their local area, or more commonly less expensive adjacent areas to their current residence.

Another reason behind some households’ desire to move included the wish to obtain level access homes because a household member had become disabled or suffered a debilitating illness through old age or infirmity. This response arose several times, and may become more common as the sector matures and a higher proportion of residents are likely to have special requirements in their homes.

Moving destinations

Very few of the housing associations interviewed during the study had any knowledge of the moving outcomes for shared owners as no associations were conducting exit surveys. This group proved hard to research in this project and only 27 responded to the survey. It should be possible to improve the evidence base as associations and their solicitors are certainly well placed to collect this information in the future during the conveyancing process. Although we must be cautious about inferring too much from these data, the outcomes for these households are of interest and are discussed below.

Encouragingly, the most common tenure moved to by shared owners was full home-ownership, but this was only true of half those who had moved or were in process of moving (Table 3.4). The next most frequent destinations were split between another shared ownership property and private renting, with two households indicating that they were moving to social housing.
Households cannot indicate shared ownership as a previous tenure in the SEH, but the survey does ask social housing tenants if they have ever been a shared owner in the last ten years. One hundred and eighty respondents indicated they had and just over half of these former shared owners were now council tenants and just under half were housing association tenants. Nearly half of the social housing tenants who were in shared ownership in the last ten years returned to social housing because of a relationship breakdown. Thirty per cent moved to social housing and their partner remained in the shared ownership property, and in a fifth of the cases of relationship breakdown both partners left the shared ownership home. Sixteen per cent moved to social housing from shared ownership because they could not keep up with the payments. Over a third cited other unspecified reasons for moving to social housing. One survey respondent commented:

_We have regrettably had to revert to renting from the same housing association as we cannot afford a larger property ourselves due to house prices._ Survey Respondent.

Although none of those owners who indicated they were moving to social housing participated in the interviews, several of the people who were moving to another shared ownership property, or wanted to do so, did. They felt that having got some stake in the housing market, but being unable to move to full ownership, that another shared ownership property was the most appropriate solution.

_Well we’re not stuck here, we could obviously sell and be renting again but that would be a step back._ Couple, Cornwall.

One of the shared owners who were moving into private sector renting was doing so temporarily, as she was moving over a long distance and planned to establish herself in the new area before purchasing again on the basis of full home-ownership using the equity gained on the shared ownership property. But another owner who remained in her shared ownership property suggested:

_It does seem to be that you’re quite trapped, in a position where house prices are rising and you only own a quarter of the house you might as well be renting_,

### Table 3.4: Tenure destinations of moving or moved shared owner households

<table>
<thead>
<tr>
<th>N=27</th>
<th>Number</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Full home-ownership</td>
<td>13</td>
<td>48</td>
</tr>
<tr>
<td>Shared ownership</td>
<td>4</td>
<td>15</td>
</tr>
<tr>
<td>Social housing</td>
<td>2</td>
<td>7</td>
</tr>
<tr>
<td>Private renting</td>
<td>4</td>
<td>15</td>
</tr>
<tr>
<td>Family or friends</td>
<td>1</td>
<td>4</td>
</tr>
<tr>
<td>Other/unknown</td>
<td>3</td>
<td>10</td>
</tr>
</tbody>
</table>

Source: Owners’ Survey.
because if you own say, well my bit of it is £25,000, what can you buy with £25,000? Survey Respondent.

Of the owners who were moving or had moved, two-thirds of the moves were to a house and nearly a fifth to a flat (the destinations of the rest were as yet unknown). Most movers were currently residing in two-bedroom properties and were moving to three-bedroom homes (Table 3.5).

Table 3.5: Intended bedroom size of shared owners’ next property

<table>
<thead>
<tr>
<th>Current bedroom size</th>
<th>Next bedroom size</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 bedroom</td>
<td>1 bedroom</td>
</tr>
<tr>
<td>2 bedroom</td>
<td>2 bedroom</td>
</tr>
<tr>
<td>3 bedroom</td>
<td>3 bedroom</td>
</tr>
<tr>
<td>4 bedroom</td>
<td>4 bedroom</td>
</tr>
<tr>
<td>Unable to specify</td>
<td>Unable to specify</td>
</tr>
</tbody>
</table>

The outcomes of the move are illustrated in Table 3.6, which shows that over half of movers intended to purchase a larger home. Over a third of owners chose their next home in a less expensive housing market area, although a fifth of movers were moving to a more expensive area.

Table 3.6: Outcomes of shared owners’ next move

<table>
<thead>
<tr>
<th>Outcome</th>
<th>Number</th>
<th>Per cent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less expensive housing market</td>
<td>10</td>
<td>37</td>
</tr>
<tr>
<td>More expensive housing market</td>
<td>6</td>
<td>22</td>
</tr>
<tr>
<td>Larger home</td>
<td>15</td>
<td>56</td>
</tr>
<tr>
<td>Smaller home</td>
<td>5</td>
<td>19</td>
</tr>
<tr>
<td>Better quality home</td>
<td>7</td>
<td>26</td>
</tr>
<tr>
<td>Poorer quality home</td>
<td>4</td>
<td>15</td>
</tr>
<tr>
<td>Longer commute</td>
<td>6</td>
<td>22</td>
</tr>
<tr>
<td>Shorter commute</td>
<td>4</td>
<td>15</td>
</tr>
<tr>
<td>New job</td>
<td>7</td>
<td>26</td>
</tr>
<tr>
<td>Other</td>
<td>3</td>
<td>11</td>
</tr>
</tbody>
</table>

Source: Owners’ Survey (more than one answer could be chosen).
Almost two-thirds of the moves to full home-ownership were to less expensive areas although two households managed to move to full home-ownership in a more expensive area. Seven of the 13 moves to full home-ownership were couples with children and a further four were couples without children. The households returning to social housing and private renting were mostly couples with children. The tenure destination of the single person who was in the process of moving was not stated.

The owner interviews highlighted the non-linear nature of several people’s housing histories, with households who had been in and out of home-ownership and shared ownership as their circumstances, relationships or life plans had changed. Several owners had had two shared ownership homes at different times of their lives, whilst others had formerly been home-owners but had experienced relationship breakdown, frequently experiencing what they described as an expensive and insecure period in the private rented sector in between being full home-owners and the purchase of their shared ownership home. One household who participated in the study had staircased to 100 per cent but had found, when they wanted to start a family, a larger property in the area they wished to live in was beyond their reach and so returned to shared ownership to buy a larger property nearby.

Although there must be caution, as the numbers of those who moved or were in the process of moving are small, comparing the different types of household who would like to move to those that are moving or have moved suggests that single people more frequently say they would like to move but cannot. Table 3.7 shows that there are a greater proportion of couples who are moving than those who would like to move but have not yet done so. Half of the movers were couples with children and a third were couples without children, compared to over half of the households who want to, but have not moved, being single people or lone parents.

| Table 3.7: Proportion of shared owner movers or non-movers with a desire to move by household composition |
|--------------------------------------------------|--------------------------------------------------|
| Moved or moving (n=27) | Would like to move but have not done so (n=68) |
| Single (%) | 4 | 36 |
| Couple no children (%) | 31 | 9 |
| Couple with children (%) | 50 | 35 |
| Lone parent (%) | 15 | 20 |

Source: Owners’ Survey.

Conclusions

From a variety of data sources it seems that the residential mobility of shared owners is less than owners buying with a mortgage and social renters. Around half of the movers identified in this study were moving to full home-ownership but significant
minorities were moving on to private rented housing, another shared ownership property or even to social renting. The following chapters identify the factors that act as facilitators or barriers to shared owners wishing to fulfil what shared owners reported to be their original ambition of full home-ownership. These factors relate to the household itself, the housing market and how the housing association or shared ownership providers mediate this situation. The report goes on to consider the household elements in Chapter Four.
Chapter Four
Household influences on mobility

Summary points

• Some shared owner households have a disposition to live in high-cost housing markets, due to family, employment or lifestyle choices, but have insufficient equity or borrowing capacity to purchase in the open market.

• Shared owners in professional employment were more likely to be able to increase their mortgage borrowing after their initial purchase to facilitate a move than their counterparts in lower socio-economic forms of employment.

• Forming relationships, thus increasing the household income, was an important way for formerly single households to be able to fund additional mortgage borrowing.

• Younger households had sufficient years prior to retirement to increase the mortgage period to make repayments sustainable, an option not open to many older households who wished to move.

Introduction

There are three factors that impact upon a household’s ability to ‘move on’ to full home-ownership. These involve household circumstances, local housing market conditions and the mediating role shared ownership providers play between these two. These factors influence a shared owners’ ability to invest further in their home to close the equity gap between their current level of home-ownership and the open market values necessary for their next move. The next three chapters explore these issues in greater detail, with this chapter examining the various household influences on mobility such as households’ dispositions to remain in high pressured housing markets, their employment prospects and history, the financial impacts of forming relationships, their age and their access to family support.

Disposition to remain in high-cost areas

The desire to live in an expensive area was an important reason for some households to choose to become shared owners in the first place. Unsurprisingly area choice continued to influence household choices when it came to moving. The disposition to remain in high pressured housing markets and not move to lower-cost areas was due to a number of issues relating to concerns around family connections, childcare, employment, lifestyle, education and neighbourhood safety.
Many shared owners had commitments to certain areas and were not yet ready to consider moving elsewhere. For example, some had been born and brought up in Cornwall, returning after university and wished to remain in the area, near their family who also assisted with childcare for their new family. Other owners had settled in London in their teens or twenties and had become familiar with a certain area. They then had children who attended local schools and developed connections in the neighbourhood, and so were unwilling to contemplate leaving the area, although in conversation many talked about moves out of London when they were older.

I looked at some properties I could get a mortgage for, say around £85,000 and they were really, really horrible and unsafe and even further away like in Harrow. The places were dirty and I didn’t feel safe. When I looked at the shared ownership properties I felt safe and I felt they were well-managed, they were painted and nice and clean. Single Woman, London.

Not really [considered moving out] as I really love London, I’ve lived here since I was 17 and I really don’t want to sacrifice that...I think without the scheme we wouldn’t have lived in a nice area as we’ve lived in. It has allowed us to stay in West London and not move out to Heathrow, which I think is the case for a lot of young couples – that they get pushed out of the city. Couple, Kensington.

For the moment therefore, their attachment to pressured housing markets constrained these households’ ability to move to full home-ownership as they were unable to afford the open market prices in their local area. These households sought solutions to their housing needs through moves within the low-cost home-ownership sector itself; ambitions for full home-ownership were put on hold, albeit for some households only in the short term.

For some households, however, it must be recognised that there are not always lower-cost housing markets to which they can move. For shared owners in London, although it may not be their preferred solution, the option of moving out of London and using any equity gains in lower-cost housing markets does always exist. However, for shared owners on low incomes in the East End of Glasgow holding only 25 per cent shares, there are no such options available to them.

Employment

Chapter Two illustrated how shared owners were less likely to be in professional or managerial employment than ordinary first-time buyers, which suggests a lower chance of rapid salary advancement in their jobs. It was apparent in the interviews that the financial circumstances of some households had improved substantially, since they were initially unable to afford to purchase in the open market, but their salary had now risen sufficiently for them to consider purchasing in the open market. This was the case for some study participants who held more professional positions, such as web developer or accountant, and their salaries had increased by more than just
the regular cost of living increases. Other households’ wages had increased only in line with inflation. They tended to be employed in manual sections of the local authority or held clerical positions in the civil service, for example. Their wages had increased at a far slower rate than house prices had grown over the period they had lived in the area, thus keeping full ownership, at least in the same housing market, out of reach.

The survey highlighted that the shared owners that were moving, or were in the process of moving, had higher household incomes than those who wanted to move or were not interested in moving. The Owners’ Survey was not randomly sampled, but Table 4.1 illustrates indicative comparative differences in income between the moving and non-moving groups.

Table 4.1: Average household income of moving or non-moving shared owner households

<table>
<thead>
<tr>
<th>Number</th>
<th>Mean annual household income</th>
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<tbody>
<tr>
<td>Already moved</td>
<td>2 £52,500</td>
</tr>
<tr>
<td>In process of moving</td>
<td>21 £31,271</td>
</tr>
<tr>
<td>Like to move but have not done so yet</td>
<td>54 £27,060</td>
</tr>
<tr>
<td>Not interested in moving yet</td>
<td>41 £25,528</td>
</tr>
<tr>
<td>Not interested in moving at all</td>
<td>28 £19,990</td>
</tr>
</tbody>
</table>

Source: Owners’ Survey.
Note: 1. This result is not statistically significant and may be due to chance due to low numbers.

Some low-paid owners felt they were neither able to purchase further shares in their home nor to purchase in the open market. While their shared ownership home provided a solution to their housing needs and aspirations at the time of purchase, they felt very constrained as some associations did not support movement within the LCHO sector.

My salary has gone up 12 per cent but the house has gone up a hundred and something per cent, and if I bought it now it’d be at the market price, so it’s completely impossible for me to buy it now. Owner, Glasgow.

I think it works if you can pay them off but if you’re on a low wage it’s hard...and it’s only people really struggling who go down this route. Owner, Belfast.

My salary has gone up but so has everything else...I’m only an administrative officer. Owner, Glasgow.

Some households had experienced interruptions in their earnings through spells of unemployment or ill health. Some of these issues were continuing which had reduced their ability to take on additional borrowing, or recovery from such circumstances had come too late for some households as house prices had risen at a much faster rate than their renewed earnings.
Forming relationships

One way in which household income increased substantially was for the original sole purchasers to find a partner. Housing costs were then shared and the dual income enabled them to buy a property on the open market. This was the case for some single women who participated in the study who had bought on their own but had since married.

It was only when I got together with my now husband that we thought about the possibility of staircasing, which we then did a couple of years later. Owner, Kensington.

Table 4.2 illustrates the difference in income between couples and single adult households for the stock of shared owners and ordinary first-time buyers in the 2003 SEH and for shared owners in the Owners’ Survey.

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<tbody>
<tr>
<td></td>
<td>Mean annual household income</td>
<td>Number of cases</td>
<td>Mean annual household income</td>
</tr>
<tr>
<td>Single adult below 60</td>
<td>£50,098&lt;sup&gt;1&lt;/sup&gt;</td>
<td>7</td>
<td>£22,371</td>
</tr>
<tr>
<td>Single adult over 60</td>
<td>£17,264&lt;sup&gt;1&lt;/sup&gt;</td>
<td>3</td>
<td>£9,919&lt;sup&gt;1&lt;/sup&gt;</td>
</tr>
<tr>
<td>Couple no children</td>
<td>£42,484</td>
<td>23</td>
<td>£33,233</td>
</tr>
<tr>
<td>Couple with children</td>
<td>£51,575</td>
<td>52</td>
<td>£34,803</td>
</tr>
<tr>
<td>Lone parent</td>
<td>£27,942</td>
<td>11</td>
<td>£19,318</td>
</tr>
<tr>
<td>Multi-family household</td>
<td>–</td>
<td>–</td>
<td>£22,204&lt;sup&gt;1&lt;/sup&gt;</td>
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Note: 1. Results are indicative and are not statistically significant.

First-time buyers moved on more frequently than shared owners and it can be seen that in all types of household their incomes are higher than those for shared owners. The numbers are small so it is hard to make inferences with any confidence but it does seem that single first-time buyers have substantially greater incomes than those in shared ownership. But common to both first-time buyers and shared owners is the higher incomes of couples compared to single adult households. According to the SEH, shared owners who are couples have almost a third more income than single adult households, although this difference is less pronounced in the Owners’ Survey.

Rather than use additional household income from becoming a couple in order to ‘move on’, the addition of one person’s salary was frequently used to allow one of the partners to return to study, change careers or to smooth over reductions in household
income arising from motherhood. Therefore, in some circumstances gaining a partner had not significantly increased household income, particularly when starting a family where one partner had ceased working altogether, or now worked on a part-time basis.

Not all single people go on to form relationships whereby they live together and share the housing costs. Many single women had had partners on and off since moving into shared ownership, but did not anticipate any permanent changes in their household arrangements.

*I think for the foreseeable future this is where I will live. I don’t think my circumstances will change significantly as they haven’t for the last ten years.*

Owner, Milton Keynes.

**Age**

Age emerged as an important barrier to mobility for some shared owners. Some owners had experienced an increase in household income, but it had come too late in their life for them to take advantage of it to move. Several interview participants cited the period over which any mortgage could be repaid prior to their retirement as prohibitive.

The Owners’ Survey revealed that those who were in the process of moving or had already moved were younger than the households who wished to move but had not yet done so (Figure 4.1).

**Figure 4.1: Age of shared owner households moving or wishing to move**

![Bar chart showing age distribution of shared owner households moving or wishing to move](image)

Source: Owners’ Survey n=95.
Young households move more frequently when there is less space and older households move more frequently when there is too much space, although income and educational achievement also impact upon mobility rates (van Der Vlist et al., 2002). Therefore, interpreting this age difference is problematic as house moves become less frequent over the life course. As seen in Chapter Three, both young and old shared owners wanted to move for various reasons, including the birth or addition of children, downsizing and to be near geographically distant family members. Nevertheless, the Owners’ Survey and interviews suggest that some older households actively want to move but cannot. Again, moving within the sector would be an important option for these households.

_I would’ve done it [staircased] but it was just too risky. If it was someone younger and especially if there were two people they could’ve pushed the boat out as their future is more certain._ Single Woman, Northern Ireland.

_No, [not staircased] never afford it. I now have to buy at market value and they’re worth over £100,000 and I could never afford it. For me to mortgage out to somewhere else isn’t a reality, I’m now 57 so it’s not going to happen._ Single Woman, Glasgow.

_Frustration at lack of opportunity to move and lack of available property. I have a good salary – could borrow lots, but with only three years to go to retirement don’t want huge mortgage. Divorce has left me with virtually no capital, I’m stuck. Wish they’d build more._ Survey Respondent.

One example was of a couple in their 50s who had purchased a small house and found themselves with growing children and unable to finance a move to more suitable accommodation. Although not formally overcrowded they found their living space cramped. In another instance, a couple and three children lived in a two-bedroom flat in London with no hope of being able to afford anything larger. Another household needed to move to offer support to elderly parents but could not meet the mortgage payments in the working time she had left. There were also examples of retired or early retired households wishing to move to quieter or more appropriate level access accommodation due to ill health or disability who were unable to support any additional borrowing. For many of these households, moving within shared ownership would have been possible had it been available to them. The lack of this option is discussed further in Chapter Six.

**Family support**

Two households were able to facilitate their move only through the inheritance of property or financial support from relatives. One person inherited a house in England and relocated the family from Northern Ireland, paying off their mortgage and debts and securing a larger home. Another was hoping that if LCHO options were unavailable to her near her parents in South Yorkshire, she might be able to move to look after them with funds her parents were willing to provide. Another household
felt able to consider a move to a larger property in London, as she was currently mortgage-free as her parents had paid for the purchased portion of her shared ownership home, which could suggest incorrect targeting of the property at the outset.

Conclusions

The interviews provided a rich source of evidence that gave new insights into the ways in which some households have been able to ‘move on’ into full home-ownership. Having employment that allows for rapid salary advancement, being young so that they could lower mortgage payments by extending the length of the mortgage, and increasing household income by forming partnerships were all factors that supported mobility. In contrast, the interviews also revealed that some households were unable to move because their incomes were too low to finance a larger mortgage, there were insufficient years prior to retirement to repay a mortgage at an affordable level, or, because they had already retired. These households were unable to move unless they returned to private or social renting.
Chapter Five
Housing market influences on mobility

Summary points

• Shared owners have used equity gains made from their initial purchase as deposits for their next homes.

• Equity gains were most beneficial when moving to lower-value housing markets, as increased equity alone was insufficient to facilitate full ownership in their local housing market.

• Some owners were unable to purchase further shares in their property, and therefore to bridge the equity gap to full home-ownership, as the value of the unpurchased share of their home had risen beyond their means.

• Some owners did not ‘staircase’ as they knew that lower shares were easier to sell on.

• The housing market slow down was also a barrier to mobility because some shared owners had difficulty in selling their homes. At the time of the fieldwork shared owners were no more constrained in this respect than open market owners in selling their homes, although some may be adversely affected by the type of property and its location as in the wider market.

Introduction

The local housing market has an important influence on a household’s ability to ‘move on’. This chapter examines how the period of rising markets that has just ended in all regions has affected shared owners wishing to move, how equity gains have assisted mobility, the equity gap between their current holdings and open market values that shared owners must overcome if they are to become full owners, and finally it considers the demand for resale shared ownership properties.

In this chapter it is assumed that in most regions there is an equity gap between the value of a shared owner’s investment and the open market value of properties. As seen in Chapter Two, for the North East and possibly North West, this may not be the case as shared owners had purchased property of greater value than other first-time buyers and in excess of the regional average house prices. But for other regions, and certainly amongst the owners who participated in this study, an equity gap does indeed exist.
Rising markets

Almost all owners had seen rises in the equity they owned in their homes. For some the rise in the value of their shares in their homes have been substantial and reflects the rapid increases in house prices in places like London and Northern Ireland, but for other housing market areas such as Glasgow the increases had been more modest. The equity gains for some households were a valuable resource that enabled them to ‘move on’ to full ownership, but although almost all owners’ investment in their homes had increased, for some this was also a major challenge as it meant their ambition for full home-ownership had receded further. Furthermore, the experiences of rising equity were different across the housing market areas.

Figure 5.1 illustrates the rate of house price changes for the regions of the case study areas. It can be seen that during the 1990s areas in England experienced house price falls followed by a sustained period of rises from 1998 onwards. House prices in Wales and Scotland did not dip and in Wales experienced some modest rises during the 1990s, but prices rose rapidly from 2002/3. House prices in Northern Ireland rose steadily until around 2004, after which they rose extraordinarily quickly. It must be noted, however, that some regions experienced higher percentage rises than others, but did so from a lower-value base, and that there will be local variations within individual local and regional housing market areas. Nevertheless, almost all shared owner purchasers saw the value of their equity stake rise since their purchase.

Figure 5.1: House price indices for case study regions 1986-2008

Source: Table 593 CLG Housing Statistics.
Until recently low mortgage interest rates ameliorated the rise in house prices in relation to earnings, but Figure 5.2, illustrates, by matching mortgage costs to household income that nonetheless, housing affordability across the UK has worsened. The rapid deterioration of housing affordability in Northern Ireland is apparent as well as the poor affordability ratios in London, the South West, South East and East.

Figure 5.2: UK mortgage costs to household income ratios 1994-2006

Using equity gains to move home

Rising equity in the property is split between the shared owners and housing associations in proportion to the respective ownership share. For example, if someone purchased a 50 per cent share of a property originally valued at £100,000 and it was later valued at £200,000, when sold the owner would get half of the £100,000 rise in equity, i.e. £50,000. Such equity gains helped some owners ‘move on’ to full homeownership, although often in circumstances where there was also some additional income from a partner or higher wages, or where a move to a less expensive housing market area was involved.

…it does mean now that I do have a deposit and I can now move on to the next stage of the housing market…I wouldn’t have been able to [move locally], if I hadn’t moved geographically and moved so far north geographically, I couldn’t have done it, no. Single Woman, NW London.

Several owners mentioned using the equity gains to pay off debts when they moved.
[It’s] given us enough to think about paying off the debt and having a clean slate for the move. Couple, NW London.

However, for those shared owners who wanted to move within their current local housing market area, for reasons of employment, family or children’s schools, the equity they had in their home did not facilitate a move, as the properties that they would have liked to have moved to had also risen in value by similar proportions.

No-one would have imagined in their wildest dreams that it’d have risen like it has…I just want to turn the radio off when talk about the house prices comes on. Estate agents and building societies say it’s great, but I suspect underlying it there are a lot of people like ourselves who bought at lower prices and can’t realistically move on. Owner, Northern Ireland.

In many instances, house prices had risen at a far faster rate than shared owner household’s ability to take on additional borrowing to bridge the equity gap, which was a more important factor to them than the equity they had available to them. One owner in Glasgow cited the main barrier to her moving on was that, ‘…the quarter share just isn’t worth very much’. Another owner wishing to move in the South West expanded:

Three beds start at about £220,000, way outside what we can afford, so there doesn’t seem to be an immediate future of buying anything on the open market, unless everything comes crashing down. Owner, Cornwall.

Undoubtedly, many households do achieve full home-ownership and manage to overcome the difference between their current holdings and the wider market, but little attention has been paid to those whose circumstances have not altered sufficiently for them to afford the additional borrowing required to buy their home independently.

What people don’t understand, who are just getting into it, is that from the day that you [purchase] there is no way that I could pay them off. Owner, Belfast.

**Staircasing**

Shared ownership leases provide for owners to purchase additional shares in the property (commonly known as ‘staircasing’) as their circumstances change. Staircasing is important for both the owner and, increasingly, the housing association provider. Firstly, for the owner, staircasing has the potential for them to bridge the gap between their current levels of investment and open market property values if their circumstances improve. It ensures owners benefit to the maximum of their financial capabilities from rising housing markets, thus raising the level of equity that they can put towards future purchases. Secondly, for the association, the surpluses generated by these additional (partial) sales are recycled into other activities, most commonly new social rented housing, and have become a key component of housing.
associations’ business plans. The sensitivity of housing associations to the incidence of staircasing, and the current housing market downturn, has been highlighted by the Housing Corporation who anticipate new mergers as some associations may now have insufficient income to service debt repayments (Inside Housing, 16 May 2008).

**Incidence of staircasing**

That capital receipts from staircasing has become critical to association finances indicates that significant sums are made available through this process, suggesting that many shared owners have either sold their initial shared ownership home, bought out the housing association share by staircasing to 100 per cent so that they own full title to their property, or bought extra shares in their home short of 100 per cent. Administrative data (CORE and RSR) do not differentiate between these three sources of sales or staircasing, but like in Bramley et al. (2002), the evidence from this study suggests that staircasing activity is low.

Table 5.1 shows that only 11 per cent of shared owners had purchased additional shares in their home. Owners who had bought their homes since 2000 were more likely than those who had purchased the property in earlier years to report that they had increased the stake in their home. It is unclear whether those that had bought additional shares earlier have now moved on, or whether new purchasers have a greater propensity to staircase.

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<tr>
<td>Yes</td>
<td>11</td>
<td>11</td>
<td>2</td>
<td>15</td>
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<tr>
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<td>89</td>
<td>98</td>
<td>85</td>
<td>86</td>
<td>89</td>
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Source: Owners’ Survey.

Of those 20 households that had bought additional shares in their home, eight had purchased the property outright, increasing their share from 40 or 50 per cent to 100 per cent. Four households increased their share from 50 to 75 per cent and the remaining transactions were variously 60 to 80 per cent and, or, 40 to 50, for example, although one household had staircased downwards, reducing their holding in the property from 50 to 25 per cent.

Given the importance of staircasing to enable shared owners to be able to reach the open market and full ownership, very few people who participated in the study had bought further shares. While one respondent noted that ‘…the staircasing was an easy process and I don’t feel at all limited in my options’, many respondents to the survey, which it is acknowledged could be particularly self-selecting in that they had
sufficient interest in the subject to respond, reported barriers to their further investment in the home. As mentioned, the main reason why people said they had not staircased was overwhelmingly financial, but other reasons why people had not staircased related to the housing market, mixed tenure, the short-term nature of their purchase and inertia. With regard to the housing market some households were concerned that the market was unstable and now was not the right time to increase their investment in the property, whilst other households were concerned that rising house prices meant they could not afford to purchase additional shares.

**Financial barriers to staircasing**

Overwhelmingly, the main reason for households not staircasing was affordability. Indeed 71 per cent, 115 respondents out of the 162 answers provided as to why people had not bought further shares in their home, cited financial reasons why this was the case:

- *Can’t afford.* Survey Respondent.
- *Can’t afford higher mortgage.* Survey Respondent.
- *Can’t afford to. I have one wage coming in and it’s manageable as it is.* Survey Respondent.
- *Property prices have risen too high.* Survey Respondent.

Purchases of additional shares of the property are done at the current market value and not at the original purchasing price. Therefore, for most shared owners rising markets meant the timing of staircasing was crucial, but some owners missed purchasing further shares either by delays and inertia on their part or by the association. Many owners intended to purchase additional shares but rising markets meant that by the time they looked into the issue, they were no longer able to afford the amounts necessary.

- *I should’ve definitely bought the 100 per cent at that price as if I buy the 100 per cent now or even a percentage it will cost me much more money.* Single Owner, London.
- *Delays by [the] building society and housing association [meant the] attempt [to staircase] lasted 12 months and then more money upfront meant not affordable.* Survey Respondent.

Some owners balance the opportunity to get on the housing ladder against any perceived downside to shared ownership in terms of not owning the whole property. But some shared owners felt aggrieved at their situation. Although house price rises in Northern Ireland have been quite spectacular, an example from Belfast does illustrate the predicament in which some households find themselves, albeit perhaps at less extreme proportions. An owner purchased 62 per cent of a property and the shared ownership provider loaned him £11,000 for the remaining portion of an ex-Northern Ireland Housing Executive property 12 years ago. Two years ago the value of the
amount required to buy his home outright had risen to £22,000, but at December 2007 the value of this share had risen to £66,000, a sum that the owner, as a manual worker for a local authority, feels he has no realistic chance of ever affording. Rent is paid on the un-purchased share, and there is no requirement to repay the provider unless the house is sold or the property bought outright. Nevertheless, the owner perceives the amount that he would be required to pay the provider to move or buy the whole house as a debt that plays on his mind. The owner is upset that what was originally a modest impediment to him purchasing on the open market, as he could not gather around £3,000 for the transaction costs and small deposit, he entered into an agreement where his LCHO provider paid £11,000, but he would be now required to repay a sum six times that of the original amount.

...at least when people have a straight mortgage it goes down, but mine keeps going up. Ideally I'd love to pay them off as it is a debt, but next year it could be £72,000...they know that people who go on this scheme go on it because they can't afford to pay the full amount and like my debts started off at 11 grand and for people who are on the lowest wage they know its quite hard to pay it off now. Owner Belfast.

A loan for the same amount with deferred interest payments over the course of the 12 years would amount to around £20,000 at an assumed interest rate of eight per cent, a less substantial sum than the £66,000 he is currently required to repay should he wish to move home, aside from any additional sums necessary to purchase the next house.

Williams and Wilcox (2007) advise that those taking out equity loans should understand the implications, in that if they wish to repay this loan they have to be confident of either rising incomes or that a lump sum will become available to them in the future. It may be prudent to offer similar advice to shared ownership purchasers, and ask them to consider how they might anticipate bridging the equity gap between shared equity or shared ownership and open market home-ownership especially in rising markets, should they need or wish to move in the future.

**Saleability of lower shares**

Several owners were aware that lower shares in shared ownership properties were easier to sell on than higher shares, a view confirmed by housing association staff. Shared ownership providers repeatedly indicated that shared ownership properties were being initially sold more quickly at lower rates, commonly 40 per cent instead of 50 per cent, and that the higher the share, the harder it was to sell the properties. Association staff frequently said that the affordability of shared ownership remained an issue for much of their target audience and that they were looking at ways of offering lower shares.

...it wouldn’t be ideally first-time buyer price then and when you’re talking about flats you don’t want to be cutting that market down, people with young children won’t be looking this way anyway. Survey Respondent, Milton Keynes.
...no benefit in doing so, more saleable at lower cost. Survey Respondent.

We thought it might outprice first-time buyers who make up the majority of the list to resell to. Survey Respondent.

Although an awareness of the saleability of owners’ properties suggests a good understanding of the LCHO market, this could inhibit owners who do not make arrangements to bridge the equity gap when they are able to do so. If the owner of a high share property was to sell the property, the owner would always have the ability to place the property on the open market if the housing association could not find a buyer for the high share, therefore the shared owner would still benefit from their increased investment. Moreover, the housing associations do have the option to buy back properties or shares, so ensuring the property is offered at a saleable share, although it is reportedly difficult for associations to anticipate when such funds may be needed in order to include this facility within their budgets.

**Housing market demand**

Many interviews took place as the market began to slow or halt as the problems at Northern Rock became apparent during the summer 2007, but prior to the full impacts of the ‘credit crunch’ and loss of confidence in the market became known. Few owners who were in the process of moving reported any difficulty in selling their share of the property on, except in Northern Ireland where it was evident that, after rapid increases, the market had also come to a rapid halt, even prior to the events surrounding the advent of the ‘credit crunch’.

In most case study areas, shared owners and associations reported sufficient demand for resale properties, but there were differences between how the resale process was managed. In Scotland, only one association reported facilitating the sale of shares of the property to prospective purchasers on a waiting list. All other associations supported the shared owners selling the properties on the open market through local estate agents, where both the owners’ and housing associations’ interests in the property were sold. Estate agent sales were routinely used in Northern Ireland where the property was sold back to the open market and proceeds recycled into the Co-Ownership scheme. In England, most of the sales were managed by the housing associations that identified the next purchaser. The estate agent in Scotland supported the view that the shared ownership properties met with the aspirations and demand in the local market and were good quality, and sold easily as open market or shared ownership properties. In England, some owners had experienced potential buyers pulling out of deals but, at the time of the fieldwork, found there were more willing buyers to complete the sale. Where owners did experience problems, it was not the shared ownership product that deterred buyers, but issues relating to the property or location, as in the wider market, or because the whole market had slowed down as in Northern Ireland.
I think people’s perception is that it’s harder to sell a flat than a house and I think that’s probably right, though the ones we’re doing in [area], I’ve had sufficient interest so far...have three at the moment on low-cost purchase and so it’s the £67K ones, we’re struggling with those. Maybe it’s the one-bedroom flats that are the hardest to get rid of, as maybe the people we’re seeing are wanting to start a family or have already got a family, single people maybe looking to the future to have a partner and family in future. Local Authority, Cornwall.

One owner did report difficulties selling a one-bedroom flat in a regeneration area in London, the property did not find a buyer during the nomination period and was not sold as a shared ownership property through the estate agent, but went as a 100 per cent sale to a buy to let investor. One association in Glasgow also reported sales of former shared ownership flats to investors that caused management difficulties in the blocks, but this was considered to be a localised incident and not part of a widespread problem. There were a few mentions that resale properties in London were frequently in poor condition, although one person conceded this may have been cosmetic rather than structural, but it does pose questions regarding the upkeep and maintenance of shared ownership properties that belong to owners who are financially stretched over the longer term.

Conclusion

Shared ownership has broadly fulfilled its intention of providing opportunities for asset accumulation for owners during the period of rising markets, although the amount of gains depended on the circumstances of the local housing market. These equity gains helped some owners to ‘move on’, but largely in situations where gains were also accompanied by increased incomes or the next purchase was in a lower-cost housing market. For some owners any equity gains were an abstract benefit as they still lacked sufficient resources to ‘move on’ to full ownership in the same market area. Rising markets also meant that owners who intended to staircase were no longer able to afford the new market values of the un-purchased shares. At the time of the fieldwork shared owners were not disadvantaged in the market because of the form of ownership, but the high number of new-build flats may be a concern for owners if that section of the market fails to hold its values in a downturn.
Summary points

- Shared owners felt there were few incentives to encourage them to ‘staircase’ and bridge the equity gap between their holdings and market values and several could have afforded to purchase a greater share than the proportion they were offered at the outset.

- Many shared owners were still unable to afford open market values and, although some housing associations support shared owners in these circumstances to purchase another property within the sector, many other associations did not or offered contradictory advice.

- While the process of housing associations selling the shared owners’ home was, for many, inexpensive and found new buyers easily, for others the process was slow and bureaucratic.

- The LCHO market is fragmented and remains difficult for some owners and potential purchasers to navigate. Resale homes are not marketed as widely as they could be, especially in a difficult market, and no facilities exist to support longer-distance shared ownership moves.

Introduction

This chapter concerns three main issues regarding how shared ownership providers mediate the relationship between the shared owners and the housing market. Firstly, the chapter considers whether shared owners are encouraged to sustainably maximise investment in their homes. Secondly, the extent to which shared ownership providers assist mobility for owners who remain unable to fund moves to the open market, and lastly the trade in shared ownership homes is examined.

Maximising investment in shared ownership property

The previous chapter showed how few shared owners ‘staircase’, or purchase additional shares in their home as widely as envisaged, even if their circumstances improve. Largely this is because owners have a limited capacity to take on additional mortgage borrowing. However, some households were aware that higher shares are more difficult to sell on to low-income home-buyers. This section examines how housing associations or LCHO providers might promote additional staircasing activity.
Original shares

One issue identified in previous evaluations, (Bramley et al., 2002; Battye et al., 2006; NAO, 2006) was that of shared owners not purchasing the maximum share they could sustainably afford at the time of their original purchase. New Build Homebuy guidance does state that housing associations must encourage owners to maximise their investment, but most owners who took part in this study were offered only a pre-specified percentage of the property to buy and some could have afforded to purchase more. Housing associations reported trying to juggle the percentages offered on certain developments to balance out the subsidy required for the whole scheme, but this was usually in order to facilitate some households buying less than the now common 40 per cent initial share. Repeatedly, owners said they just bought the share that was offered, which in some instances was less than the portion they could have afforded.

Williams and Wilcox (2007) note the often bewildering array of different LCHO products and schemes, which lenders and advisors sometimes have difficulty in interpreting, as well as the potential assortment of choices and various contact points for prospective purchasers. However, it seems that those entering the LCHO sector may not be advised how all the available schemes might meet their particular needs and circumstances, but rather are nominated for particular developments, perhaps matching affordability and property size. This means that potential buyers are only advised about the terms of the particular scheme they are nominated to. Maximising shared owners’ purchases has commonly been discussed in relation to the reduced subsidy per unit needed if owners are asked to pay the maximum share they can afford. However, purchasing at the top level of what purchasers can sustainably afford is also important to ensure the gaps between their shares and open market values are minimised and the distance to full home-ownership is reduced.

In the recently rising housing markets the size of shares purchased in shared ownership homes is reducing rather than increasing. In 2000/2001 CORE records that 61 per cent of shared ownership sales were for between 45-54 per cent of the property, whereas in 2006/7 the proportion of sales of this proportion had reduced to 51 per cent. The proportion of shared owners purchasing below 45 per cent of the property has risen from 26 per cent in 2000/2001 to 39 per cent in 2006/7. This means across the sector the gap between open market values and shared owners’ equity stakes is actually growing. Associations repeatedly suggested that shared ownership had to be offered at lower shares as the schemes became unaffordable to the target groups. For example, in London one association reported piloting shares as low as ten per cent, which proved very popular by allowing those on lower incomes to gain equity stakes in a home. This pilot is now discontinued, but many schemes routinely offer 25 per cent shares to new purchasers.

_We would have more successful allocations if we could offer them at 25 per cent without having regard for what other people have purchased. I think for a lot of people 25 per cent would be ideal but it just doesn’t always work out._ Local Authority, Cornwall.
The trend towards attracting households into schemes at lower shares of ownership is a matter of concern unless associations have mechanisms in place to support the movement of households with housing need within the sector. Although, movement within the LCHO sector will continue to be difficult for any purchasers who have bought at 25 or ten per cent shares if shared ownership opportunities are still commonly offered at higher percentages, as there is an equity gap between their holdings and the majority of the shared ownership market, let alone any gap between the value of their ten or 25 per cent shares and the open market. Without support from associations to move, there is a real danger that a small but important proportion of households will, at the time of a future move, return to social or private renting, one of which offers less secure housing over the long term and the other is over-subscribed, and neither of which offer the sense of ownership or opportunity for asset-accumulation that shared ownership does.

…it comes back to the original assessment, if you put people into homes that they can’t afford be it 100 per cent owned or 12.5 per cent owned you’ve got a problem, and I think it’s a big mistake everyone’s making, that they’re not focusing on the individual’s ability to pay for that property in whole or in part today and in the future. Private LCHO Provider.

Opinion would be, I would think it is unlikely that many of the people who are selling on are going into the open market as the prices are too far out of their league and a good demonstration of that is that we get relatively few resales, so people just aren’t in a position to sell and house prices are just so high. The employment opportunities in this area are very few and if someone wants to progress in their career they may have to move away, there are very few high paying jobs round here. So maybe the people who are moving are moving away to new jobs and purchase a home, I’m not sure. Local Authority, Cornwall.

**Incentives for staircasing**

The sector needs to consider how best to provide an environment in which owners are encouraged to make provision to move into full home-ownership, since unless owners are able to move into full ownership anyway, few owners staircase up incrementally. Compulsion should not be contemplated as many owners have found secure and affordable housing and are comfortable with their present circumstances, but it is in many owners’ interests to try and maximise their stake in the property should they wish to achieve full home-ownership, ‘move on’ and gain additional assets for the future. Furthermore, encouraging additional investment in shared ownership homes is also now in the interest of associations who have seen receipts from staircasing reduce. Currently there is an array of possibly conflicting incentives and disincentives given to shared owners.

Low rents make the whole shared ownership package more affordable compared to full home-ownership, but low rents also can act as a disincentive to staircase, even when household circumstances improve. While rising house prices have meant that many shared owners felt they were now unable to buy the remaining portion of their
home, other shared owners suggested that although they could afford to purchase further shares in the property, there was no advantage for them doing so. For example, one family had experienced tight finances when they had originally bought the property and as the pressure eased after a few years they were able to afford family holidays and other such special purchases. They explained that if they took on additional borrowing to buy further shares in the property at the new value, disposable income would be lost and yet their immediate housing consumption would remain exactly the same. Others explained further:

*The rent payable to [association] is easily affordable, don’t feel much incentive to change.* Survey Respondent.

*The rent reduction is not equitable with increased mortgage repayments.* Survey Respondent.

The current situation of low rents and mortgage may be comfortable for some owners who do not anticipate the need to move in the future, and over the long term enables households to gain some housing equity at a sustainable level. However, if the household do need to move, not having bought additional shares when they could have afforded it, may have adverse consequences if they can no longer afford to reach open market values.

Conversely, some LCHO providers include mechanisms designed to encourage owners to staircase out of the property to full ownership, by including increasing rents by more than inflation year on year, introducing additional charges after five years or, as is common in the private sector shared equity models, requiring that the loan is repaid in full after ten years or suffer financial penalties. These financial tools are designed to ensure the provider’s investment is repaid over a certain period, but are also premised on the assumption that the owners’ circumstances will change sufficiently that they will be able to ‘move on’ to full ownership in the short to medium term. It is unclear to what extent owners will appreciate that there is likely to be a point at which it is more financially beneficial to staircase or move out, as one private provider states:

*…not everyone’s financially astute and not everyone wants to do that.* Private LCHO Provider.

Several shared owners suggested that there should be incentives to staircase, similar to the discounts available to social housing purchasers under the right to buy or Social Homebuy schemes. Discounts for the right to buy are 35 per cent up to a maximum area limit of £16,000 to £35,000 after five years residence, increasing to £50,000 after 20 years renting.¹ For the Social Homebuy scheme discounts are available on the purchase of between £9,000 and £15,000 depending on the location.

¹ The amount of RTB discount depends on the length of tenancy. In England, if you have lived in a house for five years the discount is 35 per cent of the market value of your house and if you have lived in a house for 20 years the discount is 50 per cent, but the maximum discount ranges from £16,000 to £38,000 for both flats and houses depending on location. In Scotland, secure tenants prior to 2002 attract discounts of up to 70 per cent on flats and 60 per cent on houses depending on length of tenancy, but from 2002 these have been reduced to a maximum of 35 per cent on flats and houses. The Scottish Government have recently proposed to abolish the RTB on new-build properties.
For myself I had hoped we’d have been able to buy the whole of the property and then move on, I definitely saw it as a stepping stone as then you would have the freedom to choose any property...If they were say to us that you could have a discount it would make us look to purchase the other part of the property. Couple Owners, Cornwall.

I think co-ownership must be making colossal profits and I do wonder if there should be some kind of scheme where if you’ve been resident in their property for five or so many years there could be a discount on the market value. Owner, Northern Ireland.

Whitehead et al. (2006) suggest that specifying the value in advance at which further shares could be purchased would provide an incentive to do so, as the recently rising markets have meant further investment is prohibitive and others see little benefit to them or their family in doing so in the short term.

Northern Ireland Co-Ownership Housing has reduced the ‘tranches’ that people can staircase up by, from 12.5 per cent at a time to five per cent, which may make the prospect of purchasing further equity shares more attractive to people (NICOHA, 2007). However, as each purchase will incur transaction costs such as valuations and legal fees it seems unlikely that providing the opportunity to increase investment in the property in such small tranches will produce significant levels of additional staircasing. Some associations are beginning to experiment with offering free valuations and legal costs to reduce the financial barriers to staircasing, which may go some way to reducing transaction costs for the owners. Housing associations would have to forego a small portion of the receipts they gained from staircasing in rising markets, but discounts may be an attractive solution from the point of view of the owners. Another idea may be to invite shared owners to be part of any financial inclusion savings schemes operated by housing associations or to expand access to financial advisors to assist owners to maximise their investments.

A fundamental problem for some shared owners on particular leases, from both housing association and private LCHO providers, is one where the lease prevents shared owners being able to staircase against the landlord in a falling market, even though it might be financially beneficial for them to do so, if the owners had the confidence to purchase in a slow market. Until now these leases may have been untested in a market downturn, and no owners in the study held leases of this sort. However, private providers explained that such clauses were being, and had been, adopted for some schemes. The balance of risk between the owner and the provider is uneven in such a relationship and acts against owners behaving in a financially astute fashion to improve their circumstances. How the experiences of owners with such leases pan out over the longer term in a less benign housing market is unknown, but it cannot be in the interest of the sector to have what some may consider to be unfair terms underpinning the sales.
Moving within the shared ownership sector

Evidence suggests that many shared owners are not in a position to take on additional housing costs (Clarke et al., 2007), so moving within shared ownership will be a good option for some households. Shared owner households who wanted to move, but were still unable to purchase in the open market, felt their best option was to seek another low-cost home-ownership home. However, owners who approached housing associations with a view to purchasing another shared ownership property were met with contradictory advice. Conflicting advice was observed to be offered by different housing associations and by different staff or at different times within the same association. For households in some areas purchasing another shared ownership home was arranged successfully, but for others the household’s mobility was constrained by associations who would not facilitate such moves.

Some associations were positive about the need to support such moves within the LCHO sector.

Absolutely, definitely [help them move within shared ownership]. Important that we do that, someone buys a one bedroom studio, their circumstances are going to change, what they do at 25 will be different at 35, and if they don’t have another option for another shared ownership property they’ll go to the private rented sector which is more expensive, or go on [the] waiting list for social housing property which is obviously expensive [to the public purse]. A small, but common, occurrence. Housing Association, London.

However, not all LCHO providers thought that they should be concerned with movement within the sector if shared owners’ circumstances changed.

Visit housing advice and housing options, they’ve only really got the choice to go into rented or put their names on the housing register. We don’t operate a scheme to take people to the next level, that’s part of their responsibility, I know these things do happen, you’re in that situation and you have to manage your life around that. Local Authority Provider, Wales.

Other associations gave contradictory advice to shared owners wishing to purchase another shared ownership home. For example, over a period of a year, one young family was invited to register on the waiting lists of the Homebuy agent, local authority and the association’s own list and anticipated being nominated for another shared ownership property at some point in the future, but were subsequently refused any further shared ownership opportunities in a larger home. Meanwhile, the same association had offered an older couple who were in a shared ownership house, a new-build level access shared ownership property. In a letter to the young family’s MP the association state:

Under the rules of the shared ownership scheme set down by the Housing Corporation, and ultimately by the government, existing shared owners wishing to move to a larger property on a shared ownership basis do not have a priority. The
only way in which they could acquire a larger property is if their share of their existing house would give them sufficient equity for a deposit on a larger house on the open market. As this would involve a substantially larger mortgage it won’t be feasible unless their income has increased in the meanwhile. Housing Association letter to MP.

The guidance given regarding New Build Homebuy (Housing Corporation Capital Funding Guide para 1.4.32) does suggest that existing shared owners can have access to new properties on condition that they are in priority need, nominated by the local authority and cannot afford to buy a property suitable for their needs. ‘Suitable for their needs’ is not defined and the guidance suggests that the housing associations consider the household circumstances on a case-by-case basis. Moves to accommodation one bedroom larger than a household ‘needs’ are permitted but moving to a better or more affluent area is not. The housing association’s response above does not reflect the guidance or recognise that under some circumstances movement can be supported. Various associations have clearly interpreted this guidance differently.

In the instance cited above, the household were enormously disappointed with the response from their provider who also advised them, prior to this final letter, to consider renting in the private sector until a property becomes available again through New Build Homebuy. But as others who moved within the LCHO sector point out, apart from the extraordinary upheaval of moving a family to rented accommodation to circumvent what the association sees as prohibitive rules, there could also be other costs involved.

    So that made us think a few times, we’ll give up and go back into rented accommodation, but we don’t want to as at least we’ve got a little toe in the market and we always thought that ultimately we’d be able to buy something else when it came along. Owner, Cornwall.

    We did consider renting but we would have to pay quite a heavy penalty to get out of our mortgage. We can’t afford to buy so shared ownership still suits. Owner, South East.

LCHO providers were concerned that providing ‘move on’ opportunities for current shared owners restricted the properties available for first-time buyers, although the original purchaser’s property would also be provided for sale and create a new opening for a first-time buyer to purchase a shared ownership home. In Northern Ireland the Co-Ownership scheme, and many new schemes in Wales were restricted to first-time buyers alone.

Several owners who participated in the study had bought a second shared ownership property and were very pleased that the association had allowed them this opportunity, as they were unable to move and retain an equity share elsewhere.
I wasn’t sure if we’d be eligible because we already had a shared ownership property, but because they knew about our problems and that we were selling the property and income-wise we could afford it and so they accepted us. Owner, South East.

London Home Ownership Group (LHOG) data shows that movement within the low-cost home-ownership sector has happened, but is in decline. Across London, during the five year period 2002 to 2006, the numbers helped to move in this manner have almost halved, reducing from 48 to 26 a year, but it is unclear why this is the case. Associations who understood it was desirable to offer ‘move on’ opportunities for shared owners, also recognised that there were a number of challenges if they were to make movement within the sector happen.

Firstly, as associations’ performance is monitored on how quickly they are able to reach completion of new-build sales, the timing of the sale of an owners’ existing property and the purchase of the new one needed tight co-ordination, and so association staff reported that they would support shared owners moving if people were flexible and realistic.

But we have owners who have purchased a one-bedroom shared ownership on their own and a few years down the line have got a partner and a baby and it is very difficult to make it possible for them to move on. Housing Association, South East.

We had a case recently, it was a small two-bed and they now have three children and they want to know whether they can do another one. I’ve been looking at the Welsh Assembly Government rules and the rules actually say if they are overcrowded we would allow them to move on to another affordable home to suit their needs. But they have to sell their property in advance and they have to move quickly and they have to work with us because otherwise we don’t hit our targets and sell properties when they’re ready. Housing Association, Wales.

Another association described how the variety of different funding streams for LCHO, with particular rules governing each one, caused difficulties for associations’ development sections and those managing leaseholders. Applying a uniform policy across the association, regardless of funding, meant development could switch round funding with no operational impacts, but this also meant that they may be restricting movement for some when it could be supported.

…but as a general rule, there’s a rule that if someone is already in ownership situation we have to prioritise people who aren’t, so as a general rule we have to say people who own their own home aren’t eligible for low-cost home-ownership. So, that includes shared owners, unless the local authority would support their application if they are over-occupying or overcrowded, but local authorities are reluctant to get involved in shared ownership or have policies that don’t include them at all or prioritise them. Housing Association, South East.
So, while some associations permitted existing shared owners to buy another shared ownership property, whether or not people wanted to move because of housing need or lifestyle reasons, other LCHO providers were confused about when movement within the sector was allowed. One association called for further guidance from Housing Corporation or Regional Housing Boards on the issue.

*How do we operate this? What rules apply? Are there any? I think we should have some clear guidance and encouragement to include current owners who can prove they need to trade up.* Housing Association, South East.

A few associations saw that the issue of movement within the sector could become a greater issue in the future due to the growth in the sector and the increase in the number of apartment properties being supplied. This leads onto another issue, as even if associations accept that shared owners can move within the sector it is unclear whether there are suitable properties available for families, or older or disabled people to move to. There were several older or disabled owners who wanted to move to more suitable level access accommodation. One older couple where the husband had a debilitating illness were offered a new-build apartment that they did not find suitable for their needs. Housing associations may consider meshing mainstream LCHO schemes with Leasehold Schemes for the Elderly and similar schemes such as the Home-ownership for people with Long-term Disabilities (HOLD)\(^3\) to facilitate moves for such households into suitable open market properties on a shared ownership basis. Another issue relating to the LCHO providers ability to provide ‘move on’ opportunities was the volume of LCHO properties locally. Some associations that worked across several local authorities noted that they could facilitate ‘move on’ in areas such as London or Milton Keynes, due to a critical mass of shared ownership homes. However, in other areas they held only a few individual blocks of shared ownership properties, and therefore, even if willing to allow a current shared owner to move, the association had limited opportunities available for them.

It is clear that associations would welcome further guidance on the issue of movement within the sector. But the confusion surrounding whether and how shared owners could or should be assisted to move within the LCHO sector does reflect a tension between whether the sales have been on the basis of market housing, in which case the risks may be borne by the purchaser, or to what extent the providers have any further responsibilities towards the purchasers. To improve the functioning of the emerging LCHO market it seems that facilitating small amounts of ‘move on’ is desirable, but again there is a tension between associations wanting proof of the necessity to move, thus meeting housing need, or whether owners are able to move when they want to as in market housing, thus meeting housing demand.

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3. The HOLD programme is the same as shared ownership or New Build Homebuy, except it is designed to assist people with a long-term disability to purchase a home suitable for their needs on the open market on a shared ownership basis.
The resale process

This section examines the resale process only in so far as it has the potential to impact on the ability of shared owners to ‘move on’. There was a wide variation in practice, ranging from properties sold through outsourcing companies, estate agents or the whole process being kept in-house. However, it was apparent that there are a number of issues that attracted concern relating to:

- the nomination period and marketing of properties;
- the valuation of improvements to homes; and
- the disposal of shared ownership homes on the open market.

Selling the property

Most shared ownership leases include a clause that gives the association a period in which they have the right to nominate the next purchaser of the property should the owner wish to sell. This nomination period ranges from two to 12 weeks and is included to ensure the property is sold to someone who meets the eligibility criteria and is allocated appropriately on the waiting lists that some associations and all Homebuy agents hold. Some associations were able to successfully nominate a new buyer in the nomination period in over 90 per cent of cases, while other associations did so in less than half of cases. This related to the time period stipulated in the leases and the volume of potential buyers to which the property could be marketed, but did have the potential to slow down the process of selling.

*It’s a 28 days nomination period, [which] causes difficulties as it only gives us time to contact the first few people on the waiting list and if they’re not interested or can’t afford it, it doesn’t give us much time to go to the next applicant. So, quite often we run out of time and sellers put it to an estate agent, they’re keen to do that so they won’t really allow us extra time.* Housing Association, Milton Keynes.

*It’s a reasonable time, but sometimes we mess about for two or three weeks out of the four getting valuation done, so you know the price of the property, and if the person doesn’t want to let you round…* Housing Association 2, Milton Keynes.

There was a tension between the associations wishing to retain control of the next purchaser and a desire for some owners to want their property sold on the open market where they perceived the property would attract greater values. Newer leases state that the property cannot be sold for a sum in excess of the valuation, which is generally conducted by an independent RICS qualified valuer in accordance with the rules of the Housing Corporation or similar bodies. Sometimes the housing associations appoint the valuer directly, although they may pass on the charge to the shared owner, and sometimes a list of valuers is offered to the shared owner whose responsibility it is to organise the valuation themselves. In London and Milton Keynes the associations had experience of sellers’ frustrating the nomination process because they wanted to get through this period quickly and get to the open market where
They felt they would get more for their home. This further reflects the confusion surrounding the shared ownership sector and whether it is seen as market housing or some form of public housing. This confusion creates a tension between the market and the bureaucratic administrative allocation of buyers.

The sales people here quickly realise when someone’s trying to fob someone off, and we will be very stringent in forcing them to say you have to sell it to that person, as what people tend to do is just try and get rid of a buyer to sell it on the open market and get a higher price, as they’ll put it on the open market with Foxtons. Housing Association, London.

The Owners’ Survey found that amongst those selling, 57 per cent found the buyer of their property through estate agents compared to 35 per cent through the association, but this may reflect the inclusion of Northern Ireland and Scotland where estate agent sales were routinely employed. Overall, shared owners were rarely satisfied with the selling process. Although half gave a neutral response only 15 per cent were satisfied with their experience of selling their shared ownership home, compared to 35 per cent who were satisfied. The numbers are small, but there were greater levels of dissatisfaction amongst shared owners who sold through the housing association, 45 per cent, than sold through the estate agent, 22 per cent. Some owners highlighted that delays were not the fault of the association but were a result of there being a chain for the conveyancing, but for others delays involving the association were the main source of dissatisfaction.

[The association] are excruciatingly slow with the process, both when we purchased flat and now we are trying to sell. Survey Respondent.

Housing association slow and inept. Survey Respondent.

Has taken much too long. Survey Respondent.

There were a number of advantages of the seller using the housing association to market and progress their sale as some charged minimal fees for doing so, compared to estate agent fees which may be around 1.5 per cent of the property’s value or more. Wide variations in practice about how these costs were apportioned, should open market sales be used, was found, although there were also some associations who charged fees of around one per cent of the market value when the marketing and progression of sales was conducted in-house.

However, some associations were slow. A number of associations wrote to the top people on their waiting lists and invited them to view properties, but some could not afford to buy or were not interested in that property, so further letters were then issued to people further down the list which was time consuming. Mimicking the marketing techniques of estate agents or utilising national home sales websites for resales may assist housing associations and shared owners in identifying new shared ownership buyers more quickly. Furthermore, Dunmore et al. (1998) called for a national system of nominations or allocations so that shared owners could also move long distances, but the LCHO market remains fragmented and there is an absence of
a ‘market place’ for shared ownership homes, akin to those represented by national websites such as Rightmove (www.rightmove.co.uk) and Primelocation (www.primelocation.com). Home-owners in the wider market no longer find it necessary to register with multiple agents at the outset of their house search, but can readily access the whole market virtually. In contrast the LCHO sector remains fragmented and confusing for prospective purchasers, even when they were already within it.

...last year I spoke with a lady who said you need to be registered with [the local authority’s] own register as well, so that was another set of forms to complete, and now we’re registered with [own association], the [local authority] and [Homebuy agent] and they all seem to do the same job and no-one seems to talk to anyone else and there seems to be a bit of doubling up there. Owner, Cornwall.

Another owner wanted to move from a co-ownership property in Northern Ireland to a shared ownership property in Yorkshire to be near her ageing parents. She wanted to retain a family size home for visiting daughters and grandchildren, but was pessimistic of her chances of achieving such a move. Her description of her enquiries into LCHO options near her parents is long but insightful:

I rang different places as I had to go to England in August and that’s when I realised that at some stage my parents will need help. I looked at the market and I went to the housing department. I was given a list of different housing associations but it is so complicated...It’s straightforward here [NI], they give you a list, a price range for this area, they take the details of how much you’re earning and they work out how much they’re offering and you go and look at those amounts. Over the water I don’t understand it, there seems to be houses that are already built, but it seems to me to be like council housing where you have to have so many points, you have to have the points to qualify for one of these dwellings. And because I am single [they] wouldn’t consider me for a three-bedroom property, so they are limiting, they are telling you what can or cannot have and at the end of the day they cannot promise that you will [get that] as you are on a waiting list...very confusing, very vague and really, I felt they didn’t understand it themselves. Single Woman, Northern Ireland.

For some sellers the lack of a market for shared ownership properties was problematic, as individual association lists may not reach as many potential buyers as possible.

[I] can’t reach those [people who] want to buy [who live] in Parkhead or other areas of the city, tenants can do swaps, owners can buy and sell but there doesn’t seem to be a network of shared owners. Owner, Glasgow.

From April 2006, Homebuy agents were introduced in an attempt to streamline the access points to the LCHO sector across England. Nominated housing associations act as application points for Homebuy products on a sub-regional basis and pass on
applicant details to other associations and, up to April 2008, administered the funds and applications directly for the Open Market Homebuy options. Although associations spoke largely positively about how relationships with Homebuy agents had developed, some were less keen, and LCHO owners wishing to ‘move on’ did not understand their role. One agent active in the resale market, however, suggested that:

*From CLG and HC it makes perfect sense to deal with as few a people as possible, but from the lender’s point of view if you don’t feel these people have the capability to phone around, maybe register with two or three different people and working out what’s best for them then you really wouldn’t trust them with £100,000 for 25 years…Not happy with concept of Homebuy agents, but also a remit of Homebuy agents is to act as one-stop shops, but only from April 2006, resales are included. If I want to buy a house I’d say ‘I want to buy a house’, but not ‘I want to buy only a house that was grant funded from last April’.*

Outsourcing Company.

One local authority recognised that having their own application list was contrary to the Homebuy agent system but that it was a useful tool in gathering evidence of demand to use within section 106 negotiations.

**Valuations and improvements**

Associations reported few disputes relating to improvements and valuations of properties put on the resale market, but there was some evidence of the issue being a problem for some purchasers. The shared owners are largely first-time sellers so some of the complaints may be attributable to the general unease with the buying, selling and conveyancing process in England. A smaller number of complaints related to the valuations.

*The process is unfair and complex. The valuation does not reflect realistically the housing market and does not cover a long enough period in which to sell your home.* Survey Respondent.

*Would prefer to get valuation from an estate agent, as rather steep having to pay £150 for a valuation.* Survey Respondent.

Furthermore, the last quote illustrates a repeated confusion amongst owners, reported by associations, surrounding the difference between market appraisals offered by estate agents to actual valuations by a chartered surveyor. An outsourcing company suggested that often estate agents are more sensitive to the market than valuers.

One problem related to delays that arose from properties that had had to be revalued prior to completion as the selling process had taken longer than the three month period for which the valuation was valid. In these circumstances the seller incurred more costs causing further anxiety and delay. Nevertheless, half of the selling shared owners were satisfied with the valuation, but a quarter of the sellers were dissatisfied.
The practice of associations not discounting the value of owner improvements when establishing the value of the housing associations share of the property on resale was also identified as problematic for some. This resulted in the owner only partially benefiting from any investment that had been 100 per cent funded by them. For example, an owner who purchased a 50 per cent share of property pays £10,000 for a new kitchen or other improvement and a valuer confirms that the value of the property, as a direct result of this improvement, rises from £100,000 to £110,000. When the property is sold many associations would use only the headline valuation of £110,000 when calculating the associations’ share of the value of the property and therefore require the shared owner to pay them £55,000 on the sale of property. However, some associations recognise that £10,000 of the increased value was wholly attributable to investment from the owner, and not themselves, and discount the increased value prior to calculating the housing association share, and so would only ask for £50,000 and the owner would get £60,000 and therefore benefit in full from their outlay. In the first instance, the shared owner pays 1.5 times for the improvement project. Some associations discount the value of improvements from resales and staircasing, some only from staircasing valuations. Although associations reported that many owners do not appreciate what work on their properties actually affects the value, some claiming additional sums for fresh paint, this is an area that would benefit from ‘best practice’ guidance.

Another owner sold as the market was declining, and although the valuation on her property was revalued, the valuer confirmed the original price was valid, despite the property not attracting buyers through the housing association or estate agents for some months. The whole property was sold off to an investor, but well below the price the valuer stipulated, and the association insisted on taking their share of the valuation rather than of the eventual sale price, meaning the shared owner lost out by around £8,000. Although they chose to go ahead with the sale as they did not want to lose the home they were purchasing, the sellers were unhappy with the turn of events. Owners understandably wanted the best price for their property to assist them with their next purchase, whereas in the rising market associations were keen to remind owners that the properties were intended to be affordable, but how associations and sellers react over valuations in falling markets remains to be seen.

**Disposing of shared ownership homes**

As some associations identified the availability of shared ownership opportunities as a barrier to moving within the sector, the observation that some associations routinely allow properties to be sold on the open market, in circumstances where it had not been established whether there were any prospective purchasers for the share of the property, is a concern. In these situations both the shared owners’ and the housing association shares were sold on the open market and the opportunity for affordable home-ownership lost to a first-time buyer or someone wishing to ‘move on’ within the sector. It is unclear how widespread this practice is as the data is insufficient to identify if the owners had staircased up to 100 per cent or the property had just been sold off.
In London, LHOG data shows that 673 LCHO properties were sold on the open market and lost to the sector between 2002 and 2006. Disposal of homes in this manner was a matter of regret to some associations, but in some circumstances in high-cost housing markets where flats were costing around £400-500,000, even the value of low shares were beyond the reach of potential buyers and the receipts would be recycled into other housing association activities.

In those cases they have the option in the lease that allows them to sell to the open market, and they sell, and in effect they’re selling the whole property and we are paid our share. Gives people freedom and the opportunity to sell, but the one detriment to that system is that we have lost that property to the affordable mix. Housing Association, London.

So, in some circumstances the disposal of the property assists the owner to ‘move on’ and their sale is not hampered by any attempt to retain property for future shared owners. However, in some circumstances it was evident that such disposals were conducted purely for convenience, reducing the number of LCHO opportunities in the locality, which as even some shared owners still require the provision of subsidised home-ownership may be ill advised. This practice appeared widespread in Glasgow, where some associations were ambivalent about the sector.

We’ve just been agreeing with the shared owner to sell outright for full ownership. From our point of view we don’t have to deal with shared ownership anymore and it’s a lot more straight forward…Something I’ve never really thought about before, but yes, I suppose there is one less shared ownership property available. Housing Association, Glasgow.

We’re quite happy the stock is dwindling, shared ownership has always fallen between two stools. For all intents and purposes they were owners, but still paying rent, so a lot of them saw themselves as tenants and still think they should get the same housing management services and estate services as other tenants. Housing Association 2, Glasgow.

All sales of co-ownership property in Northern Ireland were sold in this manner and the receipts from sales are ring-fenced and recycled into the scheme and have formed an important source of funding in recent years (NICOHA, 2007). In other areas it may be considered that the receipts from these disposals can be similarly recycled into new shared ownership or LCHO opportunities, but there is no requirement for associations to do so and again the income from LCHO is fundamental to many associations’ business plans. It is beyond the scope of this study to examine the issue of receipts, or cost effectiveness in this sector further, but whether there is an argument for the greater use of ‘golden shares’, whereby the public subsidy is preserved in perpetuity to retain the property as an affordable home for the future should be examined further. However, the appeal of fixing the maximum equity in perpetuity to prospective buyers is unknown as those schemes that do exist on this basis are few and have not been the focus of research.
Staying put in shared ownership

The evidence suggests that for many households shared ownership will remain a permanent hybrid tenure, intermediate between renting and owning. Several issues arose as a consequence of this, although some were also mentioned as reasons for owners wishing to move, or lay behind why they chose not to invest further in their home.

One advantage of shared ownership is the opportunity for owners to accumulate assets, by way of equity gains on their share in rising markets. However, leases only permit re-mortgaging and access to an owner’s equity for purposes that enable them to fulfil the terms of their lease, i.e. repair, maintenance or improvement of the property. One shared owner was concerned about equity release in old age as she was, similar to many older home-owners, equity rich but cash poor and was seeking products to allow her to access her housing wealth. It was notable that owners who had moved were able to access equity to repay debts, but if an owner stays put the owners are unable to use their equity for this purpose, or any other use such as overcoming periods of unemployment, funding education or perhaps ill health, for example. This issue is a concern as the development of asset-based welfare is one reason for the policy to subsidise access to home-ownership through shared ownership schemes.

Another issue that arose during the study was the provision of repair and maintenance services given that owners are wholly responsible for repairs, regardless of their actual share of the property. This raised a few concerns amongst owners, especially as associations have ready access to these services, and the idea of access to discounted repair services being made available to shared owners was floated. Several people in London commented on the poor state of repair of resale properties, although to what extent it was cosmetic is unknown, but a full repairing lease for households who are financially constrained over the long term must be a concern for the quality of property in the future.

Some residents, especially in mixed tenure developments, raised the management of the properties as a concern. It was difficult to determine whether some of the issues regarding the management of blocks were a feature of general leasehold management or were pertinent to shared ownership alone. Owners repeatedly expressed concerns about the value for money of service charges and the standard of cleaning and management of communal areas. Although many owners acknowledged low-level neighbour problems were difficult to resolve, there were complaints about the management of some issues. This was another reflection of the problems inherent in whether shared owners are home-owners or tenants, as some were resentful of housing managers sending blunt generic letters to all residents, rather than dealing with the specific perpetrators.
Conclusion

The affordability of a shared owner’s next move largely depends upon the prevailing housing market conditions and the household circumstances, but shared ownership providers have an important role in supporting shared owners to maximise their equity stakes thereby making the open market more accessible, and by supporting moves within the LCHO sector should the open market remain unaffordable. A central market for shared ownership homes is yet to emerge and the sector remains fragmented, making access to, or movement within it, problematic. This may partly reflect the confusion within the sector regarding whether it is a market tenure meeting demand or a form of social housing meeting need that requires bureaucratic administrative systems.
Chapter Seven
Conclusions and policy and practice recommendations

Summary conclusions

- Shared ownership and shared equity schemes are central to all administrations in the UK, with a growing interest from private developers, and so the study is a timely examination of outcomes for actual purchasers.

- The role of the sector in drawing in more marginal home-owners highlights conflicting policy ambitions as, although some owners are able to accumulate housing wealth or asset growth, they cannot afford to ‘move on’ to full home-ownership.

- For many, shared ownership is a permanent tenure and can no longer be considered solely as a transitional tenure or ‘stepping stone’ to full ownership.

- Policy-makers and practitioners can do more to support mobility and movement within the sector as housing needs and aspirations change.

Summary recommendations

- If the policy intention is for the sector to be a bridge to full home-ownership:
  - shared ownership purchasers should be encouraged to buy the maximum share they can afford in their homes;
  - providers should also avoid offering low shares; and
  - incentives should be given to shared owners to increase their equity stake in their home when they can.

- Associations should facilitate the movement of shared owners within the sector. Systems need to be developed to facilitate long-distance shared ownership moves.

- The marketing and allocation of second-hand shared ownership homes should be reviewed to ensure the best outcomes for the seller.

- Greater use should be made of national websites to overcome the fragmented nature of the LCHO market, providing a wider audience for resales and new build and assist access to, and knowledge of, the sector amongst potential buyers and to support long-distance moves.

- ‘Best practice’ guidance on valuations and improvements should be disseminated to overcome circumstances where the owner is financially disadvantaged.

- Services need to be attuned for long-term residents of shared ownership, such as equity release in retirement for shared ownership.

- Data resources in the sector need urgently to be overhauled to inform business planning and further understanding of this important policy arena.
Conclusions

Low-cost home-ownership is a key element of national housing policy in all administrations across the UK. The LCHO sector is important for the housing solutions it offers prospective purchasers in constrained housing markets or in areas of regeneration. However, the income received from staircasing and resales has become an important component of housing associations’ financial business plans as the receipts are recycled. Understanding the dynamics of this growing sector is imperative for investment and business planning reasons as well as in establishing the outcomes for low to middle income home-owners. To date, studies have examined the potential demand for LCHO and the owners’ satisfaction with the products after purchase, but the longer-term outcomes for owners have not previously been a focus of research. Falling mobility within social housing has been highlighted as problematic (Hills, 2007), but although the LCHO sector has less incidence of unemployment than the social rented sector, this study suggests that shared ownership, a tenure promoted as an alternative for many social housing tenants, has even less opportunities for mobility.

Implicit in the marketing literature for shared ownership is not only that shared ownership is the first step on the housing ladder, but that there will be further steps on that housing ladder, and that the product is therefore considered a ‘stepping stone’ to full home-ownership. The evidence suggests that for some households who can move to less expensive housing markets to utilise any equity gains, or whose circumstances have changed in such a way that they can now support additional mortgage finance to affect a move, shared ownership has been beneficial for them in their housing career. For those who are exiting the sector, however, it cannot be assumed that they are all moving on to full home-ownership. Many exiting households are meeting their housing needs through the private rented sector, purchasing another shared ownership home, or even going into social housing. There are circumstances where moving to a different tenure may be appropriate, but the data suggests that these moves did not all involve positive tenure choices, but were a consequence of constrained choices. Moreover, it is apparent that a significant minority of shared owners may have needs or ambitions to ‘move on’ or purchase their home outright, but rising markets, a lack of incentives or constrained household finances act as barriers to their ambitions. For many, therefore, shared ownership has become a permanent long-term tenure rather than a short-term transition to full home-ownership.

Movement between tenures is not one-directional and different tenures might be appropriate for households’ circumstances at different points in time. The study revealed households that had dipped in and out of owner occupation, the intermediate market and social and private renting as relationships were formed and failed, or jobs and geographical preferences changed. Promoting mobility within the sector is desirable as it matches households’ aspirations to full home-ownership, but
it also produces an important source of supply for new entrants to the low-cost home-ownership sector. In this way, historic subsidy can be continually reused to assist many households. However, that fact that many people reside in shared ownership properties over the long term means that fresh subsidy is needed to provide new supply and it requires services that accommodate long-term residence. It is clear that many households have found safe, secure and satisfactory homes and do not want to move since for them low-cost shared ownership has become a permanent rather than transitional tenure. Other households, in the context of recently rising housing markets, have found that any anticipated ‘move on’ to full home-ownership is unachievable as they lack sufficient resources to bridge the equity gap between their current investment levels and the values in the open market.

A summary of the factors that act as facilitators or barriers to shared owners wishing to ‘move on’ to full home-ownership is presented in Table 7.1 (overleaf).

As the sector matures, the volume of permanent residents of shared ownership is likely to grow together with the importance of developing a trade and working market place for shared ownership properties to support choice and movement of households within the sector. Some housing associations do well at supporting shared owners to move within shared ownership, but other associations could do more to facilitate such moves for owners who remain unable to reach full home-ownership.

Housing associations find themselves in a quandary, providing a hybrid product that it appears has some confused aims. Is it market housing or social housing? To what extent should housing associations have any continuing responsibilities or commitment to shared owners above their legal commitments in the lease? To a degree, it does seem that people are sold the properties on the basis of affordable access to market housing, and New Build Homebuy is increasingly marketed in a manner that echoes new-build stock provided by private developers, emphasising aspiration and satisfying housing demand not housing need. Yet, once a shared owner wishes to move there is an unresolved dilemma regarding whether a market-based approach or a social housing management and administrative approach is most appropriate, with the latter being the most common response from associations. These tensions are evident in a number of points in the resale process.

If a shared owner wishes to move, to what extent is it the responsibility of the housing association? A volume developer offering shared equity would assume no further commitment for ‘move on’ housing, but is unlikely to erect obstacles to existing shared equity purchasers selling one property and purchasing another shared equity home. Shared owners are only partial owners and some have only purchased low shares, so, do associations have a moral ongoing commitment to assist the owners, or should they provide unfettered access to shared ownership homes echoing the volume developers’ approach?
Table 7.1: Facilitators and barriers to mobility to full home-ownership in the shared ownership sector

<table>
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<tr>
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<th>Facilitators</th>
<th>Barriers</th>
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| **Household**           | • Younger age means sufficient years left to repay additional mortgage borrowing at affordable levels prior to retirement.  
                          | • Professional employment means income rises swiftly and can take on additional borrowing for the open market.  
                          | • Gaining a partner can often ensure additional household income and make additional mortgage borrowing affordable.  
                          | • Family support or inheritance can increase funds raised to secure next property.                                                                                          | • Older age means too few years left before retirement to repay cost of increased mortgage borrowing at an affordable level.  
                          | • Interruptions or insecurities in income mean insufficient earnings to fund the additional borrowing required to bridge the equity gap to open market.                                                                                                                | • Remaining single means household income remains lower.  
                          |                                                                                                                                                                                                                                                                             | • Cannot afford to staircase.                                                                                                                                                                                                                                               |
| **Housing market**      | • Rising markets mean equity gained on the share of the property used as deposit on next property.  
                          | • Uplift in their share of housing equity most useful when relocating to less expensive housing markets.                                                                                                           | • Shared owners’ ability to support additional mortgage borrowing rising at slower rate than some markets so cannot bridge the equity gap.  
                          |                                                                                                                                                                                                                                                                             | • Equity raised in some local markets or sub-markets may be small or negligible.  
                          |                                                                                                                                                                                                                                                                             | • Falling markets mean that shared owners’ equity share is reduced as RSL takes a percentage of higher valuation, rather than lower the open market price.                                                                 |
| **Shared ownership**    | • RSL providing support to facilitate moves within the LCHO sector, commonly by purchasing another SHO property or allowing people to return to sector.  
                          | • Good supply of LCHO stock in local area.  
                          | • RSLs have variety of schemes, some funded by surpluses so can accommodate existing shared owners under relaxed or different scheme rules.                                                                 | • Shared owners refused movement within sector and no long-distance moves supported.  
                          |                                                                                                                                                                                                                                                                             | • Few inter-RSL nominations or co-ordination to facilitate movement within sector.  
                          |                                                                                                                                                                                                                                                                             | • Existing LCHO stock not matching ‘move on’ needs.  
                          |                                                                                                                                                                                                                                                                             | • Limited supply of LCHO stock in local area.  
                          |                                                                                                                                                                                                                                                                             | • Existing owners having low priority.  
                          |                                                                                                                                                                                                                                                                             | • No incentives for staircasing like discounts for Social Homebuy or RTB.  
                          |                                                                                                                                                                                                                                                                             | • Not maximising percentage share at first purchase.  
                          |                                                                                                                                                                                                                                                                             | • Poor estate management by RSL deters owners from investing further in property or staircasing.  
                          |                                                                                                                                                                                                                                                                             | • No staircasing in a falling market on some leases.  
                          |                                                                                                                                                                                                                                                                             | • Some RSLs taking share of equity uplift due to owners’ improvements.  

Source: Interview data – shared owners and key stakeholders.
Following on from this, if a shared owner is allowed to move within the sector, should a move be on the basis of need (as a social housing tenant) or demand (as in the private market)? And if they are eligible to move within the sector, what priority should they be awarded, given that they are also releasing another shared ownership opportunity to the market? In the light of increased competition from private developers offering shared equity products, many outwith the obligations of section 106 agreements, housing associations may consider what advantages they offer prospective and current purchasers.

A true market for LCHO properties does not exist. Sales are administered by housing associations or by outsourcing companies, but in most places only occasionally are the properties traded through estate agents. As choice-based lettings are promoted in the social rented sector, there may be advantages to selling on shared ownership properties in the open market. This regularly happens in Milton Keynes, as it embeds the sector as a legitimate part of the local housing market, thereby increasing awareness and helping associations reach potential purchasers while maintaining their assessments and appropriate targeting of these opportunities. In addition, the estate agents and their online networks already provide mechanisms that are widely understood by the target audience for LCHO products and can increase opportunities for trade, and long-distance moves that are poorly served by current arrangements.

Resolving these inherent tensions in a hybrid tenure will be a challenge. Shared owners’ needs and aspirations themselves must be central to any attempts to square this circle. This chapter continues by making recommendations to policy-makers and practitioners involved in shared ownership to address these findings, to improve the working of the resale market, encourage and advise owners how to maximise their investment in their home, facilitate access to services for owners permanently residing in sector, and support LCHO owners to move within the sector when required.

**Recommendations for policy and practice**

- Greater effort should go into encouraging shared owners to staircase. New purchasers should be provided with ‘key facts’ guidance documents advising them to consider how they might ‘move on’ from the property in the future, and providing estimates of how much staircasing would cost after five years if, for example, house prices rise by two, five, or seven per cent per year. Associations should consider how to provide support to increase the level of staircasing activities amongst shared owners. Access to financial advisors, discounts on valuation prices, fixing values at the outset or free valuations and conveyancing may incentivise shared owners to increase their investment.

- The development of low shares to reduce the entry threshold to low-cost home-ownership should proceed with caution. Potential purchasers must be made aware that in these circumstances an even greater equity gap will have to be bridged in order to ‘move on’ to the open market. Increased support to move within the sector should be provided by associations where owners have insufficient means to do this in the open market.
• Shared ownership providers should provide increased support to facilitate the movement of shared owners within the sector, where they remain unable to afford the open market. Government and agencies should review their policies in this area to ensure movement within the sector is facilitated and publish ‘best practice’ and clear guidance on this issue to LCHO providers.

• ‘Best practice’ guidance on the treatment of valuations and improvements should be disseminated to associations.

• The LCHO market remains fragmented. Policy-makers and practitioners should facilitate a national virtual trading place, but could consider the use of existing online marketing facilities that are already the primary house search tools in the wider market.

• Government, agencies or associations should work with lenders to support the development of equity release products to support access to the equity of LCHO owners.

• The sector is poorly served in terms of statistical and administrative data. The data that is collected is insufficient to inform effective business planning and research. As the sector expands, especially in Wales and Scotland, additional data resources need to be urgently reviewed.

• LCHO providers can assist understanding in the sector by ensuring CORE logs are routinely completed for new sales and resales. Associations should also consider the use of exit surveys to establish the outcomes for owners moving on and the role of LCHO provision in the local market as well as the owners’ housing career.

Recommendations for further research

There are a number of inherent tensions within the LCHO market as a hybrid tenure intermediate between home-ownership and social renting. Fundamentally, for many there is a contradiction between interpretations of purchasers as renters or owners. This raises concerns about approaches to the management and administration of the leasehold properties, or, for example, regarding the bureaucratic administration of sales or ‘move on’ versus a market-orientated trade of properties. How these properties are viewed also influences the extent to which ‘move on’, or other issues, are a concern for policy-makers or the market. A focus on outcomes is essential to test policy ambitions against practice and further understand the transitional or permanent tenure nature of the sector and the value of raising assets through this method.

The lack of data means determining the extent of ‘move on’ and the outcomes for owners remains a challenge. Reviewing the data sources across agencies and providers should overcome this situation in the future. Consideration should also be given to longitudinal research or inclusion in panel surveys that can trace households’ pathways through the sector, over and above that which cross-sectional data could provide.
References


ODPM (2005a) Homebuy – Expanding the Opportunity to Own. London: ODPM.


### Appendix A

#### Summary of LCHO models across the UK

<table>
<thead>
<tr>
<th>Scheme</th>
<th>Type</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>England</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Open Market Homebuy</td>
<td>Equity loan</td>
<td>Shared equity scheme called Homebuy from 1999 offering equity loans of between 15% and 50% of value on open market properties. From April 2006 Homebuy became branding moniker for central government LCHO schemes. Revised several times since its inception, Open Market Homebuy has attracted private sector support in offering loans from lenders instead of solely from public funds. Currently marketed as MyChoiceHomebuy or Ownhome where a charge of 1.75% is levied against the equity loan, which rises after 5 years. Homebuy Direct offers equity loans on new-build stock offered by private developers. Equity loans on new build are also facilitated by English Partnerships under the First Time Buyer Initiative.</td>
</tr>
<tr>
<td>New Build Homebuy</td>
<td>Shared ownership</td>
<td>Akin to traditional shared ownership part rent – part buy, option available since 1980s. Used in publicly subsidised new developments, it is aimed at key workers, social tenants and other first-time buyers identified by regional housing boards as being in priority. Minimum share held by resident 25%, and in some schemes the developer holds remaining share and charges a typical 2.75% annual levy on their equity share.</td>
</tr>
<tr>
<td>Social Homebuy</td>
<td>Equity share or shared ownership</td>
<td>Launched 2006. If landlord offers scheme, eligible tenants purchase a share of the discounted value of their current home, and may pay an annual charge of up to 3% of the value of the landlord's share of equity. Non-social housing tenants may be considered in low-demand areas. Residents can purchase any amount but likely to be a minimum of a 50% share.</td>
</tr>
<tr>
<td>Discounted sales</td>
<td>Shared equity</td>
<td>Commonly offered as part of section 106 planning agreements, properties are offered to purchasers at sub-market values, sometimes based on average local incomes or prices reduced from developer contributions. Often offered ‘in perpetuity’ with restrictions on buying the property outright so the subsidy is held and property offered at discount for future purchasers.</td>
</tr>
<tr>
<td>Traditional Shared ownership</td>
<td>Shared ownership</td>
<td>Part buy-part rent offered on new-build blocks. Rebranded New Build Homebuy, although Do-It-Yourself-Shared-Ownership (DIYSO) offered an open market option. DIYSO dropped but some local authorities still fund this.</td>
</tr>
<tr>
<td>Private affordable home-ownership schemes</td>
<td>Shared equity/ shared ownership</td>
<td>A variety of private niche developers and volume builders offering a range of shared equity or shared ownership schemes direct to the public. The terms of the schemes vary but many levy a charge on the equity loan and unlike Homebuy options some require the loans to be repaid after 10 years. Most private schemes are shared equity but some private low-cost housing developments are based on specifically designed properties.</td>
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</table>
### Northern Ireland

<table>
<thead>
<tr>
<th>Scheme</th>
<th>Type</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Co-Ownership Core</td>
<td>Shared ownership</td>
<td>In existence for nearly 30 years and run by Co-Ownership Housing Association and funded by Department for Social Development. Minimum purchase of 40% (although may be reviewed to be between 25-75%) of open market properties. Upper limits on value of homes purchased depending on local authority area. Considering an option similar to Social Homebuy in England for RSL tenants to purchase an equity share in their home.</td>
</tr>
<tr>
<td>Co-Ownership</td>
<td>Shared equity</td>
<td>Considering the introduction of a similar scheme to Homebuy/Homestake. Recently reviewed schemes in England, Scotland and Wales.</td>
</tr>
</tbody>
</table>

### Scotland

<table>
<thead>
<tr>
<th>Scheme</th>
<th>Type</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shared ownership</td>
<td>Shared ownership</td>
<td>Part rent-part buy as above. A small market in Scotland.</td>
</tr>
<tr>
<td>Homestake/LIFT New Build</td>
<td>Shared equity</td>
<td>Launched 2005 and rebranded as part of the Low-cost Initiative for First Time buyers (LIFT) programme from April 2008. Offers equity loans of 20-40% on new-build properties built by housing associations. Owners are able to increase share to 100% although in some pressured areas or if home adapted for particular needs this is restricted to 80%.</td>
</tr>
<tr>
<td>Open Market Homestake/LIFT</td>
<td>Equity loan</td>
<td>As above, but buyers can purchase homes on the open market. Can buy property 2 ‘bedspaces’ greater than current needs.</td>
</tr>
</tbody>
</table>

### Wales

<table>
<thead>
<tr>
<th>Scheme</th>
<th>Type</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Homebuy</td>
<td>Shared equity</td>
<td>Been available since 1993, offering 30% equity loans. In high-cost rural areas loans of 50% have also been available since 2001. Funded from local authorities general social housing grant, but has been supplemented by grants from the Welsh Assembly Government for specific Homebuy programmes in rural areas.</td>
</tr>
<tr>
<td>Shared ownership</td>
<td>Shared ownership</td>
<td>Few new schemes but existing homes may be purchased as resales.</td>
</tr>
<tr>
<td>Discounted sales</td>
<td>Shared equity</td>
<td>Produced from section 106 planning agreements and offered at sub-market value, equity subsidy held in perpetuity to preserve discount for future owners.</td>
</tr>
</tbody>
</table>
Appendix B
Research methods

This mixed methods research comprised of five separate stages designed to examine the extent of moving on from low-cost home-ownership, in addition to the perceptions of housing professionals and shared owners themselves relating to the ability to ‘move on’, and the processes involved in doing so. These key stages were as follows:

National data
1. A national survey of housing associations and local authorities.
2. Analysis of statistical and administrative datasets.

Case study data
3. Face-to-face and telephone interviews with key professionals engaged with the LCHO sector.
5. Telephone interviews with shared owners.

National survey
Common data resources, such as CORE, RSR and national datasets like the Survey of English Housing, poorly serve the LCHO sector. Data resources in the devolved administrations are even more limited. The national survey of local authorities and housing associations attempted to overcome this paucity of information relating to low-cost home-ownership by asking about the extent of ‘move on’ and staircasing activity amongst their LCHO holdings and the set up of the LCHO/resale market locally. Copies of these surveys appear in Appendix C.

The housing association survey was sent to 251 housing associations in England, Wales and Scotland with over 500 LCHO units (50 in Scotland and Wales). The local authority survey was sent to each local authority in England, Wales and Scotland (451). The samples were drawn from data on stock holdings provided by Housing.Net which also supplied the email contact addresses to which the surveys were sent. Officers had a choice to complete the survey form electronically by a link to a web-based survey, or manually using a Word attachment to the email. Two reminders were sent to the original lists. A third reminder was accompanied by telephone calls to the top 63 LCHO stock holding housing associations, with stock of more than 500 units, which covered 74 per cent of the market.

The response rate was disappointing, ten per cent for the housing association survey with 26 replies, also representing around ten per cent of the LCHO stock, and eight...
per cent for the local authority survey with 31 replies, representing only two per cent of the LCHO stock. The data from these surveys were analysed qualitatively. Reflecting on the poor response rates, it seems asking for disaggregated data in forms that are not required by the regulatory authorities may have been onerous for some associations. It is not thought the technology involved in the survey was problematic, as electronic surveys have proved successful in other studies. The extent of ‘move on’ was then examined using national and local datasets.

Analysis of statistical and administrative datasets

Data sources were examined to reveal the characteristics of the stock and flow of shared owners and to provide estimates of the extent of ‘move on’ within the LCHO sector. The resources drawn upon for this study included the Survey of English Housing, the RSR returns that associations must complete for the Housing Corporation, Core Sales logs that associations complete for each new sale, and the summary monitoring data for the London Home Ownership Group, a benchmarking club that holds the most comprehensive dataset on LCHO activity, albeit restricted to a selection of associations in London. These resources were used to provide descriptive data on aspects of the shared ownership sector.

Case studies

The research was conducted over six case study areas to examine the experiences of being able to ‘move on’ in different housing market areas and policy contexts.

The six sites were chosen across England, Wales, Scotland and Northern Ireland and comprised of a high pressure market in a global city, London (RB Kensington and Chelsea/LB Brent); pressured market in provincial/rural context (Cornwall); a large, mature shared ownership market (Milton Keynes); a northern city where LCHO was used to diversify tenure (Glasgow); a mid range market in Wales (Gwent centring on Cardiff/Newport); and a high pressure area in Northern Ireland (Belfast and surrounding area).

Key player interviews

Across the case study areas, 39 in-depth interviews were conducted with a range of key players active in the LCHO market. The interviews were mostly conducted in person, but as some associations’ offices were not in proximity to the case study areas, supplementary interviews were conducted by telephone as convenient. Estate agents, housing associations, Homebuy agents, private providers of LCHO products, solicitors and local authorities were interviewed to provide the perceptions and views on the potential for ‘move on’ and the resale arrangements for shared owners locally.

The breakdown of the interviews was as follows:

- Wales – 6 interviews – 1 estate agent, 3 councils, 2 housing associations.
- Milton Keynes – 5 interviews – 1 solicitor, 3 RSLs, 1 estate agent.
• National – 5 interviews – 2 mortgage brokers, 1 private provider, 1 resales organiser, 1 outsourcing company.

• Glasgow – 7 interviews – 1 council, 1 solicitor, 1 estate agent, 4 housing associations.

• Cornwall – 6 interviews – 2 councils, 1 estate agent, 2 housing associations, 1 private provider.

• London – 6 interviews – 1 estate agent, 2 councils, 3 housing associations.

• Northern Ireland – 4 interviews – 1 provider, 1 mortgage broker, 1 policy-maker, 1 estate agent.

Topic guides were amended for individual professions, but explored similar themes of: the local housing market, demand for shared ownership properties, the resale process, moving within the shared ownership sector and the perception of moving outcomes for shared owners. The topic guides for the housing associations is shown in Appendix D.

Owners’ Survey

A sample of shared owners in each research site was constructed with participating housing associations. The intention was to send out 300 survey forms in each area, made up of those owners currently in the process of moving, owners who had applied for valuations in the past 12 months (as owners who had actively engaged with either the selling or staircasing process recently), and the remainder of the sample made up of owners who had lived in property for three years or more. Some case study associations were unable to provide the target number of contacts and others were able to provide more, reflecting the size of the stock locally. In most cases the housing associations posted the survey packs and a reminder directly to the shared owners to protect confidentiality. A prize draw with prizes of £250, £150 and £50 was offered as an incentive.

A total of 1,480 forms were sent out and 189 forms returned, a response rate of 12 per cent. The survey form is shown in Appendix E.

Owner interviews

Interview participants were recruited from a tick box on the survey form and incentives of £15 per interview were offered. A total of 28 telephone interviews were conducted with shared owner households across the case study areas, who had moved or were in the process of moving, and those who indicated that they wanted to move but had not yet done so, using a topic guide shown in Appendix C.

Notes and quotes were taken from the recorded interviews and a thematic framework developed for the analysis.
Overview of project

- Confidentiality – for focus group/interview and in research report.

- Informed consent – can they confirm that they understand purpose of interview, that confidentiality will be respected and that they can terminate the interview without consequence at any time? Ask them to complete, or thank them, for completing the informed consent form in advance.

- Timing – the interview should only last about 30 minutes depending on how much we talk. The focus group lasts an hour to an hour and a half.

Choosing low-cost home-ownership

- Can you tell me about how you chose low-cost home-ownership over open market properties in the first place? (prompt for:)
  - How long ago?
  - How did you find out about the different schemes? (Are they well known locally?)
  - Did you consider any other options?
  - How did you work out the benefits of moving, buying open market, LCHO?

- What sort of property is/was it?
  - Are you happy with the property, or the location?
  - Is the property on mixed scheme, social, private, LCHO?
  - What percentage share did you buy?

- Where did you live before?
  - Tenure?
  - Type of property?
  - Area?

- What did you hope to achieve by purchasing shared ownership?
  - Have your initial hopes been fulfilled?
  - If yes, in what way? If not, why?

Household circumstances

- If not arisen in conversation reconfirm household circumstances:
  - Are you a couple, with or without children, age(s)? Single etc.
  - What is your rough household income? Read out bands?
  - Where do you work? Are you a keyworker?
• Have there been any changes in your household since you made your initial purchase?
  – In what way, new partners, new children, relationship breakdown?

• Has there been any change in your personal or financial circumstances since your initial purchase?
  – Prompt for changes in health status, children, new partners, rise or fall in earnings?

**Deciding to ‘move on’**

• How did you arrive at your decision to move?
  – Prompt for family, neighbourhood, finances, employment, just want to ‘move on’?
  – If ASB, what actions were taken to resolve problems, by them/RSL?
  – Why are you moving now and not earlier or later? What’s made it possible now?

• Was there anything relating to the structure of the LCHO package that meant you are moving now?
  – Prompt for having to pay charges on equity share, or rent going up?

• What role, if any, has shared ownership had in helping you ‘move on’?
  – How much equity roughly did you/have you made?
  – Prompt for equity for deposit for new home, or whether it made it harder?
  – Do you think you would have been able to move anyway now, even if you hadn’t bought into shared ownership first?

**Sale of property**

• Can you tell me about the process of selling your shared ownership property?
  – Who sold it?
  – Sold on as a share or 100 per cent?
  – How long did it take?
  – How much did it cost?

• Can you tell me if you had a lot of interest in the property?
  – Prompt for whether it was easy or not to sell because of market/property/location/LCHO share?

**New property**

• What role has any equity made from your LCHO home made to your ability to ‘move on’?
  – Prompt for help with deposit, help to move to cheaper area?
• Can you tell me about how you decided to go for a full market property/rented/social housing/LCHO property?

• If *buying another property*, how did you finance the move?
  – Can you tell me what has changed in your life that means you can access the open market now but couldn’t originally?
  – Prompt for new job, inheritance, household changes etc.?
  – Can you tell me how you financed the move to a new open market property?
  – Prompt for help from family or friends, savings, new mortgage borrowing?
  – Prompt for type of mortgage (interest only, sub-prime, self certificating, high multiple etc.). To what extent was the type of mortgage you got critical to the move?

• If another LCHO property, tell me about how you organised this?
  – How receptive were the housing associations in helping you find another LCHO property?
  – Did it take a long time to organise?
  – Why did you choose another LCHO property?
  – What has it meant to you getting another LCHO property?
  – Can you tell me how you financed the move to a new open market property?
    Prompt for type of mortgage (interest only, sub-prime, self certificating, high multiple etc.), savings, inheritance, extra household income.
  – To what extent was the type of mortgage you got critical to the move?

• If *rented housing*, can you tell me how you decided to go into private/social renting?
  – Did you try any other options?
  – How easy was it finding rented accommodation?

• How did you choose the property or area?
  – Prompt for what trade offs or compromises were made, quality/price/location/size/commuting/leave area?

• How do you feel about the outcome of your move?
  – Prompt for what helped or hindered the move?
  – Have you thought about the future? How long might you stay, future moves?

*Is there anything else that we’ve not covered you would like to say about the ability to ‘move on’ from shared ownership homes?*

THANK YOU FOR YOUR TIME
REINFORCE CONFIDENTIALITY
ARRANGE TO SEND CHEQUE £15.
**Appendix D**

**Topic guides: LCHO providers**

**Introduction**
Welcome and introduce yourself.

**Taping interview** – Ask permission to record the interview and explain confidentiality, that information given will be retained by research team alone and that any reports and writing up will be anonymised.

**Informed consent form** – Explain purpose and voluntary nature of interview.

**Overview of project** – Explain national survey, interviews, survey and focus groups with owners.

**Explain aim of interview** – To explore their perceptions of the LCHO market, ‘move on’ opportunities for people, the local administration of resales and LCHO, and what could be done to improve opportunities and processes.

**Format of interview** – 4 topics: LCHO market, local administration of market, ‘move on’ opportunities, reflections on improvements to market.

**Time available 45 minutes.**

**Ask the person to briefly explain their professional role.**

**LCHO market**
What is demand like for LCHO locally?
(Prompt for any changes over time and how it relates to changes in local housing market, did sales rise or tail off in line with other properties? Are they having any problems shifting or marketing new LCHO properties?)

What are the most popular locations and types of LCHO properties available over last few years?
(Prompt for how new LCHO properties relate to the current housing market for FTBs? Are they in places where people want to live, types of properties, different products? Look for issues relating to what type, location, products available and price?)

Are there distinct types of people who are looking for LCHO property locally?
(Prompt for differences in targeting of schemes, who gets priority locally, what
types of people commonly come, single parents, single people, low income with kids, young professionals etc.?)

Are there any differences in demand (from new LCHO property) for resale properties? (Prompt for how old resale properties, whether they come up in places that are now being developed, whether same types of property etc. How do resale properties relate to the current housing market for FTBs? Any differences in the types of people who buy them?)

**Organisation of the LCHO market locally**

Can you tell me about how your resales are managed or organised? (Prompt for responsibilities of RSL, LA and Homebuy agent or outsourcing activities, who finds the nominations lists, differences in LA practices in areas they cover, relationships with Homebuy agents with regard to resales; and resources/staff numbers involved in these processes?)

If I was interested in buying a second-hand LCHO property locally where would I look, who would I approach? (Prompt for where properties are marketed, by whom, whether people have to ask each RSL/LA individually, or whether word of mouth is important, or if one stop shop facilities available locally?)

To what extent are there any differences between how shared ownership or shared equity products are handled? (Prompt for availability of shared equity sellers to go straight to open market, or whether there are any experiences of ‘in perpetuity’ clauses mean they have to go through nomination process etc.?)

Can you tell me about how the valuation process is organised? (Prompt for who they get to value properties, best of three, borough valuer etc.? Any disputes relating to the valuation, how it compares to open market prices, any examples?)

Can you tell me about your policy on improvements with regard to the value of properties? (Prompt for any problems with owners not getting full value of improvements back, how they settle these issues, any examples?)

Can you tell me about the nomination period and process? (Prompt for differences in length of time in old and newer leases, reasons for any changes in time limits, whether they have easy access to reliable nominations from LAs, whether it’s easy or difficult to find the next purchaser and differences for different properties, products, locations? Whether they financially assess people or use IFAs and how do they ensure correct targeting?)
Can you tell me if you charge owners for the service of finding next purchasers and if so how much?
(Prompt for whether it’s a percentage like estate agents 0.75 per cent/one per cent etc. or fixed fee like £500 or whether it’s free? Does this ever cause any disputes or are people happy with these charges?)

Have you done any work in gauging the satisfaction of owners with the service you provide?
(Prompt to see if they can identify any solicitors or lenders/IFAs that are regularly used by LCHO purchasers locally?)

**Moving on**

Do you get a sense about the circumstances in which people move from their LCHO homes?
(Prompt for whether they have they done any exit interviews regarding destinations and owner circumstances, are they moving to social housing, full ownership, out of area etc.?)

Do you think there are there some types or products that have a higher turnover in your stock, or ones in which people seem to stay for years?
(Prompt for whether people seem to stay longer in some properties, places, products than others?)

Can you describe the local market, what is it like in terms of stock and prices of larger or family or other accommodation?
(Prompt for whether people have to move to cheaper places, neighbourhoods, properties etc. to ‘move on’, or whether there is plentiful supply of alternative homes available?)

Can you tell me about any support, advice, facilities that the association may provide to owners wishing to, or needing to, ‘move on’ from their LCHO home?
(Prompt for whether they come across people wanting to but unable to move in locality, whether they build/secure access to three-bedroom properties on their behalf, whether they’ve had arrangements for people to access social housing in these circumstances etc.?)

**Reflections on the market**

It seems practice varies between local authorities and RSLs in how they handle resales and nominations etc.

Can you tell me if there are any improvements that would make the market easier for people to operate?
(Prompt for benefits for owners who are selling, prospective purchasers aiming to buy and for RSLs/LAs in ensuring correct targeting of next purchaser?)
To what extent has the Homebuy agent system meant that the market is simpler to understand or access now?

(Prompt for any problems between RSLs and Homebuy agents, and whether resales should be included in the Homebuy agent contracts? Do they like to retain control of resales or are they happy to outsource which is easier?)

On reflection, to what extent do you think sufficient opportunities or support is available for LCHO owners to ‘move on’ if necessary?

Is there anything else you think we may not have talked about that you feel is important for the project to understand?

THANK YOU FOR YOUR TIME.

Recap about confidentiality and that project is reporting in Spring 2008.
Appendix E
Owners’ Survey

ACHIEVING MOBILITY IN THE
INTERMEDIATE HOUSING MARKET

A survey of affordable home-ownership property owners
by the Centre for Housing Policy

(Summer 2007)

Complete and return the questionnaire and enter prize draw
to WIN £250, £125 or £75!
**Affordable home-ownership**

Helping people onto the housing market through low-cost or affordable home-ownership schemes is important for potential owners, as well of great interest to current housing policy. This study aims to find out about people’s desire to ‘move on’ from their shared ownership or shared equity home, or how people do this. **Your help completing the survey is valuable and in return you will be entered into a prize draw to win one of 3 cash prizes of £250, £125 or £75.**

**Project summary**

The enclosed information sheet explains more about the research. Although there is no personal benefit from completing the questionnaire, unless you win the prize draw, the information provided will help us to understand the issues associated with making sure people are able to ‘move on’ from low-cost home-ownership property, should your circumstances or aspirations change.

**Confidentiality**

The information in this questionnaire will not be seen outside the research team and will not be used in anyway that could identify anyone who responds.

**Prize draw**

Once the survey is completed there is a section to volunteer your personal contact details so that you can be entered into the draw to win £100.

**Focus groups**

The last page also asks if you would be willing to attend a focus group to discuss the issues raised in the research in a little more depth. Focus groups are a way researchers can talk with a small group of people (around 8-10) in similar circumstances that can provide more in-depth information than surveys.

**Contact**

Many thanks for completing the questionnaire. Please return it in the envelope provided to: Dr Alison Wallace, Centre for Housing Policy, University of York, Heslington, York. YO10 5DD.

If you have any queries regarding completing the questionnaire, please call me on 01904 321487/0 or email me on: aw152@york.ac.uk

THANK YOU FOR YOUR HELP – IT IS MUCH APPRECIATED
A: Basic property details
Please tell us the following details relating to the purchase of your original affordable home-ownership property:

A1. The name of the company or housing association from which the property was purchased:

A2. The date of the original purchase:

A3. The date you sold this affordable home-ownership property (if appropriate):

A4. The property type: House  Flat  Other

A5. The number of bedrooms:

A6. The name of the affordable home-ownership scheme under which the purchase was made (i.e. Shared Ownership, Key Worker Living, Starter Home Initiative, Homebuy, New Build Homebuy, Homestake etc.):

B: Share of property purchased
Please tell us the following details about the share of property you purchased and whether this amount has ever changed over time:

B1. The percentage share of property originally purchased:

B2. Are you permitted by the terms of your lease to increase this share to 100%?
   Yes  No  Don’t know

B3. Have you ever increased the share of the property you own (i.e. ‘staircased’ up)?
   Yes  No

B4. If you answered Yes to B3, what percentage share of the property do you now, or did you finally, own?

B5. If you answered No to B3, please tell us your reasons for not increasing your share of property?
C: Making a decision to move

Please tell us the following details about thinking about moving:

C1. Have you ever considered moving from your affordable home-ownership property?

- Yes, I have already moved
- Yes, I am in process of moving
- Yes, I have thought seriously about moving but it has not happened
- No, I’m not thinking of moving yet
- No, I’m not interested in moving at all
- Other (please specify)

C2. If appropriate, please tell us what the main reason was that prompted you to think about moving:

- Started a family/had more children
- To move to better neighbourhood
- Job-related reasons
- Wanted larger home
- Wanted smaller home
- Could not afford mortgage/rent repayments
- Divorce/separation/relationship breakdown
- Other family/personal reasons
- Other (please specify)

C3. If you indicated in C1 that you wish to move but have not yet done so, please briefly tell us the reasons why:


C4. Please tell us how you have, or are planning on, financing a move to a new home:

- Additional funding from family or friends
- Increased mortgage borrowing
- Savings
- Other (please specify)

C5. Is there anything else you would like to tell us about making a decision to move?

D: Selling your property

If you have sold your affordable home-ownership property or have begun to do so, please tell us the following details about the process. (If you have not sold or are not selling your property, then please go straight to section F):

D1. Please indicate how satisfied were you with the valuation of your affordable home-ownership property? (Tick 1 = very satisfied, 5 = very dissatisfied)

1 2 3 4 5

D2. Who found a purchaser for your affordable home-ownership property?

- Housing association
- Estate agent
- Other (please specify)

D3. How satisfied were you/are you with the process of selling your property? (Tick 1 = very satisfied, 5 = very dissatisfied)

1 2 3 4 5

D4. Is there anything else you would like to tell us about the process of selling your property?
E: Your new home

If you have moved or are about to move, please tell us the following details about the new home:

E1. Please indicate on what basis you moved or will be moving to your new home.

   Full 100% home-ownership
   Another affordable or low-cost home-ownership property
   Housing association or local authority rented
   Private renting
   Moved in with family or friends
   Other (please specify)

E2. The type of property: House □ Flat □ Other □

E3. Number of bedrooms: □

E4. Please indicate which of the following factors have resulted from, or will be the result of, the move from your affordable home-ownership property:

   A move to a less expensive area
   A move to a more expensive area
   A move to a larger home
   A move to a smaller home
   A move to a better quality/condition home
   A move to a poorer quality/condition home
   A longer commute to work
   A shorter commute to work
   A job in a new place
   Other (please specify)
F: Basic household details
Please tell us the following information about your household:

F1. Your gender: Male  Female  Age

F2. Your total annual household income: 

F3. Your household type:
   - Single person
   - Couple no children
   - Couple with children
   - Lone parent
   - Adult sharers
   - Other (please specify)

F4. The ethnicity of your household:
   - White
   - Black
   - Asian
   - Chinese
   - Mixed
   - Other (please specify)
   - Prefer not to answer

G: Any other information
Please use this box to tell us anything else about selling up or moving on.
**H: Focus groups**

Would you be willing to take part in a brief focus group or interview in your local area to discuss these issues in more detail?

Yes  No

**I: Contact details**

To enter prize draw (or if you have indicated you’d be willing to be contacted about the focus group in section H) please leave your contact details below.

Name:  
Address:  
Email:  
Daytime telephone:  

MANY THANKS FOR COMPLETING THE SURVEY.
Understanding housing demand – Learning from rising markets in Yorkshire and the Humber
Paul Hickman, David Robinson, Rionach Casey, Stephen Green, Ryan Powell

In recent years, interest has grown in housing markets but relatively little is known about how and why they change. Based on quantitative and qualitative research in the Yorkshire and the Humber region, with particular attention focusing on four very different in-depth case studies, this report sheds further light on this issue by concentrating on one side of the housing market equation, housing demand, and the aspirations, attitudes and wants of households. Unusually, the research focuses on ‘rising’ markets. The study found that:

- Residential mobility is not simply a response to ‘triggers’ and ‘push-pull’ factors but a highly complex process. In-movers ‘read’ the market in different ways, saw different ‘signals’ within it, behaved differently within it, and responded to it in different ways.
- There is no ‘magic ingredient’ which causes some markets to rise quicker than others. The bundle of factors driving residential mobility, and ultimately housing market change, in the case study areas differed.
- Within the context of the overall housing field, residential mobility decisions appear to be a result of a complex interplay between four factors: people’s resources; residential perceptions and understandings; notions of place; and identity and dispositions, with the latter factor appearing to be the most important.
- The desire to satisfy aspirations appeared to be particularly important for many households. It was possible to categorise residents’ aspirations into two groups: those concerned with buying into a lifestyle and those that were closely linked to status, and, in particular, the household’s position on the housing ‘ladder’ and in society.
- A recurring theme across the case studies was a – sometimes implied, sometimes explicit – preference among respondents to live among ‘people like us’.
- In many parts of the region, housing-market change is not being driven by the decisions of purchasers as consumers but instead by their decisions as investors, and increasingly, housing is becoming an investment commodity more akin to stocks and shares.
- A number of negative consequences associated with rising markets relating to affordability, community cohesion and the cost of regeneration programmes were identified.

This report is an essential resource for practitioners and policy-makers at the national, regional and local level who need to understand housing markets and how and why they change.

ISBN 1 905018 38 3 £16.95

Residents’ views of new forms of high density affordable living
Joanne Bretherton and Nicholas Pleace

Can high density mixed tenure housing built on brownfield sites offer a solution to a number of challenges we face? Among these are the social and economic imbalance in our cities, the unaffordability of housing for keyworkers like nurses and teachers, and issues such as the environmental costs of commuting. New, mixed tenure high density housing using innovative design is often seen as the answer to many issues facing our cities.

However, there are also concerns that these new forms of housing are culturally at odds with a British society that often aspires to a suburban lifestyle and is repelled by the idea of high density living. This research focuses on the perspectives of the residents of eight newly developed schemes. It uses a mixture of innovative methods to explore peoples’ relationships with their homes, in order to determine whether the lifestyles offered by these new developments can provide an affordable, attractive city life to their residents.

Undertaken for the Joseph Rowntree Foundation, the study directly informs current policy development in the provision of affordable higher-density housing in a mixed community setting. Particular attention is given to the impact of housing design and the management of social cohesion and anti-social behaviour in higher density developments. These issues are currently core concerns within housing policy and housing management in all parts of the UK.

ISBN 1 905018 54 3 £14.95
Housing aspirations for a new generation – perspectives from white and south Asian British women

Bethan Harries, Liz Richardson and Andri Soteri-Proctor

This report reviews the housing needs and aspirations of white British and second-generation south Asian women. As the policy focus on housing supply, improving existing neighbourhoods, managing community relations and increasing consumer choice increases, it is more important than ever to understand how people make choices about where they live.

Housing strategies have developed to meet the culturally specific needs of minority households, with an emphasis on needs that differ from the mainstream. However, it is accepted that new generations of ethnic minority populations may have different needs. This study goes some way to updating current knowledge in this area.

The report examines perspectives of white British and second-generation south Asian women and asks:

- Do women from different ethnic groups have different aspirations?
- How do women expect to fulfil their aspirations?

The research sought the views of women as their perspective is often overlooked in housing studies despite the fact they often carry the major responsibility in the household.

The key findings from the research are:

- Women’s aspirations are not determined by cultural, ethnic and religious factors although, for many south Asian women their choices are influenced by a desire to break away from ‘traditional’ norms and ethnically concentrated areas.
- Second generation south Asian women indicate that their aspirations differ from their mother’s generation largely because of greater physical and social mobility.
- Women prefer ethnically mixed neighbourhoods and neighbourhoods with a strong sense of (non-ethnic) community although, together, these are hard to attain.
- Owner occupation is the preferred way to achieve aspirations. Social housing is seen as taking away choice and autonomy, while the private rented sector is only suitable for the short term.

The findings have implications for the way in which we understand what people from different ethnic groups want from housing – in relation to tenure, location, neighbourhood type and mixing – and how to develop strategies to meet aspirations.

The report will be of considerable interest to practitioners and policy-makers working in the field of housing, neighbourhood renewal and community cohesion.

ISBN 1 905018 65 9   £16.95