Exploring experiences of shared ownership housing: reconciling owning and renting

JULY 2015
Dave Cowan, University of Bristol
Alison Wallace, University of York
and
Helen Carr, University of Kent
Exploring experiences of shared ownership housing
Acknowledgements

The research team would like to thank the following: the Leverhulme Trust, which funded this study; the many shared owners who agreed to share their experiences with us; the key stakeholders who gave us their time and especially the two registered providers – here termed “Fixham” and “Greendale” – who kindly gave us access to their operations.

The cover photo (Birmingham City Library/Birmingham Post) depicts the first buyers of Birmingham’s 50:50 scheme in 1975.

Disclaimer

The views expressed in this report are not those of the Leverhulme Trust, Fixham or Greendale or any other agency. Every effort has been made to trace copyright holders and to obtain their permission for the use of copyright material. The authors apologise for any errors or omissions and would be grateful if notified of any corrections that should be incorporated in future reprints or editions of this report. Responsibility for any errors rests with the authors.
Contents

Acknowledgements 4
Disclaimer 4
Contents 5
Summary 8
Key findings 8
Policy recommendations 12

1 Introduction 21
   Research aims and methods 23
   Report structure 24

2 Why support homeownership and what can it achieve? 23
   Introduction 23
   Homeownership 23
   Shared ownership: a history 27
      Chronology 27
      Foundation stones 28
      Subsequent periods: recognising strengths ... 30
      ... and weaknesses 30
      Building on success? 31
   Conclusion 32

3 The lease 35
   Fundamental clauses 35
   Other core terms 36
   Audience 37
   The 2009 redraft 38
   Legal constructions: Richardson 38
   Legal responses: other 40
   Conclusion 40

4 Introducing the case study providers 41
   Greendale 41
   Fixham 44
   Conclusion 46

5 Understanding the shared ownership product 45
   Introduction 45
   Staff responses 45
   Shared owners’ own research 47
   Registered provider as source of advice and information 48
   Solicitors as a source of advice and information 50
   Disagreement with the lease 52
   Consequences of misunderstanding the lease 53
   Conclusion 53

Exploring experiences of shared ownership housing 5
6  Property and estate management
   Property management
   New build: quality issues
   Improvements
   Third party-managing agents
   Service charges and estate management
   Rent and rent arrears
   Communication
   Conclusion

7  Managing the share: selling on and buying up
   Introduction
   Resales
   Staircasing
   Conclusion

8  Reconciling tensions in shared ownership: social or private?
   Introduction
   Do policy makers or providers see shared ownership as social or market housing?
   Who and what is shared ownership for?
   Management
   Marketing
   Shared ownership tenure
   Do shared owners see themselves as social or private housing?
   Conclusion

9  Reconciling tensions in shared ownership: owner or tenant?
   A significant question
   Shared Owner perceptions
   Conclusion

10 Conclusions and policy recommendations
   Locating shared ownership
   Discriminating shared ownership
   Characterising shared ownership
   Policy recommendations

References

Appendix A: Shared owners topic guide

Appendix B: Overview of shared owner participants
   Fixham Sample
   Greendale Sample
Summary

This report provides findings from ‘crisis moments’, a Leverhulme Trust funded research project. The research comprised: a series of 71 in-depth interviews that explored shared owners’ experiences in London, the South-East and East of England; 20 in-depth interviews with providers and stakeholders; and a total of six weeks’ observation in two housing associations, examining the day-to-day practices of managing shared ownership homes. The study objectives were to understand more about this hybrid housing tenure through considering stakeholder, resident and housing association experiences and perceptions of the tenure. We did so through examining various events, ‘crisis moments’, that were said to occur and occurred during a shared owner’s residence.

This policy report is timely because the Department for Communities and Local Government (DCLG) (DCLG, 2015b: para 4.3) has promised that it will undertake a review of shared ownership focusing on possible longer-term options for change to report to ministers in summer 2015. This policy report provides empirical detail of the everyday lives of shared owners, their struggles and their perceptions about the project, which should support that review.

Using this lens of ‘crisis moments’, the research considered what difference, if any, the unique construction of shared ownership tenure made to residents’ experiences of home.

Key findings

- The drive to homeownership evident during the twentieth century has slowed down and has been in reverse, a trend that has continued since the global financial crisis. The Coalition government developed a number of initiatives designed to enable households to access homeownership, such as help to buy and greater incentives to exercise the right to buy.

- Despite the relatively weak evidence base for the benefits of lower-income homeownership in the UK, shared ownership remains a politically pragmatic policy approach to combat rising entry thresholds to homeownership and weaknesses in other tenures.

- Shared ownership has been particularly favoured over the last 25 years in public grant funding to the social sector because of its perceived benefits and greater output for capital investment than other general needs social housing.

- A significant coalition of political parties, pressure groups and other non-government organisations, including housing associations and tenants’ rights groups, have now publicly endorsed the need for expansion of shared ownership.

- As a result of this support, some weaknesses of shared ownership that require reform have been identified. Those weaknesses have yet to be tackled. The government review will need to address these weaknesses head on and produce action, which almost certainly should result in a legislative programme for change.
• The shared ownership lease is the key document structuring the relationship between the parties. It is a lengthy, complex document which is not necessarily easy to translate because there are many implicit elements of it as a result of case law interpretations of words and statutory overlays.

• The Homes and Community Agency’s investor function requires providers to use certain fundamental terms in all grant-funded properties. The most significant such term is the mortgagee protection clause (MPC). The audience for the lease is not necessarily the parties but the lender, and this was a key concern in the 2009 redraft.

• Legal responses to the lease recognise its hybrid nature. It is on the one hand an assured tenancy, with the security provided under the Housing Act 1988, as well as being a long lease, for the purposes of other sets of statutory protections, and a contract, setting out the legal relationship between the parties.

• The potential problems with service charges, evident in all residential leases, are exacerbated within shared ownership, both in terms of responsibilities for all repairs and in the apportionment of charges.

• Both case study providers – Greendale and Fixham – have provided shared ownership for a lengthy period.

• Both have a tenure neutral approach to shared ownership management, although Greendale aligns shared ownership with leaseholders, and Fixham more broadly.

• Both might be described as entrepreneurial organisations working at the interface between social–commercial practices. Both can evidence considerable attempts to alleviate issues among their shared owners, including downward staircasing.

• Both have issues with third-party managing agents and have strategies to deal with them, albeit recognising that many of the problems are beyond their control.

• During the observation phase of this work, slightly different tensions became apparent in the management of the shared ownership stock. For Greendale, there were emerging issues about repairs. For Fixham, there were emerging issues about shared-owner satisfaction.

• Shared ownership arrangements can be complex and confusing and prospective shared owners are not necessarily best placed to understand the obligations and the extent of them, although both providers went to some lengths to communicate the nature and extent of the obligations to buyers. However, resale buyers may not receive the same level of information.

• Both providers had panels of legal advisers, who had experience of shared ownership transactions and who assumed that buyers would be given information about the lease and information about the nature and extent of their obligations. Modern conveyancing practice
exploring experiences of shared ownership housing

does not necessarily support that assumption and few buyers were provided with much in the way of advice.

- While some owners clearly did not appreciate the detail of their lease, what was also apparent was that over time the position came to be one of disagreement with the lease. Claims to the provider were therefore also based on appeals to reason and for advice and support rather than willful misinterpretation. Providers’ reaffirming the synergies between the responsibilities of shared owners and full homeowners in the wider market frequently served to emphasise the imbalance in the relationship and the misnomer of the 'shared' epithet.

- There were particular concerns about the quality of new-build properties in one of the case studies but the other case study was not immune from such complaints. And those concerns were exacerbated by problematic communications between the relevant parties and the defects guarantee period running out.

- Buyers did not appreciate having to pay an administration charge to register improvements to the property and some decided not to register the improvements at all as a result.

- There were particular and egregious concerns about third-party managing agents as regards their quality and costs. Buyers tended to blame the providers (as well as the managing agent) for the problems, even though they felt similarly powerless and out of control. Buyers often expressed themselves as feeling as if they were the third party and, therefore, out of the picture.

- Service charges remain the most significant area of concern for shared owners, the problems ranging across: miscalculation; being charged for services not in fact provided; the lack of control they had over the service charges; and understanding their apportionment.

- Few buyer participants admitted to missing a payment of rent, service charge or mortgage, but both providers had well-oiled mechanisms for assisting buyers and notifying lenders. There was some concern at the high proportion of salary being used to pay housing costs and future mortgage base rate increases may have significant effects.

- Both providers had communication issues with their buyers, and buyers commonly felt that they were being treated like general needs tenants in the way that the provider communicated with them.

- In some respects, it appeared that resales were regarded as an afterthought or not part of the provider's core business. Models of dealing with resales of property about to be repossessed differed between the organisations. Fixham took a proactive approach and “saved” a number of properties to the tenure.

- Staircasing is a selling point for the tenure. That is, the ability to staircase upwards was of particular interest to our buyer sample. Buyers were savvy about staircasing. They
recognised that they would find a larger share harder to sell, if they decided to do so. There were disagreements and concerns over valuing practices and costs of staircasing and resales.

- Shared ownership is a hybrid tenure which challenges existing binary characterisations between social and private housing, but is marketed very much as a private, aspirational tenure to particular cohorts as the first rung on the property ladder.

- Although shared ownership is meant to provide a tenure home for a particular set of households, largely unable to afford to buy on the open market, or unable to access general needs social housing or wishing to move from it, and having a low income, some of our buyers were unclear as to why they were selected. Further, it is also the case that shared ownership properties in certain locations are pricing out low-income households.

- The management of shared ownership housing tends to be different from the management of general needs social housing, with a more hands-off approach in respect of shared owners. Simple satisfaction surveys do not necessarily capture the complexity of the relationship between the buyer, the property and the provider, and one should be wary of ascribing too much influence to them.

- Shared owners are clear, in general terms, that they are distinguishable from general needs social housing and do not see themselves as being part of social housing at all. They resent being treated as if they are. Shared ownership is a hybrid tenure, so that rather than there being a binary divide between owning and renting, it operates along a continuum.

- This is a significant question because shared ownership is successful because it is regarded as, and marketed as, “ownership”. Most buyers saw themselves as being owners because they were in control of their homes and because they would mark themselves as owners when completing forms.

- However, this feeling of being in control was often out of synch with the rest of our interviews in which the buyers had described themselves as being out of control. These contradictory feelings were particularly clearly expressed over the buyers’ lack of contact with the provider. Buyers were quizzical about this, suggesting that they believed providers would or should have taken an active interest in their capital asset; however, they were also pleased that the provider did not take such an interest.
Policy recommendations

Shared ownership has slowly expanded since the first shared owners took the keys to their property in 1975. As a favoured vehicle for affordable homeownership at a time when traditional homeownership seems unachievable, it is likely that its expansion will accelerate. There is political and policy consensus that shared ownership is an asset to the sector and pressure groups which previously opposed its use are now supporting it. Government grant and private equity flows into the sector and many buyers are pleased with the opportunity it offers. Yet our research suggests that there are problems with the product that lead to lower satisfaction levels than exist across social housing more generally. While our qualitative approach has highlighted that that “satisfaction” is more complex than simple surveys and questionnaires might suggest, and understandings about the tenure are contradictory (partly because the tenure itself is contradictory), we do not see lower satisfaction as inevitable. We propose a package of policy, legislative and organisational changes which we consider respond appropriately to the problems we have identified and which should, at the least, form part of the government review of shared ownership.

We recommend the following changes.

1. Clear, consistent marketing of shared ownership

We recognise that there are plenty of variations on the theme of shared ownership and different types of interventions by providers, which are part of the distinctive and often entrepreneurial spirit of the housing association movement. However, at heart, they are all “part-rent, part-buy”, as is emphasised by the model lease and its fundamental terms. There is evidence of confusion about the product which clear, consistent marketing would help to remedy.

Clear, consistent marketing must reflect the reality and lived experience of shared owners so that the gap between what buyers’ expect and that reality is closed. In so doing, this should increase buyers’ satisfaction. For example, to describe the shared ownership product in marketing materials as "literally shared ownership" creates expectations which the product may fail to live up to. One way of closing that gap is to explain the product to buyers prior to them viewing any property. Another example is that shared ownership is nearly always described as a step on the path to full homeownership. Marketing material could be more explicit in explaining that for some people full homeownership may be unattainable but nonetheless shared ownership offers value in terms of security, stability and the acquisition of a valuable asset.

Clear, consistent marketing should be provided by way of a key facts document which sets out nationally agreed explanations of the offer, any distinctiveness about the particular product on offer and the product’s legal status. The current document, provided at the time of the redraft in 2009/10, is not used in practice and events as well as our understandings of the lease have moved on since then.
A clear, consistent explanation of relevant eligibility criteria – including any scheme-specific eligibility criteria – would assist with the development of the tenure, so that individuals can easily understand whether or not they can access shared ownership. This is the role of both help-to-buy agents and the provider.

2. **The “social business”**

The providers in this study would both describe themselves as social businesses, a phrase which implies certain productive tensions for them. Buyers’ expectations can be raised and dashed by a failure to appreciate the modern role of social housing providers. Buyers should be made aware about the strengths of the social housing movement as well as its limits. For example, one strength of shared ownership is that buyers were made to feel like owners by virtue of the lack of contact between themselves and their providers. However, sometimes, they would like their provider to appear to be taking an interest in its share of the property.

This is, again, a communication issue.

Providers should decide what their offer to buyers is and make that offer clear and transparent. The issues here are around the extent to which they will act as a social safety net and the offer to shared owners over their life course in the tenure. Therefore the circumstances in which, for instance, they will make service charge reductions or provide payment schemes or enable downward staircasing should be made explicit. There is a need for such explicit statements to go beyond a once-and-for-all publication or a website, but to be publicised more often.

3. **Expectations: conveyancers**

Many shared ownership providers have panels of conveyancers which are recommended to buyers. Some assumptions can be made both by buyers and providers about those conveyancers. Buyers may see them as being “part of” the provider and not acting for the buyer; providers believe that the conveyancers, who have already been involved in shared ownership transactions, will provide better quality information to buyers. There is no evidence that either is the case.

Modern conveyancing practice is not equipped to provide information to buyers about the specifics of shared ownership leases. Less reliance should, therefore, be placed on conveyancers as information providers. It should not be assumed that conveyancers will explain to buyers their obligations beyond providing them with a copy of the lease.

That increases the onus on providers to provide relevant, simple and clear information to buyers. The rationale for the provision of that information is that buyers tend to have less experience and knowledge about housing markets and the sales process than other first-time buyers because of the eligibility criteria for the scheme and because shared ownership and leasehold are not straightforward products.
4. **Leasehold reform**

Although the twin-track nature of the lease (being a long lease for certain purposes and an assured tenancy) may have advantages to different sections at different times, it is confusing, lacks logic and is difficult to explain to a lay audience.

It is clear from our data that certain aspects of the full repairing lease are (or become over time) problematic to buyers and appear to be weighted in favour of providers and/or lenders. If we are serious about shared ownership becoming the fourth tenure, then we need to have a lease that is robust and sensible for all the actors. This is particularly true if we accept that not all shared owners will become full homeowners.

A body like the Law Commission for England and Wales should be asked to recommend changes to the law, taking account of the interests of all of the actors.

5. **Lender–provider communication**

Lender–provider communication is a crucial element of the shared ownership relationship but one which is lacking, despite updated guidance and good practice. The use of service level agreements can be valuable. However, most often, this value is personality-based and the mobility of personnel has potential to damage ongoing relationships. Social housing providers have wide experience and knowledge of how this can be rectified through, for example, other partnership arrangements. That knowledge and experience can be used to counteract this issue.

Named points of contact, which are kept updated, or generic email addresses can be valuable tools (the latter were used successfully with the mortgage rescue scheme).

When lenders capitalise rent or service charge arrears, this can provide an immediate solution to an issue for all parties. However, providers and buyers should be aware that it can be a false economy because lenders will recoup that outlay subsequently. If there is a lender resale of the property, the MPC will enable the lender to recoup that outlay. Better communication and appreciation of the commercial realities at the initial stage, when arrears arise in the first place, would lead to better communication between lender and provider.

We also recommend that the Civil Procedure Rules Committee, the Civil Justice Council, consider amending the recently updated Pre-Action Protocol for Possession Claims based on Mortgage or Home Purchase Plan Arrears. If a clause was introduced requiring a lender to have pre-action contact with the shared ownership provider, this would make a substantial contribution to resolving this issue.

6. **Practical changes: staircasing**

Staircasing can be daunting and off-putting, particularly when there are extra costs involved. Our data clearly indicates that most buyers intend to staircase when they access...
shared ownership but various factors beyond life-cycle factors prove problematic. The growing disconnect between earnings and house prices increases the difficulties in staircasing. We suggest that there should be online and printed advice about points to consider when thinking about staircasing (housing market, salary, future earnings potential etc.).

Providers can better facilitate staircasing by removing or reducing upfront costs and/or providing an online calculator that can show new housing costs as the buyer's percentage share changes.

7. Practical changes: third-party managing agents

Our research has identified some significant issues where third-party managing agents are involved with the management of properties which include shared ownership units. These problems are generally inherent in the leasehold relationship. However, our research findings are that providers are often blamed for these issues, which are mostly outside their control. This damages both the provider’s reputation as well as the shared ownership product itself.

Providers should be proactive in: (a) explaining the management structure of shared ownership units; (b) regularly updating shared owners about their interactions and activities with the managing agents; (c) assisting shared owners, should they seek to exercise their right to manage, participate in leaseholder/resident meetings, or set up resident associations. The Residential Property Tribunal should always enable shared owners to be represented in leasehold disputes even if they are not direct parties to the lease.

8. Practical changes: service charges

Service charges are problematic in leasehold tenure generally. They feature regularly at the Residential Property Tribunal. There are a number of statutory remedies but the landlord/tenant relationship remains potentially antagonistic. Indeed, the tensions have become more complex since the introduction of right to manage and collective enfranchisement and the increasing number of lessees who are Buy-to-Let landlords.

Until there is reform that responds to the changing landscape of leasehold tenure, the best method of managing the landlord/tenant relationship is to provide good quality information upfront to occupiers and throughout the relationship. In particular, incomprehensible service charge documents unnecessarily create mistrust. All parts of the organisation should “own” this communication – as all parts of the organisation bear the brunt of inadequate communication – so as to ensure that such communications are personal, understandable, clear and transparent, as well as providing adequate explanations for costs incurred. Being able to provide this information annually with clear and transparent service charge statements would ameliorate some of the ongoing problems and contribute to increased satisfaction in the sector.


9. **Practical changes: administration charges**

   We recommend that providers review their administration charges to check whether they are necessary and proportionate. In particular, shared owners find charges for making improvements frustrating as they feel they are bearing the cost for work from which the provider will ultimately benefit (even if that is not the case), and yet they are charged when they inform the provider of the work. Clauses that require shared owners to return the property to its original decoration when they sell are also potentially counterproductive and reflect an old-fashioned attitude to shared owners rather than understanding them as players within a housing marketplace.

10. **Practical changes: organisations**

    What became clear to us during this research project is that provider organisations are complex. Different elements within those organisations have different pressure points and different working practices.

    A whole organisation response to shared ownership would undoubtedly improve buyers’ experiences and contribute to increased satisfaction responses.

11. **Resale**

    The government has been consulting on the resale process. The right of the provider to nominate a subsequent purchaser has been regarded as a barrier to resales by householders and lenders. The government is seeking to streamline the process and has made a variety of different suggestions for reform, including removing the ability of the provider to nominate a purchaser of a property where the former shared owner has staircase up to 100 per cent or where the shared owner has yet to staircase up, or reducing the nomination period.

    Our data from buyers supports a streamlining of the resale process. Buyers were concerned about the level of fee charged by providers for marketing, a poor resales service offered by providers and, in particular, the valuation process (believing generally that they would be better served by the private market). The provider data does not necessarily accord with those views, and recognises that buyers’ perceptions of the market may be skewed.

    The loss of shared ownership stock to social housing is a political question. In our opinion, to the extent that the resale market is streamlined, this raises questions as to the original eligibility threshold for accessing shared ownership. If resale buyers do not have to cross an eligibility threshold, why should original buyers? Therefore, our opinion on this issue is that it is not a marginal question but absolutely centre-stage to the very underpinning of the shared ownership offer.

    As a result, we believe that a pragmatic compromise should be that buyers should be entitled to sell their shares on the open market at any time but any purchaser from that buyer should have to be approved by the provider.
12. Newsletters

Newsletters are undoubtedly useful. They are useful marketing devices as well as communication and information provision. They can also be problematic and generate dissatisfaction, however good the motive behind them.

Generic newsletters for all occupiers are unsuited to shared ownership or long leasehold. More targeted information is undoubtedly the way forward – including paperless communication. That way forward is less frequent, but more targeted, communication providing advice on specific shared ownership matters, updated policies or services (including reminders about staircasing and mobility packages), services provided to buyers struggling with their mortgages, rent or service charges.

13. Information and data collection

We live in a cost-cutting age in which national statistical databases are rigorously tested for their utility. There are opportunities with shared ownership for additional data collection. These opportunities will affect targeting, information provision and understandings about the tenure, including supporting movement within and beyond the tenure.

The following data collection would appear to be important: identify moving destinations of shared owners to understand housing pathways, for example, through the use of exit surveys; and scrutinising lenders’ sale of properties and uses of the MPC to ensure that providers and borrowers are not left with large debts.

In particular, such data collection would likely prove to be an encouragement to lenders to enter this market, whose systems do not sufficiently differentiate between tenure types. Therefore, the actual risks of repossession of shared-owner properties are largely an unknown. A database of staircasing activity would also assist providers’ modelling and business planning (although there is a database used by one group for benchmarking).
1 Introduction

Homeownership is in decline. There are numerous government interventions to stem this loss. Shared ownership housing has been a long-standing primary offer to fill the gap between those who aspire to own and those who are actually able to buy. It derives from various housing schemes in the 1960s and 1970s, but crucially formed part of the suite of low-cost homeownership initiatives offered by the Conservative government following the 1979 election and has continued to be promoted since then.

In its simplest formulation, shared ownership enables a buyer to acquire a share in a property; the remaining share in the property is held by a social housing provider.1 The buyer formally acquires a long leasehold interest in the property, which represents their share. The lease also sets out the terms and conditions on which the buyer occupies the property. The buyer pays rent on the unpurchased share to the provider. If they have a mortgage on the purchased share, that will also require paying. There is also a service charge, usually payable monthly. Buyers can acquire further shares in the property, often up to 100 per cent – this process is known as “staircasing”. Formally, in law, shared ownership is “social housing” (as defined by the Housing and Regeneration Act 2008).

Despite its significance to housing providers, overall the impact of shared ownership on housing markets has been marginal (Heywood, 2012). Nonetheless, there is an increasing number of calls for a major expansion of the shared ownership offer, particularly in London and the South-East (Resolution Foundation, 2013; De Santos, 2013; Mayor of London, 2014a; Chartered Institute of Housing (CIH)/Orbit Group, 2015). The housing market displays a number of factors that constrain access to homeownership, including a chronic shortage of new homes, a more stringent mortgage market than previously and significant affordability problems in many locations. Shared ownership is designed to overcome these constraints by allowing people to own a share of a property, or at least have an equity stake in the property, thus requiring lower deposits and smaller mortgages. As a result, it reaches a wider set of households than other help-to-buy shared equity and mortgage guarantee options (De Santos, 2013).

Over the last decade in England, affordable homeownership options have comprised over a third of all additional affordable homes (DCLG, 2014b, Table 1000) and until recently shared ownership made up the majority of those affordable homeownership homes. Figure 1 illustrates the balance between the different schemes between 2003 and 2012.

1 We recognise that social housing providers are not the only providers of shared ownership; there are an unknown number of commercial providers: Burgess et al, 2009. However, our research focused on shared ownership in social housing, which is believed to be the predominant form of this product.
Despite remaining a relatively small percentage of the current stock, shared ownership occupies an important part of policy discussion and comprises a significant proportion of social housing providers’ outputs.

But this is disputed terrain. Shared ownership has its proselytes and its decriers. Public commentary frequently veers between the two and often simultaneously – for example, the same newspaper can carry positive and negative stories about shared ownership on the same day. Proselytes see the potential for shared ownership to make a significant contribution to overcome growing constraints in the UK’s shifting housing tenure system. Decriers offer negative portraits of shared ownership products, focusing on various aspects like repairs and mobility.

Previous research provides a mixed picture of buyers’ satisfaction with their purchases and has highlighted constraints on the staircasing and mobility of shared owners, as well as problems with the resale market (Wallace, 2008; Cambridge Centre for Housing and Planning Research (CCHPR), 2012), high housing costs for many shared owners (Bramley et al, 2002; Clarke et al, 2006), and lower rates of satisfaction with housing providers and services among shared owners than among general needs tenants (Tenant Services Authority (TSA), 2009). A significant legal case also revealed critical flaws in the security of a resident’s equity holdings in their property when a lease is ended due to rent arrears (Bright and Hopkins, 2011).

Moreover, although the importance of shared ownership to policy discussions is high, data resources and the existing evidence base remain limited, posing a threat to investment and commitment from lenders and other investors (Wallace, 2008; CIH/Orbit Group, 2015). Although there have been other studies of shared ownership, there has been limited exploration of its consumers’ understandings of this product. For example, buyers’ self-perceptions as “owners” or “renters”, whether they see themselves as part of the social or private housing...
sectors, have not been explored fully; nor has buyers’ appreciation of the strengths and weaknesses of the legal underpinnings of the property they call their home been investigated. Some of the weaknesses of shared ownership have been recognised by agencies and providers which, in a complex and imperfect housing market, welcome a scaling up of shared ownership opportunities. They have proposed numerous ways to reform and streamline the range of shared ownership products (CIH/Orbit Group, 2015; De Santos, 2013).

In this context, the Leverhulme Trust funded the research team to examine the experiences of shared ownership housing from the shared owners’ and housing providers’ perspectives. The aim of the study was to add to the limited evidence base by providing more meaningful observations about the intentions, experience and achievements of the unusual hybrid tenure arrangements associated with shared ownership.

**Research aims and methods**

The key research question was how, if at all, do the various actors understand the hybrid ownership model in terms of homeownership?

The study objectives were, therefore, to understand more about this hybrid housing tenure, and how it measured up to expectations of homeownership, through considering resident and housing association experiences and perceptions of various events that typically occur during a shared owners’ residence. Using the lens of what the research team termed ‘crisis moments’, the research considered what difference, if any, the unique construction of shared ownership tenure made to residents' experiences of home. It was hypothesised that these moments – buying, payment difficulties, staircasing, major and minor repairs, estate management events, remortgaging, selling etc. – would reveal any convergence or divergence between owners and providers’ expectations of ownership and renting and the different parties’ ideas about what should happen and what actually occurs. This was borne out in the research and provided a useful entrée into the issues concerned.

There were four key work streams to the study:

1. A review of existing evidence on shared ownership housing (including a review of social media discussions and marketing material). The literature review was used to consider the policy and practice objectives and achievements of shared ownership through time, as well as document a range of contemporary portrayals and perceptions of shared ownership housing.
2. In-depth face-to-face interviews with 20 key policy or trade bodies with interests in the shared ownership sector. These included government, housing, mortgage and advocacy organisations. These interviews were undertaken in autumn 2013.
3. Six weeks’ observation of the day-to-day management of shared ownership properties in two registered providers – here called Fixham and Greendale – providing c. 80,000 words of fieldwork notes. The housing associations were based in the London, South-East and East regions. Both associations are key providers of both general needs social rented and shared ownership homes.
4. In-depth face-to-face interviews with 71 shared owners, which were undertaken between May 2014 and August 2014 for Greendale (n=33) and between October 2014
and February 2015 for Fixham (n=38). The interviews were recorded – with permission – and transcribed verbatim. The interviews lasted for between 45 minutes and two hours. The invitations for the interviews were sent out randomly to shared owners in designated locations to provide a range of experiences in different housing market conditions. Research participants were given a £20 shopping voucher as both an incentive to participate and to give thanks for supporting the research.

Report structure

This report comprises the headline findings of this work and begins by providing an overview of what the existing evidence base tells us about homeownership and shared ownership in the UK, to provide the background to what the policy intentions are towards this sector and what it can and cannot be expected to achieve (chapter 2). The report then continues by presenting the main findings of the research. In chapter 3, we discuss the lease, the device through which all the relationships are mediated. In chapter 4, we introduce the two case study providers, Greendale and Fixham. The remaining chapters detail our findings from the shared-owner interviews. These are structured around understanding the shared ownership product (chapter 5), managing shared ownership properties (chapter 6), buyers’ selling and staircasing considerations (chapter 7), and exploring perceptions of social/private housing and owning/renting in shared ownership (chapters 8 and 9 respectively). The final chapter concludes by discussing the implications of the research for policy makers and providers (chapter 10). It is followed by policy recommendations. The appendices provide an analysis of our buyer sample and our buyer topic guide used for the interviews.
2 Why support homeownership and what can it achieve?

Introduction

This chapter provides a brief outline of what the existing evidence tells us about homeownership and shared ownership. It sets out the changing trajectories of homeownership compared to other housing tenure and the constraints on new entrants to the tenure. The uncertain evidence about the benefits of homeownership are outlined and the development of shared ownership as an intermediate housing offer are highlighted. Proposals for the shared ownership sector to expand to meet current housing pressures are noted.

Homeownership

Homeownership is in a further transition period, with a decline in the number of households owning from 71 per cent in 2003 to just 63 per cent by 2013/14 (DCLG, 2014b). Outright homeowners (33 per cent) now exceed mortgaged homeowners (31 per cent), who represent the lowest proportion since the mid-1980s. Similar tenure shifts have occurred across the UK, but in England, the private rented sector has grown from 11 per cent in 2003 to 19 per cent by 2013/14 and is now larger than the social rented sector (DCLG, 2014b), which once housed a third of the UK's households (DCLG, 2014b). The private rented sector accommodates people locked out of homeownership as well as social renting. These tenure shifts have been the most apparent for younger cohorts. In 2003, only 21 per cent of people aged 25–34 years old lived in private renting, compared to 48 per cent in 2013/14 (DCLG, 2014b).

These rapid changes in the balance of housing tenure exacerbate publicly expressed concerns about rental costs and insecurity in the private rented sector, access to social housing in high-cost areas, and younger people's constrained access to homeownership (Duxbury and McCabe, 2015). While most people still aspire to own their own home, aspirations to own and social attitudes towards renting and being settled in rented accommodation are softening among younger cohorts, providing the potential for there to be further contraction of the homeownership tenure in the future (Halifax, 2014). Deposit constraints exist among higher earners but lower-income households struggle to find sufficient income to enter homeownership. Parental assistance has become commonplace, risking older generations' financial security in retirement and favouring first-time buyers from wealthier families (Halifax, 2014).

Almost half (48 per cent) of households aged between 25–34 were renting privately during 2013/14 compared to 21 per cent in 2003/04 (DCLG, 2014b). Moreover, Family Resources Survey data indicates a slight shift away from homeownership across the UK among people in semi-skilled and routine occupations towards professional and managerial occupations (Wallace et al, 2014). Homeownership is, therefore, moving towards higher income and older households.

The Coalition government 2010–2015 made a series of demand side housing market interventions to bolster homeownership, introducing further right-to-buy measures, help-to-buy and starter home initiatives. These were all aimed at reducing entry costs to

Exploring experiences of shared ownership housing
Exploring experiences of shared ownership housing

Homeownership and include mortgage guarantees, equity loans and discounted sales (Tunstall, 2015). A range of factors means that current interventions face challenging housing market conditions if the ambition is to reverse the downward trajectory of the homeownership tenure. These factors include: wages for younger people remaining nearly 8 per cent below the level when the recession hit in 2007/08 when compared to the full recovery of older cohorts’ incomes (Cribb and Joyce, 2015); the increasing concentration of wealth in older cohorts (Wilcox and Perry, 2015); the Mortgage Market Review, which raised entry thresholds to mortgages and hence homeownership (Policis, 2010); the regulatory regime that favours Buy-to-Let investment on less expensive interest-only mortgages over first-time buyers on more expensive repayment loans (Wilcox and Perry, 2015); the shortfall in the number of homes being built compared to household requirements (KPMG, 2014); and the increasing use of UK/London housing markets to park global capital (Green and Bentley, 2014).

Interventions to bolster homeownership and overcome affordability and other constraints in the housing market are premised on meeting aspirations to own, but O’Sullivan and Gibb (2012) query whether this is a sufficient basis for public policy and call for homeownership to be subjected to the same scrutiny of positive outcomes as other public investments.

A number of qualities are attributed to homeownership but are often poorly evidenced. As well as an association with capital gains, homeownership is also linked to good neighbourhoods, better quality homes and, as there is no landlord relationship, greater control (Whitehead and Yates, 2010). Homeownership is also associated with abstract notions of independence, security and pride (Munro, 2007). It is claimed that the benefits of the tenure extend beyond the individual buyers to the local neighbourhoods, increasing social capital (Roskrug et al, 2013), civil participation, citizenship and voting (DiPasquale and Glaeser, 1999), and educational attainment (Bramley and Karley, 2007). Despite calls to highlight other attributes of ownership, for low-income households, homeownership remains an important way to accumulate any assets (Herbert et al, 2013). In addition, homeownership in later life can mean reduced costs and contributes to a lower incidence of poverty in retirement (Tunstall et al., 2013).

However, homeownership also attracts risk, as traditional mortgage products are misaligned with modern flexible and less secure labour markets (Ford et al, 2001). Homeowners may have spent the equity stored in their home through their life course to manage critical life events (Parkinson et al, 2009) and in so doing have increased their risk of repossession (Searle, 2012). A trial of homeowners in the US found no evidence of social or community benefits – overall, new owners did not vote more, did not undertake more external repairs and evidence of homeowners’ contributions to local amenities and social capital was weak and/or inconclusive (Englehardt et al, 2010). Evidence of lower-income homeowners accumulating significant wealth is also limited as they remain in homeownership for shorter periods, are less likely to trade up, refinance to lower interest rates less frequently and, rather than transcend inequalities in the labour market (Thomas and Dorling, 2005), homeownership can accentuate wealth inequalities because more affluent owners gain the most (Hamnett, 1999; Belksy et al, 2005; Boehm and Schlottmann, 2008; Burridge, 2010). Therefore, the evidence of the wider benefits of homeownership are claimed but are, however, quite uncertain, not least as selection effects may be at play, meaning people with positive attributes may be more inclined to purchase their home (Rohe et al, 2000; O’Sullivan and Gibb, 2012).
Nonetheless, certain aspects of the tenure do produce profound impacts for the occupiers and have helped sustain people during financial crises, not by spending their housing assets, but by valuing its security as a protective quality in its own right (Elliot and Wadley, 2013; Wallace et al, 2014). Most critically, housing discourses make homeownership seem the "normal" housing pathway and people are stigmatised if they do not achieve homeownership (Gurney, 1999; Ronald, 2008). The ideology surrounding the tenure is as complicit in sustaining aspirations to own as the economic and structural pressures in the context of shrinking state roles across various countries (Jacobs and Manzi, 2013).

In addition, Whitehead and Yates (2010) contend that investment in homeownership can avoid higher government spending. This is because there are benefits in reducing subsidies for housing, and in housing support, as it shifts responsibility for dwelling and stock maintenance to individual households; and, they suggest, possibly makes a positive contribution to the neighbourhoods and social and political and economic stability.

The development of intermediate housing tenure, including shared ownership, must be seen against this context. Investment in homeownership is politically expedient as it meets both public aspirations to own with minimal public costs for their support (Boelhouwer et al, 2004). If this is correct then perhaps the rhetorical attributes of being able to promote an intermediate homeownership policy is in practice more important than the rather limited scale of such projects to date. Nonetheless, supporting access to homeownership has been a key tenet of UK housing policy for many decades using a number of instruments, including shared ownership.

**Shared ownership: a history**

Different histories can be told about shared ownership. There is the chronology of its development, there are key moments in time at which point the tenure shifted, and there are the histories of the providers, lenders and buyers. The last of these is provided in subsequent chapters. Here, we begin with a chronology followed by discussion of some foundation stones and subsequent developments.

*Chronology*

**Figure 2: Evolution of shared ownership schemes in England 1964 to 2013**

<table>
<thead>
<tr>
<th>Year</th>
<th>Scheme</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1964</td>
<td>Co-ownership</td>
<td>Residents were members of and owned stakes in a fully mutual housing society and rented their property from this co-operative (40,000 households)</td>
</tr>
<tr>
<td>1975</td>
<td>“Half and half” scheme</td>
<td>Birmingham City Council obtains permission from Department of the Environment for scheme. Subsequently followed by Greater London Council scheme in Cheshunt</td>
</tr>
<tr>
<td>1977</td>
<td>Community leasehold model</td>
<td>Community leasehold arrangements</td>
</tr>
<tr>
<td></td>
<td>Leasehold scheme for elderly (LSE)</td>
<td>LSE 70% maximum stake in property</td>
</tr>
<tr>
<td></td>
<td>Improvement for sale (IFS)</td>
<td>IFS purchase of street property, renovated and sold below market value</td>
</tr>
<tr>
<td>Year</td>
<td>Event</td>
<td>Details</td>
</tr>
<tr>
<td>------</td>
<td>-------</td>
<td>---------</td>
</tr>
<tr>
<td>1980</td>
<td>Shared ownership</td>
<td>Housing Act 1980 replaced community leasehold and co-ownership. Specifically introduced staircasing facility to model, to allow incremental increase in shares owned up to 100% and excluded shared ownership from enfranchisement/long leasehold extensions (s 140). Amended Housing Act 1974 to enable the Housing Corporation (HC) to make grants for shared ownership (Sch 18, para 1). The HC increased resources accordingly.</td>
</tr>
<tr>
<td>1981</td>
<td>Co-ownership properties sold to tenants</td>
<td>The right-to-buy provision in Housing Act 1980 that made explicit the rights for council tenants to buy the property in which they reside, also extended to co-ownership tenants.</td>
</tr>
<tr>
<td>1982</td>
<td>Shared ownership off the shelf (SOOTS)</td>
<td>To address slump in housing market, could take excess property from the wider market via shared ownership arrangements.</td>
</tr>
<tr>
<td>1983</td>
<td>Do-it-yourself homeownership (DIYSO)</td>
<td>Expansion of SOOTS to provide for open market shared ownership properties.</td>
</tr>
<tr>
<td>1984</td>
<td>HC stops DIYSO. Homeownership for tenants of charitable housing associations (HOTCHA) Right-to-buy shared ownership</td>
<td>DIYSO over-subscribed as too popular and draining resources from other measures. HOTCHA introduced. Right to buy extended to provide partial purchase of council tenants’ homes on shared ownership arrangements.</td>
</tr>
<tr>
<td>1986</td>
<td>Mixed and flexible tenure promoted</td>
<td>Joseph Rowntree Housing Trust introduced ability to staircase down as well as up: to provide equity in later life, or prevent housing repossession in times of financial stress, can convert from full to partial ownership, or from partial ownership to renting.</td>
</tr>
<tr>
<td>1989</td>
<td>Shared ownership for elderly (SOE) Rehabilitation shared ownership</td>
<td>Replaces LSE. Replaces IFS.</td>
</tr>
<tr>
<td>1990</td>
<td>Tenants incentive scheme (TIS) Council incentive scheme (CIS)</td>
<td>Grants to social housing tenants to purchase property in open market and provide vacancy in social housing.</td>
</tr>
<tr>
<td>1993</td>
<td>Peak year (up to 2001) for shared ownership</td>
<td>HC funded 18,000 shared ownership homes.</td>
</tr>
<tr>
<td>1998</td>
<td>Homebuy introduced.</td>
<td>TIS/CIS and DIYSO phased out. Homebuy provided a 20% equity loan to first-time buyers.</td>
</tr>
<tr>
<td>2001</td>
<td>Starter home initiative</td>
<td>The first dedicated homeownership programme for key workers – people working in the public services who, without assistance from starter home initiative, would have been unable to afford homeownership in London and the South-East of England and might have left the area where their skills were needed. Starter home initiative provided assistance to key workers to buy their first homes.</td>
</tr>
</tbody>
</table>

Exploring experiences of shared ownership housing
<table>
<thead>
<tr>
<th>Year</th>
<th>Scheme Name</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>Key worker living</td>
<td>Replaced starter home initiative. A London/South-East focused package of assistance with house purchase aimed at key workers, notably police, nurses and teachers, including equity loans of up to £50,000 (plus loans of up to £100,000 for some teachers in London) and shared ownership. It also includes intermediate rent.</td>
</tr>
<tr>
<td>2006</td>
<td>Social Homebuy</td>
<td>Scheme for social housing tenants, without the right to acquire, to purchase at a discount (related to the right to acquire discount) a part share of their home via equity sharing or shared ownership, or outright. Participation is voluntary and Homes and Communities Agency (HCA) fund on demand.</td>
</tr>
<tr>
<td>2006</td>
<td>New-build Homebuy</td>
<td>Shared ownership arrangements 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>2006</td>
<td>Open market Homebuy</td>
<td>Equity sharing arrangement of Homebuy rebranded open market Homebuy has attracted private sector support in offering loans from lenders instead of solely from public funds. Short-lived schemes (2008/09) were marketed as MyChoiceHomeBuy or OwnHome, where a charge of 1.75% was levied against the equity loan, which rose after 5 years, and were part-funded by public purse HCA and by lenders. Discontinued due to funding problems.</td>
</tr>
<tr>
<td>2008/09</td>
<td>Rent to buy</td>
<td>A specific intervention during the housing market downturn to help providers with unsold shared ownership stock convert to Intermediate Rent for a limited period of up to 5 years, during which deposit-constrained purchasers could benefit from a reduced market rent and save for a deposit and purchase on shared ownership terms at the end of the tenancy period.</td>
</tr>
<tr>
<td>2009</td>
<td>Homebuy direct</td>
<td>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 buyers initiative.</td>
</tr>
<tr>
<td>2011</td>
<td>FirstBuy</td>
<td>Equity sharing scheme on new-build properties aimed to increase demand for stalled housing sites in the market downturn and meet aspirations to own.</td>
</tr>
<tr>
<td>2013</td>
<td>Help to buy – equity share</td>
<td>Replaced FirstBuy. Equity share scheme widens entry criteria and is available on new-build properties up to £600,000.</td>
</tr>
<tr>
<td>2013</td>
<td>Help to buy – mortgage guarantee</td>
<td>Mortgage guarantee is a new scheme, as opposed to a repackaged existing scheme, where the government underwrites 15% loans to facilitate lenders to offer low deposit 95% mortgages to first-time buyers.</td>
</tr>
<tr>
<td>2015/6?</td>
<td>Affordable rent to buy</td>
<td>Help people who need a limited period of support through a sub-market rent so they can save for a deposit. Announced June 2013 Spending Review.</td>
</tr>
</tbody>
</table>

Source: updated from original by Tony Shepherd in Martin (2001); Wallace (2008); Whitehead et al (2010)
**Foundation stones**

Shared ownership emerged from a disparate range of local schemes, with co-ownership schemes in the 1960s – based on collective co-operative models of lower-cost homeownership and aimed at higher earners early in their career who were on a pathway to homeownership anyway – to the community leasehold projects in the 1970s – based on individual leases and aimed at inner-city low-income tenants; and Birmingham City Council’s “half and half” scheme from 1975 (Cousins et al, 1993; Martin, 2001). These hybrid arrangements were aimed at different types of households in different housing markets and were thought to be both a stepping stone to full homeownership as well as a permanent hybrid tenure (Allen, 1982). This suggests that the tension surrounding whether shared ownership is a transitional or a more enduring arrangement has a long history and one which is contingent on events.

In 1975, Birmingham City Council, possibly the first developer of shared ownership, was actively seeking mechanisms to assist its own occupiers to buy not just the council’s own housing but also other non-council properties. It introduced various initiatives to enable them to do so. One such initiative, which was granted permission by the then Department of the Environment, after a lengthy hiatus, was for a 50:50 scheme. It was both experimental and bold.

Our stakeholders, some of whom had been in the sector for a considerable time, told us about the reasons for the failure of the co-ownership model, which had been pioneered by the Housing Corporation Act 1964. These reasons were as much due to external market factors (the turn to ‘fair rent’, political expediency) as with any particular benefit inherent in the tenure itself. As KS/2 put it:

> **Shared ownership was born – it got its name from John Stanley and rang bells politically – the word ownership was important politically. The tail end of the 74–9 Labour government, before the label was born, the then minister Reg Freestone, who served the entire term, wanted something to replace the doomed co-ownership; he was attracted to a variant of the shared ownership model that was co-operative as he was a member of the co-op party. The idea that shared ownership might have a co-op – community leasehold was what it was called – the community involvement was to collectively manage and own it. That didn’t really stick and there was a committee under the chairman of Campbell to look at co-op housing and that was what came out of that. John Stanley wanted to promote it.**

**Subsequent periods: recognising strengths ...**

In the 1980s, there was a policy move towards a more explicit emphasis on shared ownership being a transitional tenure alone (Forrest et al, 1984; Booth and Crook, 1986; Whitehead, 1986). Alongside the right to buy – reforms that dwarfed the achievements of shared ownership in bolstering UK homeownership – the Housing Act 1980 also included other initiatives such as mortgage interest tax relief, homesteading and improvements for sale; it was not until 1983 that council tenants had the right to buy on shared ownership terms. However, it was other reforms – to the status of leasehold enfranchisement, removal of the 50 per cent maximum share, clarity about repayments of grants on sale and smoothed stamp duty anomalies that then existed – that cemented low-cost homeownership initiatives in the UK housing system (Booth and Crook, 1986; Cousins et al, 1993). At this time, the predominant shared ownership product used by social landlords was “do-it-yourself shared ownership” (commonly abbreviated to DIYSO).
DIYSO operated by enabling an existing tenant to buy an alternative property on shared ownership terms; the DIY element was that the tenants themselves could choose the property they wished to purchase on shared ownership terms. By the late 1980s/early 1990s, some curtailments on the buyers’ control were introduced, such as some rural schemes were capped at a maximum 80 per cent share (Cousins et al, 1993), which strengthened the providers’ social role.

By the 1990s, demand for shared ownership outstripped supply but the sector remained marginal with only 1.5 per cent of total housing stock (Cousins et al, 1993). It came to be recognised that DIYSO itself had problems: first, it was an expensive method of levering shared ownership into the housing system; second, it did not contribute to the development of housing stock; and third, it led to pepperpotting of housing stock, which made it more expensive to manage. However, it remains a popular idea in principle (Resolution Foundation, 2013). DIYSO began to be phased out by the mid-1990s.

After some initial ambivalence towards homeownership, the New Labour government introduced a shared equity low-cost homeownership scheme, Homebuy, in 1999, and targeted groups such as key workers (Battye et al, 2006). Together with shared ownership itself, these twin products were seen as fulfilling that government’s emphasis on mixed communities. It was not until the recommendations from the Low Cost Homeownership (LCHO) Taskforce (2003) that shared ownership was propelled to the position that it currently holds, where it attracts roughly a third of the social housing programme funding.

The LCHO Taskforce (2003) considered the divergent needs of different housing markets. The report suggested that affordable homeownership could meet the housing needs of squeezed key workers in the South and introduce mixed tenure within regeneration schemes in the Northern regions. Streamlining the market was considered important, as was harmonising the leases used across the sector, not least to ensure lenders would support the burgeoning market. Following the report, a range of low-cost homeownership arrangements were branded as Homebuy with variants aimed at different market segments using shared equity, shared ownership and partial purchase of socially rented homes (Office of the Deputy Prime Minister (ODPM), 2005).

Although there have been funding troughs, in general terms shared ownership has been well served by housing grants from the HC and its successors. Between 1990/91 and 1993/94, shared ownership captured between 11 and 17.5 per cent of the overall development programme for housing associations in England, rising to 28.5 per cent in 1996/97 (Bramley and Dunmore, 1996: 109–10). That proportion rose to 30 per cent in 2004/05, and the HC’s 2006/08 investment programme devoted £970 million to intermediate homeownership out of £3.9 billion (Hills and Lomax, 2007: 15). Other developments have been funded without grant by associations (around 12 per cent in 2007: Spenceley, 2008: 12). The 2011–2015 affordable homes programme (DCLG/HCA, 2010) moved the goalposts considerably as a result of the Coalition government’s predilection for “affordable rent” products. However, a non-specific proportion of grant funding remained available for shared ownership.
... and weaknesses

Support for Homebuy was premised on a range of factors including the opportunity for asset accumulation for lower-income households and serving members of the armed forces, meeting aspirations to own, creating mixed communities, and generating social housing vacancies (ODPM, 2005; National Audit Office (NAO), 2006). A further significant factor was the surpluses generated by shared ownership sales, which enabled social housing providers to cross-subsidise other activities. Wallace (2012) noted that many of these motivations are aimed at reducing public subsidies in housing and welfare policy rather than focused on the outcomes for buyers (although it should be noted that social housing occupiers are a diminishing group of potential purchasers). Griffith (2011) echoed that sentiment, highlighting that the prime beneficiary of many housing market interventions after the financial crisis has been the house-building industry rather than first-time buyers.

But the perceived shortcomings of shared ownership were recognised. The LCHO Taskforce (2003) viewed shared ownership as complicated, poor value for money and involving two legal relationships (with the housing association and mortgage lender) and it perceived that the risks and responsibilities were weighted too far towards the tenant when they own only a partial share of the property. Nonetheless, shared ownership was included in the Taskforce’s recommendations because it supported lower-income households into ownership at a lower cost than shared equity schemes. Terry (1999) questioned the need for shared ownership in the low-inflation environment, seeing a role only in very high-cost areas such as London.

Concerns about mobility, resales and staircasing within the sector were raised as problematic (Wallace, 2008; CCHPR, 2012). Studies show that, at this time, shared ownership had been accessed by households on lower earnings than first-time buyers in the wider market (Cho et al, 2004; Wallace, 2008; Cho and Whitehead, 2010). However, some shared owners could have accessed homeownership by other means, but in this way were able to buy bigger properties in better locations than they could otherwise have afforded (Bramley et al, 2002; NAO, 2006; Clarke, 2010). The security of buyers’ equity holdings, their access to equity accumulated in their home (Bright and Hopkins, 2011) and the limited rights afforded to shared owners in comparison to ordinary leaseholders were also noted (Wallace, 2012). There were also fewer social housing tenants accessing shared ownership than in previous decades. Moreover, concerns were flagged about investment in households that were otherwise satisfactorily housed when greater homelessness and need for general needs social housing units were required (Hughes, 2010; Monk and Whitehead, 2010).

The TSA (2009) found that shared owners had lower satisfaction than general needs tenants; but, nonetheless, paradoxically shared owners would overwhelmingly recommend the product to their friends. To what extent shared ownership had achieved its potential in meeting aspirations to homeownership was uncertain, although shared ownership has afforded buyers the opportunity to become owners and all the cultural inflections that entails (Wallace, 2012).

Our key stakeholders identified other issues. First, the successive re-labelling of the product over the past 10 or so years has led to confusion:

We found that lenders and consumers found the proliferation of brand names, taking into account local and regional variations, confusing. The HCA has since the advent of the new...
administration moved away from branding of shared ownership and reverted to ‘Shared Ownership’ as the nomenclature for the housing product. To counter any perception of confusion we arrived at the view that the part rent part buy housing product should be known by its traditional name, which more accurately describes its function. (KS/10)

The whole mid market has been so dogged by a kind of plethora of different initiatives and brand names that most people are thoroughly confused by it. (KS/11)

Secondly, attention was drawn to the complexity of the product itself. KS/12, in discussing the kinds of complaints their organisation sees from shared owners themselves said:

[S]ometimes you know it’s hard to grasp some of these things at the best of times for your ordinary lay person … but even for us. [laughs] So that seems to be a common theme.

Thirdly, a range of issues were presented regarding the location of shared ownership as social housing. At this stage in our work, our attention was drawn to potential issues around the stigma of social housing attaching to shared ownership; the potential for “poor doors” between general needs and private housing on mixed tenure estates and within private developments; different forms of management required for general needs and shared ownership; and a buyer perspective that they were regarded as “fourth-class citizens” by their provider, being excluded from various parts of an estate such as gyms and car parking.

Building on success?

The Coalition government’s programme for government was forthright: “We will promote shared ownership schemes and help social tenants and others to own or part-own their home.” (HM Government, 2010: 12) One of our key stakeholders suggested that this bullet point had been left in the programme by an editing mistake! However, at least publicly, it demonstrated a powerful central government commitment to shared ownership at a time when private housebuilders were developing their own use of it (Burgess et al, 2009).

A consensus has also emerged among some influential policy networks around support for shared ownership to bridge the affordability gaps that preclude many younger cohorts from owning their home because shared ownership reaches a wider range of households than the other initiatives mentioned above (Hughes, 2010; Resolution Foundation, 2013; CIH/Orbit Group, 2015; De Santos, 2013; Council of Mortgage Lenders (CML), 2015; Greater London Authority (GLA), 2014). Suggestions to refine the offer include, in practice: rebalancing the repairing obligations between landlords and shared owners; supporting movement within the tenure; providing a consistent product and ”brand”; facilitating staircasing decisions with minimal costs; developing consistent eligibility criteria; and introducing codes of good practice in the sector (Wiles, 2014; CIH/Orbit Group, 2015). HM Treasury’s Autumn Statement also committed the government to working on streamlining the resales process – and the DCLG is currently consulting on proposals for reform of that process (DCLG, 2015) – and identifying ways to lift barriers to the expansion of shared ownership (HM Treasury, 2014: paras 1.139–40). The Mayor of London (2014b) is looking for private investment to enable a doubling of shared ownership completions in London, although the report cites the lack of repairing obligations towards these properties as one of the benefits to investors, which could potentially limit reform in this key area.
The Coalition government (DCLG, 2015b: para 4.3) promised that it would undertake a review of shared ownership focusing on possible longer-term options for change, with a report to ministers in summer 2015. Although the Conservative manifesto for the 2015 general election did not specifically mention shared ownership as an option, it expressed itself as clearly “... setting an ambition to double the number of first-time buyers compared to the last five years – helping one million more people to own their own home” (Conservative Party, 2015: 52). It is unlikely that this will be achieved without making shared ownership part of the offer in a housing market that has already been stretched in terms of affordability and supply. The promised review is, therefore, both timely and of significance in the future delivery of the shared ownership project.

**Conclusion**

- The drive to homeownership evident during the twentieth century has slowed down and has been in reverse, at least since the global financial crisis. The Coalition government has developed a number of initiatives designed to enable households to access homeownership, such as help to buy and greater incentives to exercise the right to buy.

- Despite the relatively weak evidence base for the benefits of lower-income homeownership in the UK, shared ownership remains a politically pragmatic policy approach to combat rising entry thresholds to homeownership and weaknesses in other tenures.

- Shared ownership has been particularly favoured over the last 25 years in public grant funding to the social sector because of its perceived benefits and greater output for capital investment than other general needs social housing.

- A significant coalition of political parties, pressure groups and other non-government organisations, including housing associations and tenants’ rights groups, have now publicly endorsed the need for expansion of shared ownership. This is a necessary step to engage lenders so as to make them sufficiently interested in the product to alter their systems and improve the range of lending on the product.

- As a result of this support, some weaknesses of shared ownership that require reform have been identified. Those weaknesses have yet to be tackled. The government review will need to address these weaknesses head on and produce action, which almost certainly should result in a legislative programme for change.
3 The lease

The lease structures the legal relationship between provider, buyer and third-party managing agent. It is also the legal document by which the buyer becomes an “owner” in law. As a result, it is lengthy and complex. In this chapter we are concerned with the model lease that the investor arm of the HCA promulgates. It relies for its efficacy not just on its own terms but centuries of judicial interpretations of those terms as well as statutory overlays, and the fact of being read as a "living" document (Hunter, forthcoming).

The HCA, in its investor function, has provided model leases since the early 1980s. The model lease has led to a standardisation in the marketplace of the shared ownership product. Grant-funded providers must, even if they do not use the model lease in its entirety, include certain fundamental clauses which appear in the model lease. Although there have been changes, in general, other than the 2009 redraft, these are at the level of tinkering with the drafting – one draftsperson’s predilection over another, perhaps – or a technical change. What has been remarkable in a sense has been the longevity of the lease itself.

Fundamental clauses

The fundamental clauses that must be in every shared ownership lease relate to:

- rent reviews – restricting any rent increase to retail price index (RPI) plus a percentage amount (RPI + 0.5 per cent);
- staircasing – setting out the provisions (for example, about valuation and timings) under which a buyer can purchase an increase in their share;
- right of first refusal (also known as the right of pre-emption) – enabling the provider to have a right of first refusal if the shared owner decides to sell the property within a set time;
- restrictions on alienation – requiring the buyer to sell the property through the provider first, so that the new buyer will be in a priority group as opposed to being an open market buyer: the clause also prevents subletting of the whole of the premises or of part of the premises;
- the MPC – discussed below; and
- where applicable, designated protected area staircasing provisions – these restrict the ability to staircase in certain areas or, where the buyer is entitled to staircase up to 100 per cent, allows the provider a mandatory right to repurchase.

The majority of these terms are perhaps predictable considering the social housing context, although the breadth of the alienation clause is counter-intuitive in the restrictions it imposes upon an owner’s right to generate income from their asset. However, what is unusual is the MPC. This clause provides additional protection to the mortgage lender over and above the protections given to a conventional mortgage lender if it has to seek possession due to buyer

---

2 From April 2015, the new leases no longer contain this right of pre-emption in relation to leases where the buyer has staircased to 100 per cent, and other leases will be varied to remove the right: HCA, 2015: para 5.3.24 et seq.

Exploring experiences of shared ownership housing
arrears, provided that the provider approved the mortgage prior to the grant. Under the clause, in such a circumstance, the lender is entitled to recover the following from the provider as landlord: repayment of the loan; 18 months’ arrears of interest; and arrears of rent/service charge; as well as the fees and costs in enforcing security. The added protection provided to a mortgagee of a leaseholder of a shared ownership lease provides certainty for the lender, is compensation for lending on a shared ownership basis and for giving up the frequent and expensive requirement for leaseholders to purchase mortgage indemnity policies or similar equivalents. The clause includes a right for the landlord to recover these monies from the shared owner.

This is a most significant form of protection reducing the risks borne by lenders to an extraordinary degree. As KS/15 put it:

> What lenders [not involved in shared ownership] don’t appreciate is the negligible losses on these cases – £29k in 10 years. Had we not had the MPC, the losses would have been half a million. You wouldn’t do it without the MPC.

**Other core terms**

The shared ownership lease is a “full repairing lease”. This means that the buyer is responsible for 100 per cent of the repairs to their property, which is their responsibility, irrespective of the share purchased or held. Purchasers have little difficulty accepting that they are responsible for 100 per cent of the internal repairs, although they do query paying administrative charges in connection with these when the provider benefits. The requirement to pay 100 per cent of their share of the costs of external repairs and repairs to the common parts is more problematic for shared owners. They consider that they are subsidising costs which are more appropriately borne by the provider. It also leads to resentment as time passes as it adds to the feeling that shared ownership, unless you can staircase upwards rapidly, is a bad deal weighted towards the provider.

The provider’s costs are reimbursed by the shared owner via service charges. Service charges have long been contentious between landlords and tenants and there is voluminous legislation regulating them. However, legislation does not cover initial apportionment and this can cause tensions between shared owners and providers, particularly when shared owners live in blocks with facilities shared with standard owners. These facilities can often be high quality and the consequent level of service charges can be inconsistent with the notion of affordable housing. This also poses a dilemma for providers. Should they provide separate and more basic facilities for shared owners and risk the opprobrium of the “poor door” or should they provide the same level of facilities and risk them being unaffordable and not what shared owners wish to pay for? There are several applications before the Residential Property Tribunal considering the reasonableness of service charge demands in such circumstances.

A further set of core terms are that, if the buyer wishes to improve the property, then they must obtain the approval of the provider, who may charge a fee for such approval (both Greendale and Fixham did charge a fee). This is designed so that the buyer takes the benefit of any such improvement on staircasing or sale of the property (i.e. so that they do not pay for the same thing twice). It also protects the provider from improvements that might affect the property...
negatively. Of course, the distinction between repairs and improvements is one on which angels may dance on a pinhead and on which lawyers regularly go to battle. Therefore, it is predictable that shared owners are confused about what internal works they are required to obtain and pay for approval of.

**Audience**

We would argue that the lease itself is the critical component of shared ownership. Rather than focusing on the home about to be occupied, the building within which it is located or the interactive relationships cemented over time, the lease itself is the product. This is borne out by providers’ insistence on the importance of the lease when discussing the relationship between them and their shared owners and buyers’ puzzlement at the provider’s lack of interest in the building.

The critical audience for the lease is not the shared owners and the providers and others who are parties to it, but the mortgage lender. As KS/14 pithily remarked: “The lease is recognised by lenders as being the standard form and thus acceptable for ‘standard form’ lending.” Shared ownership, being a different and non-mainstream product, requires lender faith and involvement, particularly because the type of buyer is likely to require a mortgage and be on the margins of homeownership (as they are unable to afford an open market purchase). Thus, the potential mortgagee is the key audience, otherwise the product becomes unsaleable:

> And you know from my dealings with lenders, you know they like to deal in standard processes, they like to understand … and the more straightforward you can make it for them, the more likely they are going to be willing to lend on a product which is to them still a sort of bit part player in the sort big general scheme of things. (KS/12)

However, the lender perspective was a little different. We were told: “Relative stability. HCA doesn’t want to change them every year. Most of the time from a lenders’ perspective any changes are immaterial. The only relevant clauses are the MPC and the forfeiture clause. Anything else is more related to landlord-tenant.” (KS/4); and “the [leases] don’t cross my desk that much and we don’t get queries that often” (KS/5).

Our key stakeholders were clear that there were issues for larger and smaller lenders with shared ownership which potentially inhibited their involvement.

- The first was that their information technology systems might not support the risk management of the shared-owner marketplace.
- The second were the Financial Conduct Authority (FCA) prudential lending requirements, as expressed in the Building Society Sourcebook, which inhibited building society and smaller lender involvement because shared ownership was regarded as non-prime lending (despite their consistent lobbying of the FCA and its predecessors about the less risky nature of shared ownership). As KS/5 put it: “The MPC is a useful protection internally for lenders, getting it through their committees, but at the same time you’ve got this guidance, which restricts the lending. We did quite a lot of work a few years ago on the MPC – we spent quite a bit of time on legal advice to see if it could help mitigate the restrictiveness of the sourcebook but not possible. I think it was surrounding it not being a strong enough protection – we pursued it as far as it could go but not possible.”
- Third, some lenders lend against the value of the property, others against the share being bought, the latter obviously being more advantageous to the buyer in terms of what can be afforded.
- Fourth, some concern was expressed about post-sales arrears of rent and service charge. Different lenders had different perceptions about the level of arrears in shared ownership.
- Fifth, there is large-scale ignorance about shared ownership which leads to it being regarded as high risk.
- Sixth, at least some lenders will not consider lending on a shared ownership property unless the provider signs up to the lender’s service level agreement.
- Seventh, the volume of transactions per annum is insufficient to attract the interest of most mainstream lenders.

**The 2009 redraft**

In 2009, the model leases were redrafted. A range of our key stakeholder interviewees were involved with this process. There were two elements to the redraft. The first was to shore up the MPC, extending its range (from 12 to 18 months) so as to provide comfort to lenders. The second was to seek to make the lease less abstract, clearer and more readable. A plain English information sheet was provided to give a translation of the lease. As KS/14 put it: “... the point in all that really was we recognise I think that you know lenders find it awkward and difficult, and this was about you know trying to persuade them actually it’s not quite as scary as it might seem, and there are good reasons to lend”.

The success of the 2009 redraft was framed by KS/3 as follows:

*In April 2009 the NHF/CML did a major piece of work to reform the lease. Our lender partners wanted a standardised lease which protected them through the mortgage protection clause; from the consumer angle, wanted to take out the old-fashioned language. The former was achieved, the latter nowhere near. It still is mind-boggling. I run over this with my own staff and sometimes it is difficult for them to understand.*

**Legal constructions: Richardson**

In *Midland Heart v Richardson* [2008] L&TR 31 Ch D, at the Birmingham Civil Justice Centre Chancery Division, Jonathan Gaunt QC, sitting as a deputy judge, dismissed Ms Richardson’s arguments and held that the shared ownership lease was, in law, an assured tenancy. Ms Richardson had rent arrears on her shared ownership lease. They arose after she was forced to move out of the property, following threats of violence from her ex-partner’s associates. She moved to a refuge. Housing benefit was in payment on both properties (properly) for 52 weeks but then stopped for the shared ownership property. Arrears began to build. Ms Richardson and Midland Heart sought unsuccessfully to sell the property. Then Midland Heart sought possession.

As an assured tenancy, the lease could be terminated by the usual grounds contained in the Housing Act 1988, including the mandatory ground for rent arrears. This had the effect of...
forfeiture, in the sense that Ms Richardson lost her entire capital stake. However, Midland Heart did offer to recompense Ms Richardson for her original capital stake *ex gratia*. Jonathan Gaunt QC said:

[23] That all said, I have found this case troubling. Miss Richardson has had a rough ride in life and has now lost what is probably her only capital asset. Moreover, she lost it in proceedings brought at a time when, to the knowledge of the housing association, she was actively seeking to sell the house to pay off her debts and the housing association was itself involved in that process. I must say that I find the stance taken by the housing association strange in the circumstances and I have not received any adequate explanation. There may, of course, be many facts and matters in the background that I know not of and so I do not intend to be unduly critical. I simply comment on the timing.

[24] I am pleased to record, however, that the housing association have offered to repay Miss Richardson’s original premium, less rent arrears, costs and the cost of effecting repairs out of any sale proceeds and counsel has confirmed to the court that the housing association intend to stand by that offer. But that still means that Miss Richardson will have lost any capital appreciation between 1995 and now, worth about £45,000, which will represent, in turn, a windfall for the housing association.

Although this case caused considerable consternation among the legal establishment (see, for example, Bright and Hopkins, 2009; Cowan, 2011), what was interesting was that our key stakeholder interviewees either had not heard of the case or sought to marginalise its significance.

We were told, for example, that Richardson was an unusual case because Ms Richardson did not have a mortgage; in such cases, where there is a mortgagee, they will often pay off and capitalise the arrears. As KS/11 put it: “I think it’s just her circumstances were very unusual in that she had no mortgage and also she was living elsewhere so didn’t claim housing benefit.”; and KS/14 said:

> My understanding of that particular case is that it was a set of circumstances that if you dreamt up you could never replicate – it just wouldn’t happen, I mean I feel sorry for the woman in question, but you know clearly you know there was a very peculiar set of circumstances were at play there.

Or, that it unfairly castigated the industry because they would never let a case reach the stage where the buyer would lose their equity.

Or, that some lawyers had made too much of the issues:

> The primary issue is around Richardson from the NL [Nearly Legal blog] guy – a lot of people think it is a techie point which doesn’t matter. That’s probably right while partners are regulated; what that article missed was that Ms Richardson was offered a capital sum and had wrecked the property. (KS/6)

There was also (surprisingly) a significant degree of ignorance about the case. As noted, some had simply not heard of it; others had simply not understood it. For example, KS/12 said:

> I mean we are aware of it as an issue, and then ... I mean you look at sort of the issues around forfeiture, and it’s a similar thing ... we do know that on the ... I think it’s ground 1,
if you don’t pay your rent, then there’s no discretion in the court to have to just say repossess. Whereas on the grounds of Midland Heart as I understand it, it wasn’t a sort of straightforward repossession case, there was discretion and the court decided to go with the landlord because of what she’d done.

Legal responses: other

While Richardson has been the central frame for legal analysis and concern, shared ownership has been considered in other contexts. A somewhat controversial reading of the leasehold reform provisions has rendered the shared ownership lease to be a “long lease” for the purposes of sections 75 and 76, Commonhold and Leasehold Reform Act 2002: Corscombe Close Block B RTM Co. Ltd v Roseleb Ltd [2013] UKUT 81 (LC); a finding following from Brick Farm Management Ltd v Richmond Housing Partnership Ltd [2005] EWHC 1650 (concerning collective enfranchisement under the Leasehold Reform, Housing and Urban Development Act 1993). This means that shared owners have the same rights as long leaseholders, for example, to be consulted about external works contracts and over a right to manage application (i.e. if the leaseholders in a block decide to take over the management of the block themselves).

Conclusion

- The shared ownership lease is the key document structuring the relationship between the parties.

- It is a lengthy, complex document which is not necessarily easy to translate because there are many implicit elements of it as a result of case law interpretations of words and statutory overlays.

- The HCA investor arm requires providers to use certain fundamental terms in all grant-funded properties.

- The most significant such term is the MPC.

- The audience for the lease is not necessarily the parties but the lender, which was a key concern in the 2009 redraft.

- Legal responses to the lease recognise its hybrid nature. It is on the one hand an assured tenancy, with the security provided under the Housing Act 1988, as well as being a long lease, for the purposes of other sets of statutory protections, and a contract, setting out the legal relationship between the parties.

- The potential problems with service charges, evident in all residential leases, is exacerbated within shared ownership, both in terms of responsibilities for all repairs and in the apportionment of charges.
4 Introducing the case study providers

The focus of our work and the rest of this document was on two large-scale social housing providers of shared ownership. We have called them “Greendale” and “Fixham”. In this chapter, we describe their management and organisation, not just as an essential backdrop to the buyer data, but also because any purchase is interactive and the purchase of property on a long leasehold is interactive over a lengthy period. Thus, it is important to describe carefully the management ethos and practices of Greendale and Fixham.

Greendale

Greendale has around 4,000 shared ownership properties in a diverse portfolio of general needs social housing, leasehold, intermediate ownership and market rental. It has been involved in shared ownership since the early 1980s and was one of the first housing association providers. Following a string of mergers and takeovers over the years, it now has a group structure with offices in different locations. The organisation manages its shared ownership portfolio under a subsidiary that dealt with all commercial undertakings, from local offices, but with certain specialist functions (lease extensions, enfranchisement and staircasing) situated in one central team. Each regional office has its own income collection team, service charge team, and property managers. Although the organisational structure of the group is clear, its actual on-the-ground organisation became easier to appreciate after our observation period.

The central office location is housed in an open office space with motivational messages, such as “Did you change something for the better today?”, or reiterating the group’s mission statement. It was recognised that, although such statements can become like wallpaper, staff were clearly aware of these organisational values.

Some elements of the computer system used by Greendale group appeared to be not particularly geared towards shared ownership. It required manual cutting and pasting – for example, of service charge costs. It seems to have been designed for social rented properties – for example, some actions are based on weekly rent, whereas shared ownership is monthly rent – and its prompted actions do not necessarily correlate with what is required of shared owners.

Greendale has properties across England with concentrations of stock in certain areas. There are noticeably different markets in these areas. In our research method, we selected two areas in which stock was concentrated. One area (Area 1) was predominantly urban, with much new build, and generally the stock was flats. Although this area was at the more expensive end of the shared ownership market, it was understood that this market would be different to others because of the significant employment opportunities available. The other area (Area 2) was made up of a town in which property prices had been the subject of a local boom and surrounding areas where there are more limited employment opportunities. The stock in this area is predominantly houses. It was understood that there were more likely to be affordability issues among shared owners in this area. Our sample is made up of 13 interviewees in Area 2 and 20 interviewees in Area 1.
The stock is also mixed in the sense that there are dispersed DIYSO properties, mono-tenure blocks, section 106 units, and mixed tenure estates. Issues tend to arise on mixed tenure estates because it was said that social tenants are less inclined to make sure the property and area are well kept.

The management approach is to treat and regard shared owners in the same way as long leaseholders are treated and regarded. There are some general points – we were regularly told that the onus is on the buyer and for them to be properly advised by their solicitor, but that it was apparent from the enquiries received that any such advice is lacking. This is particularly the case about repairing obligations. As a result, Greendale does provide prospective buyers with a list of recommended conveyancers.

Greendale had a guide for shared owners which contained explanations about various aspects of shared ownership for the uninitiated (the guide was being updated during our observation at Greendale). However, this was not given to prospective buyers until they viewed a property. We were told that, by this stage, many buyers were unlikely to take in the relevant information because they were so enamoured by the property. At this stage, the sales team complete a one-page tick-box sheet to say that they have provided the relevant information about the property to the prospective buyer (although this sheet does not mention repairing obligations). The marketing staff repeat information because buyers have a lot of information to take in; they think that people are overwhelmed or enamoured by the “shiny kitchens” and “loving the flat rather than thinking through the detail”.

Although not necessarily articulated as such, Greendale recognises that it operates at the interface of the commercial and the social. So, for example, it regularly “soaks up” costs which it does not feel appropriate to pass on to the shared owners. An improvement in software now means that more costs were being passed on to the shared owners. However, it remained the case that Greendale did not pass on all the costs suggested by its operating systems to shared owners, due to knowledge of staff on the ground. Further, if a shared owner cannot afford to pay the service charge bill within the required period (30 days), they are routinely allowed a longer period to do so. Greendale will also intervene with third-party managing agents if its shared owners are concerned that they are being overcharged.

Greendale does have a downward staircasing policy, although this is usually restricted in Area 1 and more available in Area 2. It routinely signposts shared owners in arrears to money advice agencies. Greendale is also bulk-buying energy to pass savings on to its customers.

However, the organisation needs to act commercially regarding sales and ongoing buildings maintenance. The decision to buy section 106 leases was described as a commercial decision: “...there is little scope to subsidise [shared owners] should agent fees go up and there is a bit of a conflict with being a social landlord”. Although the organisation seeks to work holistically – so that, for example, sales staff are involved at an early stage in developments – there were concerns expressed that the drive for sales might mean that sales staff were less inclined to provide full information and/or point out the pitfalls to prospective buyers.

Considerable thought clearly went in to the promotional material produced by Greendale for new schemes. Simple explanations of shared ownership (“part-buy, part rent”) might be combined with...
aspirational messages about the area in which the development was situated, the types of furnishings available and “mocked-up” pictures of the finished product. On any view, these were impressive. Development names were designed to capture the essence of an area.

A number of quite complex issues arose where blocks were managed by third-party managing agents, most commonly as a result of section 106 agreements. So, for example, a developer would agree to offer a certain number of units in a block for social housing as a condition of obtaining planning permission. These complex issues revolved around service charges, the creation of a “poor doors” feeling and uncertainties over the lease.

This appears to be the sharp end of where the relationship between the commercial arm of Greendale was in tension with the social ethos. It is a universal truth among officers that more complaints arise from shared owners with external managing agents.

In essence, Greendale can only deal with the managing agent and not the freeholder; the shared owner can only deal with Greendale and neither the managing agent nor the freeholder. The managing agent and the freeholder are distant from issues that affect the shared owner’s home. Not surprisingly, it was suggested that shared owners “certainly don’t” understand the relationships, perhaps because their solicitors and the sales team had not explained the relationships.

As regards service charges, Greendale had no control about the level of service charge, the quality of service, nor the period over which the charge is levied (managing agents often operate on different accounting periods). There are significant charges for items that are not visible to the shared owner so they question what they are paying for. While service charges for new schemes are often low (e.g. £50 per calendar month), some third-party managing agents may increase costs fourfold. Greendale has to pay the full management costs and recover that amount from its shared owners.

Many agents were said to use the full reach of the legislation so as not to provide accounts or detailed specifications of costs incurred, leaving the Greendale managers without the resource to explain the items to the shared owners. Occasionally, Greendale threatened to withhold payment of the service charge in such instances, but the organisation recognises that, should the matter proceed to a tribunal, it would be required to pay the amount.

As regards the “poor doors” feeling, the following example was used a number of times to explain the issue to the researcher:

It can be a difficult relationship. We had a recent case where a shared ownership block, which was managed by a third party, had a gym on site. Greendale opted out of the gym as otherwise it would have made the service charges too expensive. ... The managing agents would not even let shared owners use the services of the gym if they paid separately and had a separate individual account. When a shared owner staircased to 100% he was expected to be free of [Greendale] but he is a 100% leaseholder of [Greendale] not of the freeholder, and still can’t access the gym which is what he wanted. They don’t understand why they cannot pay service charges etc. direct to managing agent now, so the legal relationship was not made clear to him ever, until he staircased and did not get the result for which he hoped.
This example also demonstrates the issue with some leases in some blocks. That is, when the shared owner staircases up to 100 per cent they remain in a leaseholder relationship with Greendale. Not all such leasehold relationships are constructed in this way, but that does happen where the Greendale leases are held en bloc, i.e. in a single headlease.

Greendale has been at the forefront of innovation in design in its new-build properties. It has tended to balance innovation and energy efficiency, on the one hand, with practicality, including ongoing costs, on the other hand. The organisation has particular issues with solar panels because these require annual maintenance (their shelf-life is limited otherwise) and can be expensive; many householders switch them off.

**Fixham**

Fixham has been involved in shared ownership since its early days. Some of its stock is dispersed as a result of individual DIYSO purchases. However, it predominantly operates geographically in two regions in England. It currently manages about 4,000 shared ownership properties.

Fixham organises its housing management generically, so that response teams deal with all tenures – general needs rented housing, shared ownership and leasehold. We were told that one rationale for this is that the business is about people, not tenure; as one person put it: “Tenure doesn’t really matter but what is important is how you deal with the problem.” Further, and relatedly, separate teams produced duplications and, thus, inefficiencies. It was also clear that officers move between teams and, therefore, are aware of the systems, processes and procedures across the whole organisation.

Teams are arranged over three floors of open-plan space in a central building that is both large and modern; the exception is that the neighbourhood management teams are organised and have offices on an area basis. Neighbourhood management officers deal with approximately 650–750 properties. Motivational messages are part of the decoration of the main offices and values were promoted both to staff and contractors.

The management of shared ownership properties is, however, different from the general needs stock. Shared owners are “left to their own devices”, whereas general needs occupiers tend to have more regular visits. This reflects the “hands-off” ethos towards shared ownership. There has been discussion, however, of whether to translate the incentive scheme for general needs tenants to shared owners, but the difficulties of doing so have meant that this has not yet been done.

Fixham’s stock tends to be pepperpotted on estates that it manages, DIYSO and in other developments with third-party managing agents. The last of these are a source of tension as they range in quality of management. We were told that managing agents have a different approach, their staff follow the lease to the letter, there are no shades of grey. Staff are focused on the asset, the estate or block.

Fixham seeks to ameliorate management issues in relation to third-party agents through actively seeking relationships with them by “being strong and championing” shared owners. Although it is a leaseholder, Fixham’s active approach is manifested in, for example, assisting leaseholders remove and replace a managing agent, or in negotiating with the third-party agent.
that Fixham conducts internal repairs to the fabric of the building and that the third party deals with external matters. Further, it seeks to develop relationships with agents in advance of development and the development team is warned away from entering relationships with third-party agents, which are negatively regarded.

However, Fixham is concerned about its shared ownership satisfaction rate which, we were told, was high when specific teams dealt with it, but was now at a mid-level. Different explanations were given to us by staff for this, but the most common was that the complexity of the different types of tenure means that neighbourhood officers “don’t have the ability to manage shared owners’ expectations” because of their “social work” role and the different sort of complaints from shared owners. The more specific, but related, explanation given was that, as neighbourhood officers are often unavailable as they are frequently out of the office, the expectations of shared owners are not always able to be met. Further, we were told that the current computer system tended to prioritise process – that is, dealing with an issue swiftly – over substantive resolution of issues.

Fixham has sought to manage shared-owner expectations through a new customer care team, which is responsible for explaining various matters – such as defects periods, repairing obligations, use of white goods etc. – to new shared owners. However, it is clear that Fixham’s staff also perceive shared owners to have higher expectations than general needs tenants. So, for example, in a more flippant moment, shared owners were described as “seeing themselves as superior”, that they “forget they rent themselves”, there was “snobbishness among some people” and that managing mixed tenure can be difficult.

The customer service and communication skills were said to be different. We were regularly told that Fixham will not hold the hands of shared owners but that it operates a kind of social work role with general needs tenants. Fixham’s dominant management ethic is that it operates as a “social business” and recognises that tensions, which can be productive, are likely to arise as it navigates between these poles. As one officer put it: “We have to be in the commercial world to achieve our social goals. We have a commercial head and a social heart but it is a real balancing act.”

Key values are painted on the walls of the reception area. Fixham is also seeking to ensure its contractors meet these values.

In general, the social mission was satisfied by recognising that Fixham’s shared ownership “sits in the middle ground” between social and private markets. The social mission was also recognised to have a particular impact on individual cases, in which it might be said to be an “orientation” when dealing with “hard cases”. Thus, staff justified more lenient discretionary decisions by reference to the social value. More generally, certain practices might be said to be less commercial – so, for example, once a reservation fee is paid on a new plot, Fixham honours the original purchase price even where there are substantial delays and the housing market value has increased; or, service charge payments may be made monthly for affordability as opposed to six-monthly in advance, without interest; or, Fixham’s income maximisation approach, where it assists with post-application issues with housing benefit, spans both general needs and shared ownership. Fixham can also do downward staircasing, although the funding criteria are strict.

Fixham has a rent arrears management system for shared ownership which is acknowledged to be best practice. In particular, the organisation has worked to support shared owners in terms of
informing them about the availability of benefits, which can also cover service charge payments. If the shared owner is in arrears after service of a notice seeking possession, Fixham will, like Greendale, often inform the lender, which can capitalise the arrears. Fixham also operates a flexible tenure scheme but the criteria, which the regulator sets, are tight due to concerns about moral hazard. Fixham’s assistance to occupiers tends to be enhanced where the officer has some kind of relationship with the lender’s officer, so that co-ordinated action can be taken.

Usually, Fixham’s experience is that, if the buyer is not in mortgage arrears, the lender will capitalise any arrears a number of times, although there is a limit to lenders’ forebearance. The “catch-22” that arises, though, is that the lender may not inform Fixham that it has done this – a situation may arise where the lender has paid arrears leading to the owner being in negative equity.

In that situation, the MPC in the lease protects the lender but not Fixham or the occupier. Where the borrower is in mortgage arrears, experience suggests that rent arrears will “push the lender over the edge”. If staff have to contact lenders, this can cause frustration when there is no specific contact person provided and staff are told that Fixham officers do not have permission to speak to lenders, even though it’s all in the MPC.

Shared ownership properties may be purchased through new-build first sales, resales of previously purchased property and by purchase of repossessed resale property. All sales are handled by different staff with different degrees of “handholding” through the process, and different documentation issued to prospective buyers. Down the line all staff members have to be confident that buyers were given all the necessary information at the outset of their purchase, but there is a recognised potential for inconsistencies in quality of information imparted during the sale.

**Conclusion**

- Both case study providers – Greendale and Fixham – have provided shared ownership for a lengthy period.

- Both have a tenure neutral approach to shared ownership management, although Greendale aligns shared ownership with leaseholders, and Fixham more broadly.

- Both might be described as entrepreneurial organisations working at the interface between social–commercial practices. Both can evidence considerable attempts to alleviate issues among their shared owners, including downward staircasing.

- Both have issues with third-party managing agents and have strategies to deal with them, albeit recognising that many of the problems are beyond their control.

- During the observation phase of this work, slightly different tensions became apparent in the management of the shared ownership stock. For Greendale, there were emerging issues about repairs. For Fixham, there were emerging issues about shared-owner satisfaction.
5 Understanding the shared ownership product

Introduction

A common theme across the fieldwork phases was that there was a gulf of knowledge and appreciation about the product between buyers and the registered providers. Our key stakeholders raised this problem at the outset of our fieldwork:

... one of the difficulties is I think that people don’t understand the leases. You know the staff haven’t read the lease ... the leaseholders don’t read the lease, shared owners haven’t got the faintest idea what it is they’ve bought, they really don’t. (KS/16)

probably 3 ½ to 4 years ago there was a massive, really extensive piece of work on the [model] lease to ... transform it from a pretty inaccessible legal document into something that was relatively sort of legible and stuff ... and I think there was an attempt to sort of put it in as plain English as possible. And ... have to an extent made it slightly more accessible and transparent to a shared owner. But I think, as we all know, people don’t always tend to read these things as thoroughly as perhaps we’d like. (KS/8)

Quite often, this gulf of understanding was at the root of any negativity expressed about the providers. Some shared-owner buyers felt they understood the terms of the lease well. But on, the whole, it was a common refrain that shared owners do not understand the lease and this was one of the first things Greendale and Fixham staff wanted to impart to the researcher.

The gulf of understanding was exposed over a number of different issues, but was particularly prominent about repairs, improvements and service charges. We found that the sense of grievance felt by shared owners changes over the time in which they are in their home. Most commonly, in the early days, they tend to be either oblivious to, or accepting of, the obligations; however, the longer they remained in the tenure, the more questioning they became about the nature of the obligations imposed on them and that they had taken on.

This chapter outlines how this gulf of understanding is manifest and examines staff and shared-owner experiences of how the different actors in the purchasing process – the shared owners, the registered providers and the solicitors – attempt to understand or communicate critical information about the shared ownership product. The chapter concludes by considering where the responsibility lies for ensuring buyers understand what they are buying and what steps might be taken to overcome this information or comprehension deficit.

Staff responses

Staff in both case study organisations, across many operational teams, routinely cited the failure of shared owners to understand their lease as a major problem with managing their expectations and responding effectively to queries raised. Consistent staff effort was expended explaining the lease to shared owners in a number of different scenarios. Examples include: the repairing obligations; variable service charges; the relationship between themselves, the registered providers and third-party freeholders and/or managing agents; or what the rent covers. That shared owners were felt not to understand the lease was a central theme to emerge
from the case study fieldwork. Staff explained this phenomenon by reference to the shared owners undertaking insufficient research and solicitors underperforming, but also conceding that registered providers could perhaps do more to clarify the terms and conditions of the scheme.

Most of the problems arise from people not understanding that they own 10 per cent of property but they’re responsible for 100 per cent repairs. They report that their boiler has gone and we say well get on with the repair then and they say “What!? You own 80 per cent of the property, you should share this.” It’s the solicitors at the time of the sale but they don’t explain the lease to them, they don’t explain the service charges to them. It could be us, maybe we don’t explain enough either. People are keen to get the new keys and not listening or realising what’s being said. Some don’t realise they pay ground rent, but that depends on the lease. But the service charges, the 100 per cent repairs we think they should’ve known that. It’s less common with leaseholders but shared owners think it should be “shared”. (Greendale staff from field notes)

They explain to shared owners it’s a self-repairing lease, a lot say they were not told, but they might not have been listening, or their solicitor was crap, most people accept it once explained. Once a colleague had a shared owner have a massive hissy fit over a self-repairing lease on the demonstration visit on the day of completion, not too happy but they still bought. It’s no different to private, might not understand all the ins and outs but they can ask questions if they don’t understand at that point, they have enough opportunities to ask us and can always phone up. (Fixham staff member from field notes)

Staff members acknowledged that much of the language of the leases is often arcane and can be difficult to understand as there are a variety of leases in operation. However, they felt that it is the buyers’ responsibility to take time to understand their purchase.

They have to read the lease, their solicitors should explain and they are given a handbook. But generally they’re first-time buyers and they’ve seen bright and swanky properties and don’t have to worry about the roof … There’s a massive under-education of shared owners. (Greendale staff member from field notes)

One staff member highlighted a potential for a conflict of interest in the sales team as providers are keen to sell and so they have to make the product attractive, implying that full information of the key terms of shared ownership would jeopardise sales, and the staff member was, therefore, not confident that all important issues were highlighted: “Shared owners ‘certainly don’t’ understand the relationships and the solicitors do not appear to have explained it and the sales team don’t go out of their way to emphasise it.” (Staff member from field notes)

Several staff members of both case study providers suggested, however, that buyers were expected to digest a lot of information during the purchase process; but that buyers may be distracted by immediate practicalities of sorting out finance and conveyancing and by the excitement of the prospect of a, frequently brand new, home, where repairs and other issues seem a distant concern. As the stock matures and owners live as shared owners over the long term, however, such issues may further increase in importance.
They were bought 5/6/7 years ago so now things are beginning to go wrong on their estate or in their home, but they’re not fully aware of their obligations or what they’ve signed up for. Possibly not told enough when they were sold, but solicitors don’t point it out. We get queries and I say speak with your solicitor as it should have informed you what it is. ... People get cheap solicitors who don’t point out certain things, expecting the provider to replace their heating system for them. (Staff member from field notes)

Many staff members were explicit that it was incumbent on shared ownership buyers to take responsibility for their purchase and to read the lease prior to the completion of the sale. But how do different actors in the purchasing process fulfil their duties to understand and/or impart information about the shared ownership product?

Shared owners’ own research

Participants found out about shared ownership through contacts (friends and family), word of mouth, newspapers and other media and advertising. A significant minority of shared owners had been professionally aware of the product because they worked in public or private housing or associated industries. Internet searching of public media, various local and national housing organisations and government agencies was also important, but it was not always easy for shared owners to find the information they required. Mortgage brokers were also an important source of information about the operation of shared ownership.

Shared owners differed in their ability or propensity to seek out information for themselves, to undertake independent research or to ask probing questions, possibly no different to other first-time buyers and/or other leaseholders, although it was apparent that a minority had formerly been homeowners prior to a relationship breakdown. A minority of buyers suggested they had extensively researched shared ownership products, or held professional knowledge of the sector, and thus were aware of the structure of shared ownership leases.

You can also access the site of the government housing agency, so I found that, which has got even more in-depth information, and has got sample leases and so on and so forth on there, so I had a look at that. Also I looked at other people’s experiences ... Just blogs, just people asking questions, shared ownership. You pick up bits from Mumsnet and that, and all over the place, you can put little bits on about shared ownership and so on ... I spoke a lot with the sales team at Fixham, the lady that was doing the sales, so any questions I had I asked, which was quite easy by email. It was really helpful. (Fixham/20)

Yes, because obviously working in estate agents, like I did, I understood freehold from leasehold, and the restrictions and everything, and going through it, I know there’s always little issues with leasehold, but to me they were trivial. In comparison what I was gaining, those little bits were like trivial. (Greendale/32)

Generally people understand the basic premise of shared ownership but less so the detail. However, the common characterisation of “part own, part rent” may not accord with the legal status, so it may be unsurprising that confusion exists. Online information was not considered to be sufficiently comprehensive to enable a deeper appreciation of the product.
**Exploring experiences of shared ownership housing**

Not really. I mean, I probably could have found out, but it was all quite vague, to be honest. I knew the basic idea of it was that it was shared, that you would buy a portion, you would rent on the other proportion and then you could buy back at a later date. With regards to the terms and conditions, I probably could have found out, but it wasn’t obvious.

(Fixham/10)

Staff members highlighted that shared owners were not the most knowledgeable buyers. Buyers also acknowledged their sense of naivety when buying a shared ownership property for the first time. That some shared owners lacked a grasp of detailed information about shared ownership was not a deterrent, however, either because people were in precarious housing situations or felt they had few other opportunities to “own something”.

[Fixham did provide information], but accepting that I was somewhat desperate at the time probably a lot of it went in one ear and out the other, because all I wanted to do was get in, because my bed and breakfast was quite expensive. (Fixham/12)

I didn’t feel that I had kind of full information, but I knew that it was what I wanted to do. Realistically I knew it was the only way I was going to get on the property ladder.

(Greendale/19)

There was a sense, therefore, that some shared owners were savvy buyers, utilising a range of resources and balancing the information obtained to inform their decisions; but, conversely, a portion of shared owners who were less concerned with detail focused upon completion and moving in due to a lack of perspicacity, or indeed pressing housing need. It is plausible that this mirrors first-time buyer and leaseholder experiences in the open market, although there is an additional player involved in the sale in the case of shared ownership. Does the provider have a greater obligation to offer support and guidance?

**Registered providers as a source of advice and information**

Some shared owners were perfectly content with the level of support and information they received at the point of purchase, describing a surprisingly easy process – albeit with perhaps some legal or lending delays – and praised the sales staff.

I was in contact with someone quite a lot from the housing association, and she was quite helpful and she was quite knowledgeable about the sales process. … She was good about all the things, every time I had a problem. (Fixham/5)

Other buyers felt the responsibilities and terms of the lease were not clear until after they moved in. The schemes were understood in principle but it was not until something happened, often after discussions with the providers, that the precise details and terms became apparent.

I think the government website certainly helped the most. You can’t find much out until you’re in, I guess, with someone like [Fixham]. Until you’re in, you don’t get that much information. (Fixham/2, resale).

The providers did make efforts to impart knowledge about shared ownership at various points during the sale process, although there were inconsistencies and the imperatives of the sales
process were, of necessity, the priority at various points. On visiting the marketing suite of a new development of apartments for open sale, shared ownership and rent undertaken by one of the case study organisations, staff demonstrated their processes when showing the properties, emphasising that they provide information, repeat that information during various points of contact and go through a checklist of information to ensure all important points are covered, such as details of the MPC, improvements and staircasing. At development launches, prospective buyers were said to vary in their knowledge of shared ownership; many do not know too much about it, but the staff in the show suite reported that people do ask questions about the details. The 100 per cent repairing obligations are apparently quite readily accepted at this stage, albeit that the buyers are standing in a brand new show flat, but staff do ask buyers to sign to say they have had all the information because, invariably, by the time they have bought and they call the leasehold team, it sounds as if the team had just “driven past and chucked the keys out the window and told them to get on with it”. (Sales staff from field notes)

Marketing material for new homes across both organisations prioritises selling the potential of the place, the property and the lifestyle over highlighting the key facts about shared ownership. So, for example, Fixham produced a brochure for a new build which had a family portrait on the front, all dressed in tweed in a wood with their dogs in front. It suggested an aspirational, middle-class tenure. The information booklet that Greendale staff ask buyers to sign does provide more detailed information about shared ownership, although it does not make clear the repairing responsibilities – instead it says ‘refer to the lease’. This document is only provided during the purchase process and not by the staff handling initial inquiries, so people are already further down the line, and perhaps emotionally committed, before they receive more detailed information.

Three teams sell properties at Fixham – repossessions, resales, new build – and two teams deal with sales at Greendale – resales and new-build sales teams. All teams within the organisations operate differently; they provide similar but differing sets of information in different formats and at different points during the enquiry and sales process through to completion and shortly beyond. All teams have checklists but, as staff elsewhere in the organisation noted, there are ramifications for other teams in the organisation if information is not delivered in the best format at the best time and if other intermediaries are inadequately fulfilling their part in the process. One of the organisations was seeking to harmonise the information provided across the different teams.

For example, the researcher observed a member of Greendale staff going through the information checklist on the telephone with a person approved to purchase a resale property. In a dense 10 to 15-minute telephone call, the staff member politely talked through all the points that need to be shared with the buyer. The conversation was one-sided and included a lot of complex information to take in and the staff member used rehearsed phrases to get the points over succinctly, potentially leading to ambiguous descriptions of some key points. In respect of repairs the phrase “You’re responsible for the internal repairs and we’re responsible for the external repairs” provided the “rule of thumb”; and perhaps did not convey as clearly that, in a flat, the provider, or management company, will organise and undertake the external repairs on the leaseholders’ behalf and recharge the leaseholders in the block for the costs of the work. Although there were many shared owners pleased with the progress of their resale purchase, it
is apparent that buyers of repossessions and resales on the open market have fewer opportunities to receive information from the provider, ask questions and receive support when compared to the extensive guidance and information provided for buyers of new homes.

Fixham had instituted an additional contact stage with buyers of new builds to cover the defects period, help them understand the length of time the developers would be held responsible for faults in the property, and to ensure they understood that the shared owner would be responsible after this period expired. At this point any other queries about the property or lease can be answered. Another form is obtained and signed by the shared owner to emphasise that they understand. The team had not long been constituted in this way so staff could not determine the effectiveness of this new approach at the time the fieldwork was undertaken. New sales staff in the other provider handled this transitional period by being the first point of contact for queries for a month after completion.

**Solicitors as a source of advice and information**

Both case study providers had a panel of solicitors with whom they had developed working relationships. The idea of the panel was that it was comprised solicitors who knew about shared ownership and were familiar with the providers’ processes and needs for fast completions. Shared owners frequently used these recommended solicitors but also used their own, sourced through family, locally and chosen on costs, or because another company of solicitors was already handling other aspects of their lives, such as their divorce.

Some shared owners were positive about these recommended solicitors and several staff members highlighted the merit in using panel solicitors who knew the details of shared ownership and the registered provider to smooth the conveyancing and purchase process.

Some buyers shopped around among the panel solicitors and discovered considerable differences in price. Others had difficulty finding other solicitors who would take on the conveyancing for a shared ownership property. In some cases, buyers felt that they had been coerced into using a panel solicitor or that the solicitor was influenced by their work for the providers. Furthermore, staff raised the issue of changing practices within the conveyancing sector that may also impact upon the quality of solicitors’ work:

> Conveyancing is the lower echelons of law, they make profits by taking on bulk cases and having a fast turn over, when you contact them likely to reach paralegal not solicitor, so moves like Tesco law etc. are a concern. It’s a concern about the legal profession may impact upon vulnerable or lower-income people who are trying to enter the property ladder. (Staff member from field notes)

Solicitors were afforded a critical role in the purchase of shared ownership housing, and staff in the providers placed great emphasis on solicitors explaining the terms of the lease and providing information about the shared ownership scheme to prospective buyers. In fact, buyers often obtain only limited information or explanation. A shared owner (Greendale/2), for example, showed us their correspondence with their solicitor – the latter had simply put two post-it notes in the lease alongside the standard customer care letter. The general view – whether buyers used the providers’ recommended solicitors or not – was that solicitors...
provided very limited information. This might have been because the buyer was desperate and, therefore, did not take in the information, or was so looking forward to completing the purchase that they ignored what they were told. Solicitors might give “tips” to buyers – a kind of insider knowledge – but the detail of the lease was rarely spelt out. More savvy buyers tended to seek out solicitors with experience of shared ownership, not necessarily to obtain more information about the product or the lease, but because those solicitors were assumed to be able to spot issues.

*The impression that I got, and this may be fair or it may not be, was that a small group of lawyers who specialize in this know they’re going to get a pool of work and so the service was pretty shoddy. So you know this guy who was based over in Ealing and I mean it was really a crap service they kind of give in terms of calls that kind of stuff, too impatient to make calls.* (Greendale/18)

Online conveyancing methods appeared to have been used in a number of cases. The data generally spoke to a limited translation of the lease by the conveyancer to the buyer, the onus being on the buyer to ask specific questions:

*I wanted to know about staircasing. I don’t remember anyone going through the lease in any fine detail. As far as responsibility for things such as repairs were concerned, it was never spelt out to me, but I understood later on that internally is the resident’s responsibility and the external structure, any faults or repairs, are down to Fixham.* (Fixham/19)

*They sent out, they had like sort of a pamphlet with all the information in it. On the internet really. Not a lot of people that I know have got shared ownership properties. ... There wasn’t a great amount of information out there really. Obviously when I went to see the conveyancer she had like all this sort of bumf for me, which was quite daunting, quite overwhelming, especially as I was going through divorce as well. So it was loads of legal stuff there. So I would say I kind of probably understand it but probably not as fully as I should do, if that makes sense?* (Greendale/21)

However, when buyers complained about solicitors in our interviews, they tended to focus on the length of time the conveyancing process took rather the quality of the guidance received. When owners did get the information from the solicitor, it was often because they pushed to understand the lease comprehensively, were attuned to the different terms and processes involved in shared ownership and wanted to understand how these issues might affect them in practice. Such accounts were exceptional, however.

*I sat and read through the lease documents and things like that to see if there’s anything because I was particularly interested about, well, what’s your exit strategy if you ever need to get out of it or staircasing all of that. So, I tried to understand a lot of that and I did go back to the solicitors with questions to say just to make sure that I understood a lot of that kind of stuff. I did try and engage with all of that because my worry was there are restrictions obviously, there have to be, about method of sale and exit, all of that.* (Greendale/3)
Although staff in both case study providers emphasised the need for shared owners to take responsibility to understand the lease, staff at Greendale reinforced the importance of the solicitor in the transaction and the weaknesses in the process, although they did concede that providers could contribute more towards the transparency of the lease.

*But in respect of the sale there is a thing in British sales caveat emptor, buyer beware. We provide a pre-sale pack with all the leasehold plans, the covenants, service charges, outline obligations. But it’s not our responsibility to go through all this, they must go through an independent solicitor, but we are powerless to ensure solicitors are giving them the information. It’s evident in all the little things that arise later. But having said that, the rent explanation in the HCA lease is not sufficient in his opinion. We should provide more information and transparency on service charges and curb any ambiguity. But it is solely the solicitor’s responsibility as it always says in the sales negotiations do not form part of the contract. It is the lease they are buying and they need to understand it, the lease and the lease plan, the ultimate responsibility lives with the solicitor.* (Staff member from field notes)

**Disagreement with the lease**

Some buyers told us that they would report broken cooker hoods and other internal maintenance problems to the provider and clearly had not taken on board that they were responsible for such repairs. Many others, however, were perfectly clear about the demarcation of responsibilities, albeit that internal window and door handles and other grey areas were apparent. So some misunderstandings of the lease were evident.

However, it was critically clear that among a portion of shared owners there was less of a *misunderstanding* of the lease but an emerging sense of *disagreement* with the lease, which went some way to explaining the repeated calls on staff time to get the providers to show some commitment to the property in which they owned a share. After time, the balance of responsibilities between the buyer and the provider became more apparent and discontent with the lease emerged. Notably, and unsurprisingly, the balance of repairing obligations was the most prominent issue over which disquiet arose. This was particularly acute for people in older DIYSO properties where a number of components of the properties were failing, involving costly repairs.

This sense of unfairness was not helped when staff routinely referred shared owners back to the lease, sometimes before hearing the full extent of the problem. Whether that be a communal fault, a latent defect or a disrepair, the emphasis on the buyers’ repairing obligations towards the property took priority over providing advice and support about how that person might go about rectifying the problem raised.

*I think they could help more with problems. Not just say, you know, “The rest is up to you. You’ve purchased this property.” That’s all in black and white; they make it quite clear. But after – you don’t think of that when you’ve got a new property, but after five years, or three years, when things start going wrong, you think, “If I was renting a property, the landlord would be responsible for all these things that are going wrong.” … So I’d stick to my guns and think they could help a bit more.* (Greendale/14)
Several staff members noted that the product is named inappropriately as ‘shared’ ownership as the responsibilities are not shared; but, among a number of shared owners, the fact that they understood the product to be “shared” also contributed to their disquiet about the lack of support from the registered providers. After time, shared owners were comprehensively aware that the provider would not help with the repairs, but they had formulated expectations based on the provider and themselves both having a stake in the property and the fact that the providers were social housing providers. We return to this point in chapter 8 below.

Consequences of misunderstanding the lease

The consequences for shared owners of misunderstanding their lease and/or the terms of shared ownership arrangements ranged in seriousness. As suggested above, the repairing obligations were the most frequently cited area of disagreement between many shared owners and the providers but there were other issues that arose.

By way of examples,

- One buyer had not understood they were purchasing a lease with a low number of years left on it. She had not appreciated the impacts on its resale value and the necessary processes she needed to follow, and funds that were required, to buy a lease extension. She was committed to the flat as her home and reckoned that she would have bought it anyway. However, she was annoyed that nobody – neither the provider nor solicitor – had explained the position about the leasehold term to her.

- Service charge staff also reported that buyers did not always understand the service charge or governance arrangements relating to their property. Where there were third-party managing agents (see below), they did not appreciate that the registered provider was not the freeholder and had limited influence over the managing agent, including the costs and charges. Staff were unsure to what extent the third-party management arrangements are made clear to people when they purchase: “They say ‘you’re telling me you have no say’? But then leases are written so cryptically.” (Service charge team member)

- Estate management staff reported that some shared owners understood the split of responsibilities in principle but not how it translated in practice, which they thought could make for a difficult relationship. A recent case in Fixham involved a shared ownership block managed by a third party that had a gym on site. The registered provider had opted out of the gym to limit the impact on the service charges for affordable homes, which were already being subsidised by the developer as the service charges were high. The managing agents would not let shared owners use the services of the gym, even if the shared owners paid separately. When a shared owner staircased to 100 per cent he expected to be free of the housing association but he was a 100 per cent leaseholder of the provider still and not of the freeholder and, therefore, still could not access the gym which is what he wanted to achieve. Staff reported that the legal relationships and governance arrangements in these blocks were opaque to the shared owners.

- As regards Richardson, very few staff members and only one shared owner raised this as an issue indicating that it is not necessarily widely understood. Similarly, in the case of rent arrears, shared owners did not understand that the provider should contact the lender when their loan is in jeopardy.
Conclusion

- Shared ownership arrangements can be complex and confusing, and prospective shared owners are not necessarily best placed to understand the obligations and their extent.

- Both providers went to some lengths to communicate the nature and extent of the obligations to buyers.

- Open market buyers may not, however, receive the same level of information.

- Both providers had panels of legal advisers who had experience of shared ownership transactions.

- Both providers assumed that buyers would be given information about the lease and information about the nature and extent of their obligations by their conveyancers.

- Modern conveyancing practice does not necessarily support that assumption and few buyers were provided with much in the way of advice.

- While some owners clearly did not appreciate the detail of their lease, what was also apparent was that over time the position came to be one of disagreement with the lease. Claims to the provider were therefore also based on appeals to reason and for advice and support rather than wilful misinterpretation. Providers’ reaffirming the synergies between the responsibilities of shared owners and full homeowners in the wider market frequently served to emphasise the imbalance in the relationship and the misnomer of the ‘shared’ epithet.
6 Property and estate management

This chapter is concerned with the provider’s management of properties and estates, as well as the buyers’ experiences of that management. At the outset, the reader should remember that the two case study providers adopted contrasting organisational arrangements to oversee the shared ownership stock: Greendale incorporating the management of shared ownership and other leasehold and intermediate tenures in a commercial subsidiary, while Fixham adopted a largely generic tenure neutral approach to management of its stock. The tensions arising in the shared ownership product, and reflected in these organisational structures, are discussed in chapter 8.

Property management

New build: quality issues

A major issue that arose, particularly in the Greendale buyer sample, was the quality of new-build properties and the providers’ responses to undertaking repairs. Problems with defects can be anticipated and some shared owners had few issues. Others experienced frustratingly protracted negotiations with the provider, with ongoing issues beyond the expiry of the defects period but relating to the same issues.

Even the day we moved in, what is my daughter’s bedroom had all mould and stuff in it, and, you know, this is a brand new flat, and you look forward to moving into a brand new property, and the very first thing that happens when you move in, the first time we came up... to actually get the keys to the front door, walked into the – you know, big smell of damp and there’s all mould in the bedroom. (Greendale/10)

We haven’t really had any problems with the defects. We only had really minor things. (Fixham/23)

Yes, I’ve had a bit of a rollercoaster; some good, some not so good with the defects. I think you assume when you buy a new property that it’s going to be problem-free, or defects-free, but it’s not the case, and I think people need to understand that, you’re going to have bits and pieces. (Fixham/20)

There was considerable heartache expressed about the build quality. Water ingress was the main concern amongst this group in Greendale. Some buyers felt that providers’ oversight of their contractors was poor, which caused the poor build quality, but, more generally, there was a degree of cynicism expressed about cost-cutting or just poor quality workmanship or the contractor seeking to avoid responsibility for the problem.

Some issues may be attributable to a property not being sold immediately on completion, so buyers could occasionally experience mould and condensation that had accumulated during unventilated drying-out periods. While other issues related to the building contractors’ lackadaisical approach and included slashed kitchen unit doors (when blades had been used to remove plastic packaging), plastic packaging left in sanitary ware causing blockage and damage to several flats, and builders’ rubbish swept underneath units. Many shared owners had
experienced serious water leaks from various joints on apartment block and house roofs, or through poorly sealed window units. There was a range of experiences in respect of the providers being able to resolve these problems, some of which were dealt with swiftly, but some persisted beyond the defect period and became the owners’ responsibility if the provider did not accept it was a latent defect.

The length of time remaining on some defect periods was shorter than originally offered by the developer as some properties were not bought immediately on handover of the building work, which disappointed a number of shared owners. One person bought a show flat and had no defects period at all because the period had run from the time when the property had been handed over to the provider: “Which I thought was utterly absurd. If you buy something in a shop it doesn’t matter how long they’ve had it on the shelf, you still have a period when you can check it out.” (Fixham/22).

These concerns about defects may reflect similar issues experienced by other new-build buyers in the wider market, but in the case of shared owners there was the additional frustration of going through a third party to rectify problems. Indeed, in some blocks acquired by providers through section 106 agreements, shared owners can occasionally report directly to the management company, which owners found convenient; but on other developments other managing agents will not talk to shared owners at all, so to get repairs or defects undertaken requires the owner going through another, fourth, party.

Staff at Fixham reported defects as an area where the most long-standing complaints lay and had set up a new team to manage this stage of the shared owners’ residence as well as a fund to expedite the rectification of some long-standing defects, rather than continually chasing the developer for them. Greendale’s marketing staff retained contact with buyers for the first month after completion for continuity in the early stages of residence. Shared owners were frustrated about having their repairing responsibilities emphasised when what they were reporting new-build problems and not general maintenance issues: “Whereas a little bit of common sense to say, ‘Oh right, okay, let me listen to what you’re saying first.’” (Fixham/25)

**Improvements**

The principal issue with improvements were the requirement for providers to approve the work to be done and, in particular, the fees providers charged. Most buyers appreciated that, if they gave notice to the provider of the improvements, then there would be notional discount on a subsequent valuation to reflect the cost of the improvement itself. However, not all buyers appreciated the rationality of the administration fee and so decided not to register their improvement. Even when a buyer did appreciate the rationale, they might not register their improvement because of an internal feeling that the property is not “theirs” – in this sense, it was tied in to that sense of ownership or a sense that they were being dictated to without any obligation by the provider to assist with payment. Furthermore, Fixham noted a clause in the lease requiring owners to keep the property in good repair. If on resale or staircasing the property was found to be in poor repair, then a notional uplift in the value of the property to reflect the price it might have achieved if the property had been maintained would be imposed and calculations on shares between the provider and shared owner made accordingly. No
shared owners who mentioned their reticence to undertake work due to their perception that the provider would benefit disproportionately were aware of this provision in the lease.
Third-party managing agents

When we introduced Greendale and Fixham, we highlighted the particular issues they faced when dealing with third-party managing agents. In particular, it was said in Greendale (and was also true in Fixham) that it was a universal truth that many of the problems found with shared ownership are due to these arrangements which are both complex and difficult to manage. The management charges were often high, the governance arrangements opaque and shared owners’ involvement or opportunity to participate in the structures of management of their home often limited: “I pay mine and the house that’s private next door pays theirs. They made a Residents’ Association and didn’t invite us. The managing agents didn’t think to invite any of us.” Staff members from both providers struggled to obtain relevant accounts and information from some third-party management companies and often had little power themselves to intervene to secure adequate billing information to pass on to shared owners. Third-party management companies were reported to use loopholes in the law regularly, if not routinely, to repeatedly withhold the production of annual accounts. But the issue was also reflected in other ways.

Buyers often, perhaps understandably but unfairly, blamed the provider for many of the problems. They tended to feel that providers could exercise greater power because of their size and influence:

*If you want to get out of your managing agent, you have to have some sort of committee and have the whole estate put together and have a majority vote and everything, meet in the village hall and take over – which isn’t going to happen. Whereas I feel that we’ve got Fixham; they should be on our side and they should be advocating. They should say, “I’m not handing over a portion of your rent to a company that does nothing or that charges what they like when it’s disproportionate to the work they do.”* (Fixham/34)

*I work as self-employed on a very, very low income so it’s very, very difficult as you see just getting further and further financially screwed, it made me quite angry and upset that not only was this happening but that I from my personal financial point of view and we as a couple there’s nothing we could do about it. I felt particularly that because we’d been accepted onto the scheme which at the time with the shared ownership it made it look as if it was helping us in our financially difficult position, had actually said actually no, we’re just going to screw you over later. So I felt quite sort of deceived and let down.* (Fixham/7)

In this tripartite relationship of buyer–provider–managing agent, a number of our participants felt that they were treated like they were the “third party”. This feeling was experienced in different ways and here the interviewee’s narratives are themselves significant. For Fixham/5, the narrative concerned her complaint over the management of car parking. She was asked who managed her estate and the car parking on it. Her response is revealing in the sense of an absence of knowledge – that the relationship transcended her everyday experiences; she grounded her response by reference to the organisation with which she had a financial relationship (Fixham), but also there was a sense in which that legal nexus was intangible:

*There’s a managing agent, but I don’t know who the managing agent is, because I pay my service charge to Fixham, I don’t pay it to anyone else, but they’ll [make] the link between them, I’m the third party and then they just step aside when there’s problems and say it’s*
Service charges and estate management

Service charges represented a perennial ‘bugbear’ of many shared owners. Most buyers did not appreciate how they were calculated and complained about the level of information they were given. Part of the issue over rent and service charge lay with the buyer’s lack of understanding of the product they had purchased and the variable nature of the service charge. This was particularly acute in relation to the service charge where the block was managed by a third-party management company. Staff from both providers noted that shared owners were more financially challenged than other leaseholders, who were often landlords and so were more accustomed to property management and possibly more affluent, and so shared owners had a greater tendency to query any bills and charges they received.

Four themes were particularly apparent in our data. When buyers felt that they had been “short-changed” in any of these ways, they also tended to feel that providers had been slow to resolve matters.

- First, some buyers felt that service charges were miscalculated, due to repair bills or other charges being misapportioned or misallocated. There were several instances reported to the research team where they had been charged for maintenance to grounds or part of the building inappropriately. Service charge staff recognised that these issues occasionally occurred as they were desk bound and unfamiliar with the properties and relied on estate staff and their systems to inform them of estate arrangements or the demise of pieces of land, for example, and were at pains to reduce such errors. The allocation of charges to their accounts relating to issues that shared owners felt were wholly due to the negligence or poor behaviour of general needs tenants were also considered problematic. Staff members of both providers acknowledged this occurred and was in line with the lease, but highlighted that general needs tenants were not alone in their responsibility for damage to communal areas or rubbish dumping and that other general needs tenants were also upset.

- Secondly, some buyers felt that they were being charged for services that were not being provided, or the quality of the work was poor. Some buyers felt that they had to check the “small print” on their service charge bills only to discover that they were paying for things that they did not need or that were not being provided, or there were disputes about the demise of certain parcels of land and who should take responsibility. Moreover, shared owners, especially those in single isolated properties where there are no estate charges relating to the upkeep of the grounds, did not understand why they paid rent as well as a management charge and could not understand why the management charge was not included in the rent: “My service charge, apparently, is for the leaflet or the newsletter that I get three times a year, which I’d rather not have, because it doesn’t actually help me in the slightest …” (Greendale/1). Greendale staff emphasised that the rent serviced the loan the provider used to purchase the property, although other landlords make leveraged purchases without additional charges on the rent.

- The third theme arising from shared owners’ sentiments towards service charges, possibly a concern shared by leaseholders, was the lack of control felt. Several buyers queried the cost
of building insurance and considered that they could get better deals through their contents’ providers. Staff considered their large comprehensive block insurance policies highly competitive and that it would be extremely unlikely that individual owners would be able to obtain lower quotes for building insurance.

- The last point was that the information received from both providers occasionally lacked clarity in respect of how service charges were calculated and apportioned across a scheme, with shared owners showing the researchers letters and invoices that lacked plain English explanations. Both case study organisations provided guides that included explanations of codes, for example, but did not always clarify matters.

Fixham was undertaking a review of all developments and identifying the demise of properties, the responsibilities between all parties towards the estate, setting out the governance arrangements and whether they include shared owners as qualifying residents, for example. It had also begun to explore the support offered to leaseholders and shared owners in rectifying problems with management companies, supporting claims relating to the right to manage in certain developments, and requesting that development staff ask builders not to enter into arrangements with certain management companies to avoid problems for their residents further down the line.

**Rent and rent arrears**

The rent element of the shared ownership arrangement attracted mixed responses from buyers. The rationale for rent provided by key stakeholders was that it is designed to meet the loan debt of the construction costs. However, it was recognised, particularly by KS10, that the grant needed to help providers to develop properties for shared ownership is “hidden” from buyers, who are left unclear about what “rent” actually covers. Three key stakeholders who have public-facing roles explained that buyers expressed dissatisfaction about rent levels.

Our buyer data, however, did not particularly reflect that dissatisfaction, although some buyers reflected the lack of clarity about what constitutes rent by saying that they received no clear services for their rent, unlike in other tenures. For some shared owners, the distinction between rent and service charges was not clear, perhaps because they might make one payment per month to their provider or managing agent, so interviewees tended to talk about their “rent” to encompass both:

*It comes like once a month, so I’m not sure how they split it between themselves, I can see on my bank statement every month, like £460 something, it’s just one amount, I don’t know the distribution within that.* (Fixham/12)

Changes in service charges as well as above-inflation rent increases combined to fuel some shared owners’ sense of injustice that they were responsible for 100 per cent of the repairs despite paying a rent.

Several shared owners commented on the fact that the annual rent increase exceeds inflation. They recognised that the longer they stayed in the property, the higher the rent. This might create affordability issues (“The rent was affordable but over the years it has risen quite dramatically.”: Greendale/15). However, some were fatalistic about rent rises (“Well, the rent
has gone up; perhaps you would expect that, like everything goes up." (Fixham/17). In general, though, buyers tended to compare rents with previous tenure which, for most of our sample, was the private rented sector. This vignette from Greendale/15 illustrates this way of thinking:
I: What sort of rent do you pay now?

It’s about £285 a month.

I: Is that a lot more than it was when you...

Yes, I think when we started it was about £140 a month, so that was 20 years ago. It’s gone up twice as much. It’s probably going to go up and up and up.

I: Does that cause you concern?

It does really yes. It’s a lot of money. But then in comparison to private renting it’s still quite cheap, ...

Few buyers interviewed had missed rent payments, or admitted to doing so in our interviews. When they said that they had, they had resolved the issues with the provider swiftly. However, a significant minority of interviewees were paying large proportions of their take-home pay on housing costs and some were struggling with payments. This may be similar to the wider market but in a context when the product should be a safer, more affordable option. Some of the pressures were exerted from owners having reduced incomes during the recession or a change of circumstances, such as young families, but some recent owners were paying 40/45/50 per cent of their take-home pay in housing charges, in excess of commonly assumed affordability thresholds of 30/35 per cent or the HCA threshold of 40 per cent. At the time of writing the threat of higher bank base rates forcing mortgage costs upwards has apparently abated for now, but some shared owners felt higher mortgage costs would be difficult to manage. That said, very new buyers felt they could absorb higher mortgage interest rates as the mortgage company had already stress-tested their affordability for the loan. In respect of affordability it is noted that rising and uncertain variable service charges are not always adequately accommodated into lenders’ affordability calculations as staff reported that first year bills are often unrepresentative of future obligations, although one team had tried to use a fairer representation of estimated service charge costs for more recent sales.

The two case studies adopted slightly different approaches to rent arrears management, possibly due to the contrasting organisational arrangements whereby shared ownership was managed by a commercial subsidiary at Greendale and by generic teams dealing with both general needs tenants as well as leaseholders that included shared owners at Fixham. In Greendale, staff were free to use both mandatory and discretionary grounds for possession under the assured tenancy, and frequently used both so they could opt for the discretionary ground if faced with the duty solicitor; whereas, at Fixham, staff wanted to follow what they felt was good practice for all residents and used only the discretionary grounds for possession. Fixham’s values as a social landlord were emphasised here.

At Fixham, there were good working relationships with financial inclusion officers in close proximity who provided additional support to shared owners and undertook personal visits to resolve issues if the person could not do this for themselves. Greendale staff signposted them to the Citizens Advice and similar services, but noted that, although eligible, shared owners are usually reticent about claiming housing benefits.
Both organisations notified lenders of serious rent arrears and found that some lenders were more responsive than others, with some lenders requiring the providers’ own litigation process to be more advanced than those of others. If shared owners did not respond to providers’ letters prompting them to rectify their account, lenders might ultimately clear the arrears to ensure the security against which the loan was held was not jeopardised. However, there were downside risks to asking lenders to clear the rent accounts routinely. A Fixham staff member found a historic case where the lender had paid the rent arrears 15 times before the property was repossessed when the borrower had reached the lender’s maximum lending limits; and, as also noted by Greendale staff, this cause of action can produce negative equity and therefore a potential liability for the provider under the MPC, not least as the borrower’s debts increased in an unsustainable situation. Following the Mortgage Market Review, the Fixham staff member suggested that lenders may be less willing or able to indiscriminately increase a borrower’s mortgage debt without any prospects of the borrower being able to repay these sums, which could alter the routine use of lenders to repay rent debt.

**Communication**

Both providers issued periodic newsletters and publicity material about their services to shared owners but, being aimed at general needs tenants, these publications rarely addressed the issues shared owners faced. Although staff reported that shared owners occasionally made use of financial inclusion officers or back-to-work schemes offered by the providers, rarely do shared owners appreciate being sent such communications.

- Firstly, shared owners were reluctant to be associated with general needs tenants.
- But, secondly, highlighting the services offered to general needs tenants also served to reinforce negative perceptions that some shared owners held in respect of the lack of services or commitment from the providers in exchange for their rental payments.
- A small minority of shared owners objected to quarterly rent statements because, as their rent was paid by direct debit, they would already be aware if the payment had not gone through and so the statements were unnecessary. Again they associated these statements with being applicable only to general needs tenants.
- A further issue was the costs incurred in sending these communications, which were perceived as being poorly targeted.
- Lastly, there were mixed responses from shared owners about whether they would appreciate any information from providers, but there were indications that a sub-group would have appreciated dedicated communications, as there were several misunderstandings about the product and the support that could be offered in terms of facilitating mobility, organising finances to fund repairs, advice on staircasing, or new rules on stamp duty, for example.

Other customer service communication was frequently found wanting in one organisation, but the second provider was not immune from shared owners experiencing a failure of staff to call people back when promised. Common to both were issues about staff closing down conversations by way of reference to the lease obligations without actively listening to what was being said or finding out how they might be able to support or advise the person to resolve the issue at hand.

*Exploring experiences of shared ownership housing*
Some long-standing shared owners both valued the independence a lack of communication or involvement from the provider permitted, but at the same time found the lack of interest of the provider in the property, of which the provider frequently held a major if not majority proportion, somewhat baffling. Shared owners’ expectations of the rent-owner relationship are explored further in chapter 8.

Conclusion

- There were particular concerns about the quality of new-build properties in one of the case studies but the other case study was not immune from such complaints;

- Those concerns were exacerbated by problematic communications between the relevant parties and the defects guarantee period running out.

- Buyers did not appreciate having to pay an administration charge to register improvements to the property and as a result some decided not to register the improvements at all.

- There were particular and egregious concerns about third-party managing agents as regards their quality and costs.

- Buyers tended to blame the provider (as well as the managing agent) for the problems, even though providers felt similarly powerless and out of control.

- Buyers often expressed themselves as feeling as if they were the third party and, therefore, out of the picture.

- Service charges remain the most significant area of concern for shared owners – the problems ranging across: miscalculation; being charged for services not in fact provided; the lack of control they had over the service charges; and understanding their apportionment.

- Few buyer participants admitted to missing a payment of rent, service charge or mortgage, but both providers had well-oiled mechanisms for assisting buyers and notifying lenders.

- There was some concern at the high proportion of salary being used to pay housing costs and future mortgage base rate increases may have significant effects.

- Both providers had communication issues with their buyers, and buyers commonly felt that they were being treated like general needs tenants in the way that the provider communicated with them.
Managing the share: selling on and buying up

Introduction

This chapter is concerned with the day-to-day management practices related to aspects of managing the shares acquired by buyers. The first issue is concerned with resale, the second is with staircasing.

Resales

The DCLG consulted (2015a) on reforming this part of the shared ownership lease, considering the merit in allowing shared ownership properties to be sold on the open market rather than letting the registered provider attempt to sell them on and retain them in the shared ownership sector. In March 2015, it announced (2015b) that the right to pre-emption would be removed in future leases where the buyer has staircased to 100 per cent and that guidance would be amended to recommend that existing leases should also have that right removed in the same circumstance.

The nascent market in shared ownership properties is difficult terrain (Wallace, 2008; CCHPR, 2012). There is a balance between retaining opportunities for shared ownership, even in tight markets, while also ensuring that the system works for the shared owners as well.

It is notable that the consultation document provided no statistics regarding the resale market – the extent of this market is unclear. We have commented above that one issue here lies in the fact that less information is given to open market resale buyers, which suggests a particular issue with this proposal. In this section, we consider other practices and processes.

A total of 25 of our buyer sample had purchased a resale property. Buyers of resale properties valued the less stringent criteria attached to them, in contrast to new-build properties, and found they were able to access homes in another borough or local authority area, for example. There was often some uncertainty among buyers of resales, as they commonly perceived that the provider was selling the share, where in reality the providers were largely acting only as an agent for the original shared owner. This throws up some tensions between what buyers and sellers expect of the provider. Among shared owners there was frequently an in-principle support for the provider ensuring the share was sold on to retain a shared ownership opportunity for others, but in practice this raised some issues that included: confusion about who was selling the property; the charges levied by the housing association for finding a new buyer; setting the sale price; and the quality of the property purchased.

Resales generally go quite smoothly, they get the odd complaints, when chains involved is one. People don’t appreciate that our role is as an administrator, we’re not responsible for their buyers, can’t make them complete. SHO [shared ownership] place an unnecessary burden on of responsibility on us, we remind them they’re selling their equity and we are not selling anything. They don’t understand we’re not selling too, we’re retaining it so it’s their responsibility. (Greendale field notes)
Buyers of resale properties sometimes found themselves requiring electrical and other repairs, which the cheaper form of surveys might not pick up. More generally, buyers of resale properties are subject to the exigencies of the market and, in particular, the principle of cavea emptor. Fixham/14 found this out the hard way having bought a resale property with a survey conducted on behalf of their mortgagee, which, as far as Fixham/14 was concerned, had been incorrectly completed:

*Well, the surveyor said there was no damp, which there was, and they said there was all new electrical fittings and the house was up-to-date, which it wasn’t, and actually the back end, which is an extension, was completely illegal, it was put in by cowboys, basically. The old line was 1950s, 1960s, which was what they call a twin, twin wires, so it doesn’t have an earth, but the back did, but it obviously went nowhere, so if something did have a problem with it, it would just make the whole back end of the house live …*

Shared owners also raised concerns about the fees levied for selling the share on. In Greendale, the fee to sell the property was 1 per cent of the value of the share being sold; and in Fixham the fees for reselling shares had a greater range in the magnitude of £400 to 1.5 per cent of the full market value of the whole property depending on the date the lease was created. All of “[w]hich seems a little bit unfair when you’re only selling 50 per cent; why do you have to pay 1 per cent of the full value of it?” (Greendale/22). The fees for selling can therefore be comparable to estate agent fees, but the service less so, as the providers are not responsible for progressing the sale as an estate agent often does. Fewer resources appear to be expended in selling resale properties as for new-build homes. The seller provides the photos at Greendale and the surveyor is asked for photos at Fixham, although sellers could also supply photos. The presentation of resales was often of a much poorer quality than new build and even other open market purchases. One staff member conceded that shared owners and surveyors do not always supply the best photos, although some properties do present well. In contrast many estate agents employ more professional photographers.

As mentioned in the previous chapter, there were differences in the amount of attention and information buyers of resales obtained from providers in comparison to buyers of new-build shared ownership homes. “With resales the responsibility is left much more on them and the solicitors as we don’t do a viewing in the same way.” (Greendale field notes, but same in Fixham) Fixham supplied comprehensive packs of information, which were supplied to buyers of resales’ solicitors, to answer all the commonly requested questions solicitors raise during conveyancing, but staff were unsure how much of that information was passed on to the buyer or, if it is passed on, whether it is read and digested by the buyer.

Previous research indicated that the Royal Institution of Chartered Surveyors (RICS) valuation was used to fix the sale price (Wallace, 2008), as it was in Greendale, but in Fixham there was some scope for the seller to push the ceiling price of the property and test the market. This caused consternation for one Fixham buyer who discovered the valuer’s original figure and considered they had paid over the odds. Indeed, shared owners often reported that they expected the providers to assume a lower selling price than they could achieve in the open market, citing estate agents’ market appraisals of the property’s value as evidence. Thus, there was considerable scepticism about sales handled by the providers.
In respect of selling repossessed property, there were contrasting approaches between the two case study providers. Greendale left disposing of repossessed shared ownership properties to the lender, using the lenders’ usual asset management approaches where homes are sold on the open market or at auction. Fixham was actively involved in what happened to these properties to minimise the impact of repossession for both the shared owner and the registered provider, and retain the property in the shared ownership sector. The staff member at Fixham had been successful in reducing significant cash losses to shared owners in difficult financial circumstances, as well as reducing the providers’ liabilities under the MPC and limiting the loss of properties to the open market. This staff member recognised that repossessions often achieve below their potential market value and so sought four weeks’ grace from the lender to sell the property on as shared ownership. Occasionally, Fixham invested funds to undertake basic repairs or improvements to increase the property’s saleability and, even by investing modest sums, had achieved higher values than the lenders were offering and, in 11 of 24 cases in the last year, had retained the properties as shared ownership.

Fixham had developed close working relationships with some smaller lenders, but staff in the large lenders were said not to understand shared ownership and were reluctant to let the provider sell the properties. As lenders have a legal obligation to get the best price for the borrower, the Fixham staff member confirmed to the borrower in writing that the lender had been offered this opportunity to secure a better sale price and also confirmed if they had declined. “Breaching Treating Customers Fairly is a big deal for lenders so she feels it is a good leverage on them.” (Field notes Fixham) She offers the lenders the same asset management service as the lenders outsource to other companies and it is cost effective for her to do this. Fixham’s new approach had been prompted when one lender informed it that the lender was selling a repossessed property for £132,000, when it had been originally sold for £210,000. Large shortfall losses were anticipated, but the staff member was able to take the property and achieve a sale price of £185,000. This staff member also checked lenders’ claims made under the MPC and has been able to secure lower payments to them.

The quality of resales was an issue for some buyers and several had found expensive and unanticipated repairs to be made at the outset. Neither provider undertook inspections of the resales when they were being marketed, again as they were facilitating one shared owner selling their share on to another, and the provider was not selling anything; but not all buyers understood this distinction, wondering why a social landlord would not check the condition of the property or would try and exceed the sale price quoted by the valuer. Fixham now requests that electrical and gas safety certificates are obtained to ensure that the condition of the basics is understood. First-time buyers may experience similar naivety in the wider market, by not organising adequate pre-sale surveys or appreciating what the surveyor’s report said, but the involvement of the provider in the sale changed a portion of buyers’ expectations.

A minority of owners felt limited in their move-on opportunities as they could still not afford the open market, or even private renting in some cases. Although some were aware that they could move within shared ownership, others were deterred by criteria stipulating that opportunities are not open to people who are already homeowners. Although providers will consult with local authorities and obtain approval if previous owners actually need to move, rather than merely having a desire to move, not all shared owners were aware of this.
### Staircasing

Out of the 71 shared owners interviewed, 10 owners had partially staircased and a small number of others were actively considering doing so, although a similar portion had considered the option but had not proceeded. Two buyers had discussed downwards staircasing but had not proceeded. The main reasons given for deciding not to staircase were: the increase in value since the property had been initially purchased; the oncosts of purchasing a further share; general affordability issues; and the limit on the number of times one can staircase.

Shared owners were concerned about property prices – indeed, while they may not have been knowledgeable about some aspects of shared ownership, shared owners tended to be quite savvy about staircasing, although were possibly unrealistic about their prospects of being able to do so. The feasibility of staircasing was doubtful for some as, in some markets, house prices had continued to rise while earnings had not. The ability to staircase was something staff emphasised during the sales process, on which a significant proportion of shared owners picked up, as the promise or potential to be a full homeowner was an important feature of the product.

Most believed that they could only staircase a limited number of times, which was discussed as a potential barrier. Greendale staff reported examples of shared owners wishing to purchase smaller shares than permitted by the lease, despite the additional transaction costs that would be incurred. Market knowledge also extended to recognising that selling on a larger share might be more difficult.

> So I looked at staircasing and it’s just affordability. It’s not just affordability. I also spoke with an estate agent and his view was that unless I could buy the property outright, so go on a 100 per cent mortgage, in his opinion it wasn’t worthwhile, staircasing wasn’t worthwhile, and he quoted me some of the people he’d worked with who were trying to sell properties at maybe 75/80 per cent. His view was that, because it’s a shared ownership property, you pay an additional, a premium for it and that you would never recoup that money. (Fixham/19)

Transaction costs and other upfront costs were prohibitive for some considering staircasing: “...it’s a question of the expense. You’re looking at, with solicitors and what have you, you’re looking at £600, I guess, just to staircase. When you’re only going to do sort of £10,000, for £600 what does £10,000 or £20,000 actually get you?” (Fixham/14) And for those who had staircased, there were hidden costs, such as a double valuation for the provider’s as well as the lender’s purposes. Another obstacle was that both providers required upfront fees for the valuation. Shared owners were reticent to invest significant sums – “the family holiday money” – without knowing the impact on their mortgage and/or rental payments in advance and risk losing the valuation fee should they not be able to afford to proceed. In Fixham, the valuation fees negotiated with a panel of suppliers were of the magnitude of £180. In Greendale, £240 including VAT. Neither provider explicitly offered advice or support to provide estimates of

---

3 The qualitative sample was not designed to be representative of all shared owners and this should not be taken as the incidence of staircasing in the sector.

Exploring experiences of shared ownership housing
what purchasing further shares could do to the mortgage or rent payments. One provider said they can usually provide such information if requested, but neither advertised this fact and shared owners remained unaware.

Staff at Fixham noted that RICS valuations are obtained to determine the value of additional shares being purchased, but, if lenders have provided a higher figure, then that is used. Shared owners commonly want lower figures for staircasing and higher figures when selling their properties.

The depth of information available about staircasing varied between the providers, ranging from guidance in the shared ownership handbooks, to specific booklets on the subject and a basic letter outlining the process. Fees charged to facilitate additional borrowing or staircasing were contested by owners who were unsure what the fee was for.

_I am in a position where I would like to buy at least another quarter of the house, at the moment, and be the 75 per cent owner. I looked into this a couple of years ago, and the only thing stopping me from doing it was, in the first instance they wanted a letter, to be paid for by me, just for them to be able to write back to say why I want my mortgage changed i.e., that if I wanted to go to a mortgage company and change the mortgage details on the finances, that I had to pay [Greendale] £75 for them to produce a letter for me._ (Greendale/1)

Changes in the mortgage market since they purchased have meant that some shared owners were not confident that they would be able to remortgage to secure additional shares. On reflection, several owners wished they had bought greater shares at the outset as they now cannot envisage doing so, but had been cautious about overstretching themselves at the beginning. One staff member in Greendale made a distinction between those selling and those staircasing, with staircasers having good finances and people selling their shared ownership homes frequently being in financial difficulties.

Other shared owners were content to remain shared owners considering it not cost effective to increase their shares after a long period.

There is also a lack of guidance and tested experience in this market about whether it is beneficial to pay down mortgage debt to increase equity or to purchase additional shares and also in respect of the timing of purchasing additional shares. Being a shared owner and wishing to staircase continually demands complex calculations, about the mortgage and housing markets and salary prospects, until you achieve 100 per cent ownership.

**Conclusion**

The HCA has changed the leases, following the DCLG consultation exercises (2015a; 2015b), so that the right of pre-emption has been removed from future leases where the buyer has staircased to 100 per cent and recommended that it is removed from current leases in the same circumstance. In chapter 4, we noted how open market buyers were less likely to have been made aware about the product. Other specific issues highlighted about resales are as follows.
• In some respects, it appeared that resales were regarded as an afterthought or not part of the provider’s core business.

• Models of dealing with resales of property about to be repossessed differed between the organisations. Fixham took a proactive approach and “saved” a number of properties to the tenure.

• Staircasing is a selling point for the tenure. That is, the ability so staircase upwards was of particular interest to our buyer sample.

• Buyers were savvy about staircasing. They recognised that they would find a larger share harder to sell, if they decided to do so.

• There were disagreements and concerns over valuing practices and costs of staircasing and resales.
8 Reconciling tensions in shared ownership: social or private?

Introduction

Previous chapters have addressed the practical consequences of the shared ownership relationships and the way they were experienced by our case study providers and their buyers. In this chapter, we address what is traditionally conceived as being two binaries, between social/private and owner/renter. In fact, what shared ownership does is disrupt those binaries so that they operate as heuristic devices across a continuum, with a complex interaction between them.

<table>
<thead>
<tr>
<th>Social/private</th>
<th>Owner/renter</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social ↔ private</td>
<td>Owner ↔ renter</td>
</tr>
</tbody>
</table>

These competing experiences of the tenure have been articulated theoretically, in so far as the bundle of attributes that shared ownership represents between renting and owning is widely recognised (Cole and Robinson, 2000; Blandy and Robinson, 2001). How these issues routinely play out for the parties concerned has been less apparent. The fieldwork with providers and the interviews with shared owners provided a unique opportunity to explore these issues.

In this chapter, we are concerned with the social/private interaction. In the next chapter, we are concerned with the owner/renter interaction. The separation between the chapters is partly for convenience as the poles are clearly related but there is also a conceptual distinction made in the literature between tenure and the provider.

Do policy makers or providers see shared ownership as social or as market housing?

Social landlords have sought alternative funding streams since grant funding has become less available and/or the conditions attached to funding have become less palatable. Consequently, development for open market sale increased by 36 per cent between 2012 and 2014 compared to general needs outputs, which rose only 2 per cent, and ‘social lease’ homes that include shared ownership, which rose 5 per cent during the same period (DCLG, 2014a). Commercial development has become increasingly significant to social landlords whose ‘quasi-market’ or ‘social business’ operations have become more pronounced as a result.

Social landlords, therefore, also now manage tenures other than social rented homes and are responsible for managing mixed tenure estates and developments. Largely as a legacy of their local authority acquisitions, they manage leasehold properties and former council homes sold under the right to buy. Original purchasing tenants may still occupy these leasehold properties; or, perhaps more frequently, the homes are occupied by resident owners who bought the

Exploring experiences of shared ownership housing
properties on the open market; or private landlords have bought and let the homes themselves. Providers also let intermediate rented or market rented accommodation.

**Who and what is shared ownership for?**

Here tensions were apparent between local authorities and registered providers over who made up the target audience for shared ownership products. Local housing markets were critical in determining the costs of entry to shared ownership and there were regional differences in the shared owners drawn from both case study providers. Markets within London differ markedly in affordability but, perhaps unsurprisingly, shared owners interviewed in London were often, but not exclusively, young early career professionals compared to lower-income workers in regions outside of London. In many areas of London, middle to higher incomes are required to access shared ownership; a tension arises about the public subsidy afforded to households otherwise adequately housed. This was reflected in some of our interviewees’ quizzical expressions as to why they were eligible for shared ownership in the first place:

> … they’re at great pains to make sure that you understand you’re part of some sort of social programme. Which is why I said I’m not a typical shared ownership, because I’m not a key worker, and I’m not a vulnerable person, I’m not a pensioner, most of the categories that that comes in. I’m not a single mother, you know, all those, I’m not a recovering alcoholic, substance abuser, any of things that seem to go along with social housing. I mean, that’s a tiny, tiny proportion of the people who must live – but they get an inordinate amount of the attention, perhaps because they’re part of the problem. (Greendale/27)

> I don’t class my circumstances as social housing because I guess for me I thought the social housing referred to either council subsidised tenants or owners, or keyworkers, and I didn’t fall into that category. As I said, I work in the private sector. That’s why I was initially surprised I could do it in the first place. (Fixham/37)

Key stakeholders offered mixed views of this situation. While policy makers noted that housing markets crossed local authority boundaries, some boroughs’ insistence on targeting households on lower incomes undermined the viability of providing shared ownership in certain areas because greater subsidy would be required to keep costs affordable. One stakeholder noted:

> I feel strongly about it, it’s a mid-market product, helping people below the market but related to the market … Reduces incentive to staircase and makes it a product that needs more subsidy than social rent. (KS6)

Another stakeholder was more ambivalent:

> It’s becoming increasingly irrelevant because it caters for people on higher incomes, doesn’t cater for housing need. But does help people like me with a daughter who is paying through the nose in the PRS [private rented sector] where she would have more security of tenure in shared ownership. Lovely that the state would subsidise that but I’m not sure that’s what it is about. (KS1)

This disparity over targeting of shared ownership also creates multiple uses of the product. Is it a transitional tenure for middle or higher earners or a permanent tenure for low to middle
income households? The business model of shared ownership is built on it being a transitional tenure, the proverbial “stepping stone” to homeownership, in which buyers rapidly staircase, releasing further assets for the provider to be used to subsidise other activities. Fixham noted that the model could be undermined in high-cost areas if shared owners are unable to staircase in the future. Although there are some indications that staircasing had not tailed off in high-cost locations (Wiles, 2014), both case study providers remained concerned. This lack of data concerning staircasing and the destinations of onward movers means that there is only a partial understanding of the pathways through shared ownership and any transitional role. Staircasing was also important to attracting institutional investment and ensuring a good return. However, other stakeholders considered the ability of social landlords to downward staircase a valuable additional feature of the current product, which may be further limited by institutional or secondary private investment. Evidence also suggests that a pool of shared owners is remaining as such over the long term and not staircasing out of the tenure (Wallace, 2008; CCHPR, 2012).

Management

As discussed, providers manage their commercial activities differently, as witnessed in the management of shared ownership and leasehold properties in our case study organisations. Greendale’s commercial activities were undertaken in a subsidiary, whereas Fixham retained management in (largely) generic teams of social rented general needs, leasehold and shared ownership properties.

These operational differences were also apparent in the case study providers’ approaches to managing shared ownership stock. Fixham was clearly more conflicted about what offering a good service to shared owners means, in the context of its operations being based in generic teams often concerned with issues arising in general needs stock. A stakeholder from another provider emphasised that the organisation was very “hands-off in terms of how we manage our portfolio” of shared owners, offering support if they needed it but otherwise remaining quite distant and agreed that the two client groups required different management approaches.

*We always aim to offer outstanding service to all regardless of tenure but you communicate differently. Neighbourhood officers are dealing with domestic violence and anti-social behaviour and rightly so, but if someone in a £300K house is complaining about a bush, it’s hard to offer them the same level of service as it requires different skills. One person has almost social work skills and the other requires outstanding customer service as a private letting.* (Fixham from field notes).

In discussing Fixham and Greendale, we outlined the tensions between the social and commercial ambitions of the organisations, but also the ways in which these were recognised and were potentially productive tensions in their everyday housing management practices.

Both teams undertook regular satisfaction surveys among residents – and both noted methodological challenges in capturing the nebulous concept of satisfaction – and both found shared owners’ satisfaction to be below that of general needs tenants, as reflected in previous national surveys (TSA, 2009). Internal quantitative research in Fixham had identified that repairs and maintenance, contrary to popular perception, was not associated with lower satisfaction, but this left the possibility that repairs not actually undertaken may make a
contribution. Greendale recorded the reasons for dissatisfaction in open fields on its survey form and found repair issues were the highest reason for dissatisfaction (26%), then service charges (23%), unhelpfulness (19%), general issues (13%) and anti-social behaviour (6%). Greendale did, however, measure all leaseholders, thus including shared owners with original right-to-buy buyers, ordinary resident leaseholders purchased open the open market and buy-to-let landlords, which are clearly quite different constituencies. At the time of our research, Greendale was experiencing some delays with its repairs service, which could explain that result, but there is scope for both providers’ own investigations to point towards the repairing responsibilities as a major cause of disquiet among shared owners.

Both providers were concerned about what sat behind these persistent findings, Fixham particularly so. Both organisations had toyed with the idea of providing shared owners with a repairs service, perhaps on an emergency basis, or as an insurance-based policy, but this was not being pursued by either provider. Providers were cautious as making such an offer might be unaffordable to them or the shared owners, and might in practice lead to further conflicts over the lease, as it could shift responsibility for repairs, at least in shared owners minds, back onto the provider.

However, our research data suggests that customer satisfaction surveys should be read with considerable caution. Our rich textual data suggests that the complex feelings people express are likely to be difficult to reduce to quantitative data collection mechanisms. In other words, buyers’ narratives are complex and contradictory – they do not admit of simple “satisfaction” or “dissatisfaction”, but are woven around their understandings of themselves which, almost inevitably, alter over time and range across the tenant-owner, social-private continuum. So, for example, as one of our buyers put it, their feelings (in this case about tenant-owner) depend on what their particular focus is at any particular time:

*It depends which bill comes through the post. I feel like an owner because, I mean I say it’s mine, you know, the housing association largely keep out of our way; but I feel like a tenant when all the things that get frustrating turn up and our inability to control our own destiny in certain things like, you know, water pumps breaking and you can’t just call a plumber and get him to fix the water pump. We have to phone somebody up. So, we had no water for a bank holiday weekend once because we couldn’t get somebody to come and fix a water pump.* (Greendale/19)

Another tension about how to approach the management of different tenure was about how to exert control over resident behaviour. Fixham has a tenant reward scheme used to incentivise good behaviour or penalise poor behaviour, by enhancing or reducing the level of service to general needs tenants. For example, engaging with association activities and meeting rent payments would attract an enhanced repairs or improvements service, while breaking agreements to repay rent arrears or being responsible for anti-social behaviour would mean improvements were delayed. Fixham staff found this scheme highly effective and were considering how a similar system could work for shared owners, but acknowledged that, as they provide few services, they also held few carrots. This exposes one difference between owners and tenants about providers’ desires to control the behaviour of poorer people: providers have fewer levers with which to exercise control in homeownership situations. It also prompts questions about how shared ownership would then sit within wider homeownership, where...
community engagement is not sought or rewarded, and non-payment of service charges penalised in ways other than stipulated in the lease.

**Marketing**

Housing providers’ content in respect of shared ownership ranges from aspirational marketing material to more prosaic information about the structure of the schemes and the process used to secure a shared ownership home. The content is largely delivered by way of downloadable brochures, webpages, development specific micro-sites and Youtube videos. It addresses either the promotion of shared ownership or the promotion of the development and properties; rarely do these two types of content combine.

Looking across a range of marketing material of many registered providers, not just Fixham and Greendale, it is clear that the content is designed to promote shared ownership as a homeownership option to the “generation rent” cohort, explicitly so in some cases, but occasionally to families and people who have experienced relationship breakdown. Powerful case studies are frequently deployed, emphasising the delight of buyers moving on from insecure private rented to what is clearly experienced as homeownership. Providers often use identical phrases and online content to affirm that the lease “is a legal document that proves you own part of your home” and “makes you an owner-occupier not a part tenant”. Several quotes from providers judiciously use words to qualify their statements ‘essentially’, implying usually but perhaps not always. One quote – “The scheme is sometimes referred to as a ‘part own-part rent’ because you literally own part of the property...” – reflects how the contemporary (over)use of the word “literally” might well be substituted with “figuratively”.

**Shared ownership tenure**

Stakeholders involved in the revision of the shared ownership lease in 2009 – a joint enterprise between the HCA, DCLG, CML and the National Federation of Housing Associations – said that there had been proposals for key information sheets to be given out emphasising that the shared owners were in fact tenants and clarifying their legal status: “You don’t have a share, you have a tenancy.” (KS6) It was not evident that this explicit exposition of the tenure had entered current marketing material across the sector or was communicated to prospective buyers by either case study housing provider.

Familiar tropes of the “property ladder” are used extensively in marketing (and across all our data sources, whether that be key stakeholder descriptions or self-descriptions by buyers) to position shared ownership as the “first rung”, implying that a state of progression through the housing market will naturally follow the initial purchase. The use of the “stepping stone” to homeownership metaphor was slightly less evident among contemporary online accounts of shared ownership than in 2009, when the researchers last appraised the marketing material, although it was present. One site specifically said that individuals can remain as shared owners for as long as they wish, but most reflected the assumption that income will rise sufficiently over time and conceptualise shared ownership as a transitional housing tenure.

Within the website content about the tenure, potential buyers are advised that they must be registered with the provider, the local help-to-buy agent and/or the local council. So, while the properties are promoted akin to market housing, they cannot escape the bureaucratic allocation
and eligibility criteria attached to shared ownership. However, shared owners viewed this as a necessary irritation rather than an obstacle to purchase.

Marketing material designed to promote specific development sites and properties emulated that of private developers, selling the location, the lifestyle and aspirational qualities of the properties being sold, while downplaying the involvement of any social housing provider. This was often the case in both case study providers. That a social landlord was the lead developer was frequently downplayed with little reference to the organisation in brochures or on microsites dedicated to specific developments. No doubt to disassociate the new homes from social housing, this lack of branding of the open market sales and shared ownership homes runs counter to private developers’ approaches to marketing where their name becomes associated with a particular kind of site, quality or space, for example. This may explain why Greendale adopted a subsidiary with a separate name to the parent organisation, although it shares a similar corporate identity in terms of graphics.

**Do shared owners see themselves as social or private housing?**

There was a sense in which, while some buyers might regard themselves as being in social housing, our shared owners wanted to see themselves as a cut above the social tenant, as being different. On new developments, staff reported that prospective buyers of shared ownership properties regularly ask “Where’s the social?”, wishing to distance themselves from general needs tenants on site, although the staff members went on to note that defining the “social” is difficult in respect of shared ownership itself with its dual identity.

Occasionally, other managers quipped that shared owners “see themselves as superior”, “forget they rent themselves” or said that they had found “snobbishness among some people”. However, most frontline staff did not report that shared owners generally presented themselves in this manner on a day-to-day basis, even after prompting, which reinforces the view that as managers they are only likely to see the more problematic cases.

Interviews with shared owners, however, did indicate that shared owners wished to differentiate themselves from general needs tenants in a number of ways, in terms of education, employment, or behaviour and, accordingly, expected a different approach to service delivery. While many shared owners were supportive of social housing provision, some felt staff treated them in a poor or disrespectful way and associated this with the service being geared towards tenants, when they largely saw themselves or wanted to see themselves as homeowners. In essence, they did not want to feel the stigma of being in social housing.

As Greendale/13 put it: “This is the really annoying thing, because I think sometimes when you’re on social housing people assume you’re ill-educated and ill-informed, and I’m actually very well-educated.” This became a particular issue when Fixham began benchmarking his service charge:

_They wouldn’t show me the benchmarking figures, and they sent me a big letter explaining what benchmarking was. It’s like I speak five languages, I’ve got a degree and masters, I know what benchmarking means. I said, “Well, just show me where in my lease, what_
Another occupier felt that her neighbour treated her as if she had the mark of Cain because she was in social housing:

*My neighbour, she’s 93, she’s lived here since, I don’t know nineteen … Since the war finished I think basically and seen all the people that have gone through. I think there was a couple here and I think that they died, or the last one of those, the house was handed to the daughter or something. She wanted a quick sale, so they were all very angry and she still digs at me … The fact that it’s not proper ownership and the fact that it’s so – I think she’s sort of lost it now because she knows me well now. There’s still this thing, they tried to fight it, the fact that it was going to social housing, whether that’s the right term for it. It’s an interesting thought.* (Fixham/3)

Similarly, Greendale/17 felt like she was treated “like an idiot”, which created stigma. In the example she provided of her boiler losing pressure, she presented herself as having relevant information and Greendale and its operatives as simply not listening to her until she was able to prove her point.

As discussed previously, much ire was reserved for newsletters and communications. Greendale/3 felt patronised by the information provided by Greendale, although similar information and sentiment was expressed by shared owners associated with Fixham:

*They do send us newsletters and things on a kind of I think quarterly or something basis which is a lot of stuff that feels more geared to a traditional social housing demographic. So, it feels a bit patronising to someone that’s – it’s all about how to get into work and come to our CV workshop and it’s like, well, I have a job and all that.*

*I get the perception that they’re quite a bloated organisation because they’ve got a lot of time and money to be sending letters all the time, so I think well, is it my rent and is it my service charge that are all going to an efficient organisation?* (Fixham/37)

Another owner felt similarly “stigmatised” because a staff member associated her with general needs housing and because his attitude towards general needs tenants was negative:

*This man knocked on the door and he looked me up and down and went, “Not another one in bed” [The shared owner works part-time and was in her jogging gear]. I said, “I beg your pardon?” “Yes, just been next door; I got him up”. I was like, “The gentleman next door works nights”. I was like, “Excuse me but who are you?” … and I don’t feel like I’m any different to the people who are housing association who aren’t shared ownership.* (Fixham/34).

To an extent, these tenure differences can be emphasised by the property construction: with buyers recognising that their décor was not the same as that of open market owners but better than the renters’ in a mixed tenure block; having separate entrances depending on tenure; or private owners having access to resources, like a gym or car parking which were not available to the buyer. Greendale/5 discussed the layout of her property. There was a physical barrier.
between the shared ownership properties and the privately owned properties. She said that the shared owners were not allowed in the independently owned part. She went on:

Yes, that’s the bit that like people own 100 per cent. So they, when they built those I think they’re – this is according to someone … the guy that does some work for me. He said he’s been over there and he said it’s much higher spec. They’ve used better quality materials to build it. I don’t think they’re going to have any problem with their water just suddenly stopping, or their lift breaking. I think this one’s slightly cheaper materials. So I think the fact that it’s shared ownership.

Those kinds of physical barriers between the general needs social rented housing and the shared ownership stock could, however, be broken down. In Greendale/28, the social tenant neighbour accused the buyer, who was a housing key worker, of throwing cigarette butts on to his garden. The shouting match that followed clearly upset the buyer. His partner calmed him down but, as he said, it had taken some of the sheen off his purchase.

Such a physical barrier was by no means the only way in which general needs social housing was differentiated from shared ownership. It was as much a state of mind as being physically separated:

Mostly the council renters who obviously didn’t have quite the same pride of ownership as, particularly the shared owners I think. Because we’re all so like, oh my God we’ve finally bought somewhere, you know you really want to take care of it and some of the renters weren’t. (Fixham/31)

Well, it’s the children. It’s all sweet wrappers, the kids up this end of the road. They all come out and go to the sweet shop on the way home from school, and it’s nearly all sweet wrappers. An ice cream van comes every day in the summer and every weekend. He was over last weekend, so they just drop the wrappers in the street. Again, the social housing end of the street, you get that all the time. You don’t get it the rest of the road. Just the way the wind blows unfortunately. … I get little whirlpools of wind outside my door, so – I mean I had to go out there this morning before you came. I thought I don’t want him to see all these sweet wrappers. (Fixham/32)

However, the co-location of tenures, particularly the mix of shared ownership and social renters, gave rise to some preconceptions about types of social tenants, which were then translated into shared ownership issues, such as over service charges. Greendale/2 reports a typical situation and sentiment reported across the case studies:

We’ve had a couple of incidents with people in the social housing side that have been fly-tipping and causing a lot of rubbish. There was a Roma family over there but there were others as well that they have since been kicked out. But during that time – and I complained about this a few years back to the housing association – shared ownership people and I presume the private, our service charge goes up because it’s the general maintenance. Our proportion goes up and it went up by something like £100 each a year for an issue that is nothing to do with us. I remember going to – we had a residents’ forum and I was saying, “Why is our service charge coming up because we’re not doing anything wrong, but other people are?” Everyone else was there; it was only me from the shared
ownership side. Everyone else was saying, “Oh, we’re really happy that our rent has gone down”. Although I’m shared ownership and affordable housing, I know it’s probably unavoidable but we do feel that we’re subsidising other parts when actually we can’t really afford to do that.

That shared owners often felt they subsidised general needs tenants ran through the interviews. Shared owners also complained that general needs tenants got all the services for less expense than shared owners, while shared owners were paying more and, although they were part tenants, got little by way of services in comparison, by which they primarily mean repairs and particularly improvements. While shared owners wanted to be distinct from renters, they were not only annoyed that apportionment of some service charges, such as rubbish removal, fell on them when they felt the problems originated from the general needs tenants, but were also conflicted as they had expectations of greater involvement from the provider. This echoes complaints of early homeowners in the 1930s or of right-to-buy buyers in the 1980s, both of whom reportedly still sought services from developers and landlords. But this transfer of risk and costs to individuals from the state and providers to individuals is one of the achievements of homeownership.

Conclusions

- Shared ownership is a hybrid tenure which challenges existing binary characterisations between social and private housing.

- Although shared ownership is meant to provide a tenure home for a particular set of households, largely unable to access general needs social housing or wishing to move from it, and having a low income, some of our buyers were unclear as to why they were selected. Further, it is also the case that shared ownership properties in certain locations are pricing out low-income households.

- The management of shared ownership housing tends to be different from the management of general needs social housing, with a more “hands-off” approach in respect of shared owners.

- Simple satisfaction surveys do not necessarily capture the complexity of the relationship between the buyer, the property and the provider, and one should be wary of ascribing too much influence to them.

- Shared ownership is marketed very much as a private, aspirational tenure to particular cohorts as the first rung on the property ladder.

- Shared owners are clear, in general terms, that they are distinguishable from general needs social housing and do not see themselves as being part of social housing at all. They resent being treated as if they are.
9  Reconciling tensions in shared ownership: owner or tenant?

In the previous chapter, we drew attention to the way in which our data suggests that matters which have traditionally been conceptualised as binary breakdown actually operate along a continuum as a heuristic device. In the previous chapter, we went on to consider the social–private interaction. In this chapter, we consider the owner–renter interaction.

A significant question

Whether what we have termed “shared owners” perceive themselves to be owners or renters is more than a semantic query. As we saw in the last chapter and more generally in this report, the product relies heavily on being sold as homeownership but the occupier’s legal status is as a tenant or at least uncertain. There is no shared ownership status known in law. Marketing homes as ownership may be problematic as one stakeholder noted: “We don’t define what that ownership is.” (KS3)

As a stakeholder mentioned above, shared owners are tenants in law. A legal stakeholder explained:

*I mean the one thing that Midland Heart does establish is that, you know, they are short tenancies, I mean that’s a good thing, that we put to bed this argument that people were still doing forfeiture and certainly s146 notices [as for leaseholders] … certainly from that perspective they look more like renters, don’t they … I mean its part, you know, it is part rented, part owned but the courts will treat it as though it’s effectively rented.* (KS7)

As part of the work to reform the model shared ownership lease, one stakeholder involved in the project noted that a key information sheet was produced to make the legal status of the purchase explicit, with the intention that it be provided to prospective buyers alongside the lease. It was not at all apparent that this was supplied to buyers by either case study provider and was not mentioned by staff.

*The other thing we did when we produced the model lease was to do a front page to be given to buyers – April 2010 – but it doesn’t appear on the current model leases. Key information sheet was our attempt at a public facing document to explain how this works to buyers and explains that you don’t have a share, you have a tenancy. It is there for 2013 – providers have to provide that to buyers along with the lease. This should be explained to buyers by their solicitors but I don’t know what they tell them.* (KS6)

Only one or two shared owners were aware of *Midland Heart* and its implications, not surprisingly, and few staff were aware of the case when mentioned. One stakeholder (KS6) acknowledged that most industry people downplay the significance of the case, not least because, as opposed to *Richardson*, most shared owners have a mortgage and so, if rent arrears accrue, a lender becomes involved and repays the arrears to maintain the security of the loan, as outlined previously. However, he noted that as the sector matures, and also perhaps because of the proportion of older people who entered the sector after relationship breakdowns, there will
be a greater number of people who have repaid mortgages in the future, making the existing lack of protection afforded to shared owners’ equity more prominent. The case has salient for all shared owners, however, as the actual ownership of an equity stake is at the core of what shared owners value about the tenure.

**Shared owner perceptions**

Critically, however, buyers of shared ownership properties overwhelmingly perceived themselves to be owners and not renters. The legal basis of their occupation rarely informed buyers’ thinking, but the feeling of control and responsibility over their home, particularly in terms of home decoration, and the lack of interference by the registered provider, which was largely seen as a distant silent partner. As most of our interviews were conducted in shared owners’ properties, we could see the real sense of pride they had in their homes, from feature walls through to extensions through to asking us to excuse the untidiness (which, it would be fair to say, we had not noticed). It was noticeable that this key question, which was asked at the end of the interview, produced responses which were not necessarily in tune with what had been discussed before, where issues had arisen in which they had not been in control. In other words, the interviews were again contradictory on this point – and the contradictions were often clear both to us as the interviewer as well as to the buyer.

A classic of this genre was this statement about “ownership”, which succeeded a discussion of the problems this person had with their new build property, in which they had been “out of control”:

> Well, I think it is that fact – well, number one, that I pay a mortgage every single month and, you know, ever so ever so gradually, each passing month, I own a teeny bit more. And that, yes, that is – yes, the first time I ever experienced that, and probably the only way I was going to experience that, given the other circumstances of my life and the relationship that I was in. So it was the only way I was going to do that, and so, yes, I feel like it because I get a mortgage statement every year and I get to pay the mortgage every month, and, yes, fundamentally it is my space to do what I want. And mostly the housing association doesn’t interfere and doesn’t bother us, and you can sort of ignore them, as well. (Greendale/10)

Several buyers made reference to box-ticking on official forms where they were asked to indicate their tenure. Several were unsure of how to respond, feeling they were both renter and owner, and occasionally checked with the company for fear of misrepresenting their position. However, almost all shared owners who mentioned that form-filling was the only other occasion when they were forced to reflect on their position, ticked the homeowner boxes even if they “owned” minority shares as they had at least some stake in their home, which was seen to be key in reflecting their status or responsibility in opposition to being a tenant.

Many shared owners qualified their sense of ownership, providing caveats to their overall sense of being a homeowner, and a smaller minority perceived themselves as tenants. It was apparent that in many respects buyers felt like owners on a day-to-day basis, but in some respects their perceptions were challenged when they realised they had little control and their actions were constrained.
I think in a way we feel more like a renter in a sense because we’re leaseholders technically and we do feel like leaseholders. It’s not even as though we own a 99 year old lease, because we only own a quarter of it anyway. We will only own a quarter when we’ve paid it all off and we have another £30,000 odd to pay. So yes, you don’t feel quite an owner in the full sense and you don’t feel quite as easy of doing things as you like. (Fixham/11)

I don’t know what I am. I don’t know what they think I am. I think I’m the owner, but I’m also partly a tenant, but I’m a tenant that they don’t really care about. But they’ll look after their real – their tenants, who don’t own their properties. They’ll go and do everything for them. I don’t get anything. (Fixham/1)

I’d probably see it as 50–50. I think when you actually look at the figures it’s 40–60; I’m 40 per cent owner and they’re 60 per cent owners. I always say it’s half and half. It definitely feels different from just renting a flat, definitely feels different from that, and I would always say it’s mine. I don’t say I’m renting it. So I probably feel 75 per cent owner and 25 per cent tenant, if you had to put a number on it, even though that’s not the actual split. In my case it’s less stressful to feel that I’m not owning the whole place, that I’m not liable for damage to the outside and things like that. It’s less stressful. (Greendale/32)

Staff from both case studies tended to characterise shared owners as picking and choosing when they wanted to be an owner or tenant, in terms of obtaining support with repairs for example. However, some concerns arose from shared owners’ legal status. A lot of shared owners’ issues arose from the limitations of leasehold arrangements in blocks rather than shared ownership per se, with resentment at paying for a diminishing asset that ultimately they will not own unless they extend the lease, or more commonly, feeling a significant lack of control and influence over the level or organisation of repairs and service charges to their development.

I think both, really. You’re an owner when it comes to the bills, and you’re a tenant when – I think Greendale can unilaterally decide something and then you’re, in a way, kind of go along with it, I suppose. (Greendale/13)

The inability to select their own buildings insurance was repeatedly mentioned by shared owners, who often considered that they might get a better deal elsewhere, but staff of both case study providers who organised the block insurance felt this was unlikely. It was not necessarily the price that was the issue but the lack of control over an important aspect of their finances:

[It’s] dis-enabling because it takes away so much of your power and choice. I can’t choose my [building] insurance, I can’t; I have to trust Fixham. I can’t deal with that third party; I have to get Fixham to do it. (Fixham/33)

This issue with buildings insurance would be the same for leaseholders of apartments but not houses, which are more commonly, but not exclusively, freehold in the wider market. While shared owners have fewer rights than 100 per cent leaseholders, there were some examples where the shared ownership arrangement came to the fore in buyers’ concerns. One owner sought greater flexibility from the provider as he was unable to remortgage and access some of the equity stored in the home, where others recognised that unless they staircased, and not all anticipated doing so, the home would not be theirs, although they also recognised the trade-off.

Exploring experiences of shared ownership housing
Yes, I do [feel like an owner] Yes, I do. I feel quite responsible for my property. But it’s not my property … Basically all the work I’ve put into it is never going to be mine. Which is – that’s life, I suppose, isn’t it?”

I mean it’s not ideal, we would have liked to have owned a property but we just didn’t have enough money. So that’s probably the next best way. (Greendale/15)

Having a mortgage was also cited as a reason they felt like owners by several shared owners, and some gained satisfaction from this, not because of their debt, but because it signified a normal practice of people of a certain age. They derived comfort in characterising their acquisition as homeownership as to be otherwise is often stigmatised. Several owners defined themselves as homeowners in opposition to the general needs tenants, who were often around them, but also felt stigma themselves from acquaintances or neighbours, and occasionally from staff of the registered providers. Several shared owners emphasised their previous status as full homeowners in previous circumstances and occasionally felt a loss of status in becoming a shared owner, although others acknowledged that shared ownership had been important in a turbulent part of their life:

Well, we invited everybody [on the estate to a meeting] and no one came except our Fixham [shared owners], but none of the private people came. We all pay our service charge to the same company. I pay mine and the house that’s private next door pays theirs. They made a Residents’ Association and didn’t invite us. The managing agents didn’t think to invite any of us. (Fixham/4)

While shared owners associated with both case study providers welcomed the “hands-off” approach to the management of shared ownership, long-standing shared owners expressed some resentment about the lack of provider involvement, however minimal. While the absence of the providers in their daily lives helped foster the feelings of ownership and was welcomed, after some time shared owners complained that their provider had not shown any interest in them or the property since the purchase. These contradictory sentiments were fuelled by the providers being social landlords, which attracted some expectations that there would be some element of social safety net, in providing advice or support in later life (which was not borne out from older shared owners’ experiences); but also because they were “shared” owners and therefore it was expected that the provider would be interested in the bricks and mortar.

I thought that Fixham would have a bit more involvement, been a bit more nosey, but no, they’ve been spot on really, just stayed out the way. (Fixham/10: bought 2012)

We’ve never had any inquiry on the state of the property either written or verbal or telephone, or email, any such kind of how we are doing as tenants, how’s the state of the building, if they wanted to view the building to see how we have looked after it. I am absolutely astonished in 12 years as tenants they’ve never, ever sent a representative in person or sent documentation.

I: Would you want people to come?

Frankly no, but as it is their investment as well I’m astounded that they’ve not sent a representative to look, just to see how we’re actually living at the property, you know
primarily what state the property is in, but how we’re actually doing as a family in this community. I find it ironic. (Fixham/18)

Conclusion

- Shared ownership is a hybrid tenure, so that rather than there being a binary divide between owning and renting, it operates along a continuum.

- This is a significant question because shared ownership is successful because it is regarded as, and marketed as, “ownership”.

- Most buyers saw themselves as being owners because they were in control of their homes and because they would mark themselves as owners when completing forms.

- However, this feeling of being in control was often out of synch with the rest of our interviews in which the buyers had described themselves as being out of control, as discussed in the previous chapters.

- These contradictory feelings were particularly clearly expressed over the buyers’ lack of contact with the provider. Buyers were quizzical about this, suggesting that they believed providers would or should have taken an active interest in their capital asset; however, they were also pleased that the provider did not take such an interest.
10 Conclusions and policy recommendations

Locating shared ownership

In the past, UK housing policy held a stable ambition of a decent home for all at a price they could afford, a notably tenure neutral goal. While successive governments have attempted to bolster homeownership since the 1960s, with the power to sell followed by the right to buy having the greatest impact, a series of other piecemeal interventions have periodically been tested. Shared ownership housing has developed out of these secondary interventions. It remains marginal to the wider housing market at present, but with the potential to grow exponentially together with considerable policy force behind that potential.

Nonetheless, the public discourse around housing primarily addresses those locked out of homeownership. Political reactions to that dilemma foster a fresh round of limited and piecemeal ideas – including more rent-to-buy schemes and homeownership ISAs – to support the falling rate of UK homeownership. These schemes prompt reflections on why public agencies might want to intervene in the housing market. Is it to create the conditions to support those in the greatest housing need or to target effective demand, as the homeownership schemes are designed to do? What outcomes are desired from promoting homeownership? And what evidence is there that these outcomes are actually achieved? The social policy goals of housing interventions have become uncertain. Previously, articulated ambitions for shared ownership centred on asset accumulation and a range of factors that reduced public expenditure elsewhere, rather than specific outcomes for buyers. What might a new set of ambitions be for a reformed sector? Many voices call for a reform and scaling-up of the shared ownership offer on the basis that it is satisfying latent aspirations to homeownership. But is that sufficient and a good basis for policymaking?

Buying a home has long been a normative activity in the UK and shared ownership provided buyers with an opportunity to have a stake in a property, which many felt was a major achievement that attracted additional status. One of the major achievements of shared ownership for the shared owners interviewed who were formerly private renters was an opportunity to obtain quality accommodation with long-term security of tenure at a price comparable to, or often less than, their previous accommodation – a "no brainer" as a couple of shared owners described their decision. The actual or perceived insecurity, lack of control, the constant churning of tenancies and disrepair in the private rented sector were important factors for many to access shared ownership.

These were also important attributes for others, but social renters had some of them in their previous accommodation. They found that shared ownership offered greater control, choice and/or quality of neighbourhood than their previous home, or what could be obtained by undertaking a mutual exchange or transfer. After relationship breakdown, shared ownership offered former homeowners a stake that retained all or a fraction of their former status and provided the desired stability in middle age felt to be incompatible with the private rented sector. For people who had been working abroad, shared ownership offered the only way back into the UK's overheated property market.
The asset motive was less prevalent among the shared owners than may be expected, but, as the financialisation of home has become more prominent, this proved to be a decisive factor for some (even though their capacity to draw down modest equity gains in many areas outside London other than as a bequest appeared limited). A minority of owners explicitly sought an investment in their home and assumed that the capital value would rise; some considered the potential for asset accumulation as a happy accident; while others were content that, by paying down their mortgage, a proportion of the property would be their own. Shared owners in buoyant markets held greater opportunities to move to less expensive areas should they wish to buy outright and move on from shared ownership, and included such moves in their strategies to become homeowners – an opportunity available to many in the London area. Shared owners in less buoyant housing markets had made less extensive gains and lower-cost markets to move to where they could have a chance of buying outright were limited.

A small minority of owners implied that they could have bought without shared ownership but would not have obtained the quality of property or location achieved with shared ownership. More crucially for some of these, the distance to their friends, family and workplace would have meant long commutes and, understandably therefore, was not an option they were willing to take.

Clearly, the normative values of homeownership were prevalent and the ability to be part of that culture was critical, but these ideas were enmeshed with motivations that pointed to faults in other housing tenure, indicating alternative ways of resolving weaknesses in the current housing market.

**Discriminating shared ownership**

While enjoying the freedom from landlords, parents or former partners, for those taking it on shared ownership was not unproblematic. Several issues were apparent that qualified the interviewees’ sense of ownership. Discerning the problems of leasehold, as a form of housing tenure, to those issues specific to shared ownership, as a more explicitly hybrid tenure, was important. In London, and other places, shared ownership opportunities are frequently in large blocks, sometimes obtained under section 106 arrangements and therefore managed by third parties, where neither the housing association nor especially the shared owner is able to exert influence or control over those third parties. Fixham was reviewing the governance arrangements of these third-party managed blocks with the intention of strengthening the position of shared owners and advocating more formerly on their behalf.

Leasehold difficulties that curtailed shared owners’ sense of ownership related to an inability to: control service charges and estate services; organise repairs and their costs; and, in respect of health and safety features, most notably manage the installation of fire safety measures. These issues occupied a large proportion of those raised with the researchers. These ranged from serious repair issues to mostly minor irritations, but what is key here is that until shared owners achieve 100 per cent leaseholding and end their shared ownership lease, the buyers have fewer legal rights and opportunities to rectify serious problems. However, exercising rights under leasehold law is a challenging process on which few leaseholders embark. In that sense, the shared owners may not be disadvantaged in comparison to the providers’ other leaseholders, but may be more so if the development is managed by a third party, where the
provider may also carry little weight or influence with the management company. It was often the case that charges here more frequently lacked transparency and were high, occupying a greater proportion of housing costs than in other provider-controlled developments. There was a sense that these issues more greatly affected shared owners due to planning requirements.

Unsurprisingly, after tackling the above service issues, specific shared ownership issues centred around the imbalance of repairing responsibilities between the shared owner and the registered provider. While the interviews partly confirmed staff members' perceptions that not all shared owners read or understood their leases, it was also apparent that the information received from the providers and, reportedly, the solicitors was incomplete and/or lacked the necessary clarity. Objection to the repairing responsibilities also grew over time as permanent shared owners wished to see greater support offered to maintain the home. Such objections arose from the "shared" epithet, which shared owners felt to be not borne out in practice. Suggesting, as providers do, that the rent covers the loan obtained to purchase the association's proportion of the property offers an insufficient explanation of services provided in exchange for a rental charge.

Conflicts between common marketing material for shared ownership and the actual or emerging legal status of shared owners is apparent, with little acknowledgement of the tenant status of shared owners, and leaving unresolved insecurities at the core of the product in terms of the equity apportioned to the buyers' "share". To what extent is it sustainable to leave people with the cultural sense of ownership when such a fissure in the legal foundation of the product exists? Not least because, as the sector matures further, a greater proportion of unmortgaged shared owners will become apparent.

A strong sense of shared owners being more price sensitive than other leaseholders was apparent and some recent shared owners were paying large portions (in excess of 30/35 per cent) of their income in housing costs, over which they had little control. The impact of any mortgage interest rate rises could be difficult for some recent buyers to manage, although following the Mortgage Market Review, new entrants had already had their finances stress-tested. The price sensitivities of shared owners, in comparison to other leaseholders, drove their greater scrutiny and challenge towards additional costs and services provided.

Strategies to remain a shared owner or move on in time were mixed. Unless some owners, predominantly those outside of London, received unanticipated lump sums, from inheritance or similar, then opportunities to staircase were less obvious than for career-salaried young professionals in London. The latter could always relocate to a lower-cost housing market, although occasionally people were tied to a particular borough or location through schools and limited opportunities for the same kind of work outside of the capital. While many shared owners were content or at least resigned to remaining a shared owner, staircasing opportunities were an important component of the shared ownership offer, but some owners held unrealistic estimates of their ability to buy out the provider.

Not all shared owners considered the social landlord status of the provider as important, as they had not heard of the association prior to their purchase and had no expectations of it for being a social landlord. While marketing for specific development sites distances them from associations with social landlords, other shared owners expected greater ethical standards from
their social landlord provider. For example, several shared owners thought the provider would buy back their home if they encountered payment problems, would offer support in later life or would buy shares back – none of which are rights generally afforded to shared owners. There was a sense expressed by some buyers that the social mission of providers was being lost in the shared ownership offer; at least, some scepticism was expressed about that social role.

Shared ownership provides opportunities for households marginal to homeownership in their local housing market – not necessarily low-income households – to gain access to a form of occupation that lends itself to offering some of the social benefits of full occupation, such as status, as well as material gains, especially when compared to the high costs and insecurity in the private rented sector. It does so with a range of caveats and qualifications. Some of these are bound up with well-known weaknesses with leasehold tenure, but also with a series of constraints placed on buyers by the shared ownership lease. These constraints impinge on shared owners’ sense of control over their home, environment and costs, attributes that they associate with homeownership and this therefore prompted widely perceived imbalances in the structure of risk and responsibilities between buyers and providers. There was a trade-off between the cultural importance of homeownership and the constraints associated with having a third-party relationship involved in the home that most shared owners accepted in part, but the seeming injustice of the disparity between provider and buyer responsibilities grew over time.

Interviews with stakeholders displayed mixed ambitions for the sector in terms of the retention of different income groups in high or low-cost markets, whether shared ownership was a permanent or transitional tenure, and who it is for, and whether there were any problems with the understanding of the product or offer at all. Prior to reforming the sector with the intention of scaling up the offer for intermediate housing, there is merit in revisiting the desired policy outcomes, although that carries the implication that the product could be substantially revised or that more new products could be introduced to a crowded and muddled sector, which many stakeholders are likely to find unpalatable and which runs the risk of increasing the opacity of intermediate products in the public’s mind.

**Characterising shared ownership**

The last words are left to the buyer interviewees.

Towards the end of most interviews, shared owners were asked if they could identify five words that characterised their experience of shared ownership. Around half of the shared owners highlighted some key words, and this became a useful prompt to summarise, explore some feelings more closely, or reveal new thoughts about the product. Other participants found articulating their experiences of shared ownership in such a succinct manner difficult and could not offer any words. Some words were often caveated in discussion, so ‘affordable’ was frequently cited because shared ownership allowed access to ownership, but buyers still noted rising monthly costs or issues around staircasing, for example, that they found challenging.

The study is qualitative so the common frequency of key words may not be representative of all shared owners, but overall the tempered satisfaction accompanied by some more serious disquiet about the shared ownership experience is fairly reflected in the word cloud below.
Shared ownership was seen as a welcome product but was simultaneously a frequent source of frustration and annoyance.

**Figure 3: Word cloud characterising research participants’ experiences of shared ownership**

![Word cloud](image)

**Policy recommendations**

Shared ownership has slowly expanded since the first shared owners took the keys to their property in 1975. As a favoured vehicle for affordable homeownership at a time when traditional homeownership seems unachievable, it is likely that its expansion will accelerate. There is political and policy consensus that shared ownership is an asset to the sector and pressure groups which previously opposed its use are now supporting it. Government grant and private equity flows into the sector and many buyers are pleased with the opportunity it offers. Yet our research suggests that there are problems with the product that lead to lower satisfaction levels than exist across social housing more generally. While our qualitative approach has highlighted that that “satisfaction” is more complex than simple surveys and questionnaires might suggest, and understandings about the tenure are contradictory (partly because the tenure itself is contradictory), we do not see lower satisfaction as inevitable. We propose a package of policy, legislative and organisational changes which we consider respond appropriately to the problems we have identified and which should, at the least, form part of the government review of shared ownership.
We recommend the following changes.

1. **Clear, consistent marketing of shared ownership**

   We recognise that there are plenty of variations on the theme of shared ownership and different types of interventions by providers, which are part of the distinctive and often entrepreneurial spirit of the housing association movement. However, at heart, they are all “part-rent, part-buy”, as is emphasised by the model lease and its fundamental terms. There is evidence of confusion about the product which clear, consistent marketing would help to remedy.

   Clear, consistent marketing must reflect the reality and lived experience of shared owners so that the gap between what buyers’ expect and that reality is closed. In so doing, this should increase buyers’ satisfaction. For example, to describe the shared ownership product in marketing materials as “literally shared ownership” creates expectations which the product may fail to live up to. One way of closing that gap is to explain the product to buyers prior to them viewing any property. Another example is that shared ownership is nearly always described as a step on the path to full homeownership. Marketing material could be more explicit in explaining that for some people full homeownership may be unattainable but nonetheless shared ownership offers value in terms of security, stability and the acquisition of a valuable asset.

   Clear, consistent marketing should be provided by way of a key facts document which sets out nationally agreed explanations of the offer, any distinctiveness about the particular product on offer and the product’s legal status. The current document, provided at the time of the redraft in 2009/10, is not used in practice and events as well as our understandings of the lease have moved on since then.

   A clear, consistent explanation of relevant eligibility criteria – including any scheme-specific eligibility criteria – would assist with the development of the tenure, so that individuals can easily understand whether or not they can access shared ownership. This is the role of both help-to-buy agents and the provider.

2. **The “social business”**

   The providers in this study would both describe themselves as social businesses, a phrase which implies certain productive tensions for them. Buyers’ expectations can be raised and dashed by a failure to appreciate the modern role of social housing providers. Buyers should be made aware about the strengths of the social housing movement as well as its limits. For example, one strength of shared ownership is that buyers were made to feel like owners by virtue of the lack of contact between themselves and their providers. However, sometimes, they would like their provider to appear to be taking an interest in its share of the property.

   This is, again, a communication issue.

   Providers should decide what their offer to buyers is and make that offer clear and transparent. The issues here are around the extent to which they will act as a social safety
net and the offer to shared owners over their life course in the tenure. Therefore the circumstances in which, for instance, they will make service charge reductions or provide payment schemes or enable downward staircasing should be made explicit. There is a need for such explicit statements to go beyond a once-and-for-all publication or a website, but to be publicised more often.

3. **Expectations: conveyancers**

Many shared ownership providers have panels of conveyancers which are recommended to buyers. Some assumptions can be made both by buyers and providers about those conveyancers. Buyers may see them as being “part of” the provider and not acting for the buyer; providers believe that the conveyancers, who have already been involved in shared ownership transactions, will provide better quality information to buyers. There is no evidence that either is the case.

Modern conveyancing practice is not equipped to provide information to buyers about the specifics of shared ownership leases. Less reliance should, therefore, be placed on conveyancers as information providers. It should not be assumed that conveyancers will explain to buyers their obligations beyond providing them with a copy of the lease.

That increases the onus on providers to provide relevant, simple and clear information to buyers. The rationale for the provision of that information is that buyers tend to have less experience and knowledge about housing markets and the sales process than other first-time buyers because of the eligibility criteria for the scheme and because shared ownership and leasehold are not straightforward products.

4. **Leasehold reform**

Although the twin-track nature of the lease (being a long lease for certain purposes and an assured tenancy) may have advantages to different sections at different times, it is confusing, lacks logic and is difficult to explain to a lay audience.

It is clear from our data that certain aspects of the full repairing lease are (or become over time) problematic to buyers and appear to be weighted in favour of providers and/or lenders. If we are serious about shared ownership becoming the fourth tenure, then we need to have a lease that is robust and sensible for all the actors. This is particularly true if we accept that not all shared owners will become full homeowners.

A body like the Law Commission for England and Wales should be asked to recommend changes to the law, taking account of the interests of all of the actors.
5. **Lender–provider communication**

Lender–provider communication is a crucial element of the shared ownership relationship but one which is lacking, despite updated guidance and good practice. The use of service level agreements can be valuable. However, most often, this value is personality-based and the mobility of personnel has potential to damage ongoing relationships. Social housing providers have wide experience and knowledge of how this can be rectified through, for example, other partnership arrangements. That knowledge and experience can be used to counteract this issue.

Named points of contact, which are kept updated, or generic email addresses can be valuable tools (the latter were used successfully with the mortgage rescue scheme).

When lenders capitalise rent or service charge arrears, this can provide an immediate solution to an issue for all parties. However, providers and buyers should be aware that it can be a false economy because lenders will recoup that outlay subsequently. If there is a lender resale of the property, the MPC will enable the lender to recoup that outlay. Better communication and appreciation of the commercial realities at the initial stage, when arrears arise in the first place, would lead to better communication between lender and provider.

We also recommend that the Civil Procedure Rules Committee, the Civil Justice Council, consider amending the recently updated Pre-Action Protocol for Possession Claims based on Mortgage or Home Purchase Plan Arrears. If a clause was introduced requiring a lender to have pre-action contact with the shared ownership provider, this would make a substantial contribution to resolving this issue.

6. **Practical changes: staircasing**

Staircasing can be daunting and off-putting, particularly when there are extra costs involved. Our data clearly indicates that most buyers intend to staircase when they access shared ownership but various factors beyond life-cycle factors prove problematic. The growing disconnect between earnings and house prices increases the difficulties in staircasing. We suggest that there should be online and printed advice about points to consider when thinking about staircasing (housing market, salary, future earnings potential etc.).

Providers can better facilitate staircasing by removing or reducing upfront costs and/or providing an online calculator that can show new housing costs as the buyer’s percentage share changes.
7. Practical changes: third-party managing agents

Our research has identified some significant issues where third-party managing agents are involved with the management of properties which include shared ownership units. These problems are generally inherent in the leasehold relationship. However, our research findings are that providers are often blamed for these issues, which are mostly outside their control. This damages both the provider’s reputation as well as the shared ownership product itself.

Providers should be proactive in: (a) explaining the management structure of shared ownership units; (b) regularly updating shared owners about their interactions and activities with the managing agents; (c) assisting shared owners, should they seek to exercise their right to manage, participate in leaseholder/resident meetings, or set up resident associations. The Residential Property Tribunal should always enable shared owners to be represented in leasehold disputes even if they are not direct parties to the lease.

8. Practical changes: service charges

Service charges are problematic in leasehold tenure generally. They feature regularly at the Residential Property Tribunal. There are a number of statutory remedies but the landlord/tenant relationship remains potentially antagonistic. Indeed, the tensions have become more complex since the introduction of right to manage and collective enfranchisement and the increasing number of lessees who are Buy-to-Let landlords.

Until there is reform that responds to the changing landscape of leasehold tenure, the best method of managing the landlord/tenant relationship is to provide good quality information upfront to occupiers and throughout the relationship. In particular, incomprehensible service charge documents unnecessarily create mistrust. All parts of the organisation should “own” this communication – as all parts of the organisation bear the brunt of inadequate communication – so as to ensure that such communications are personal, understandable, clear and transparent, as well as providing adequate explanations for costs incurred. Being able to provide this information annually with clear and transparent service charge statements would ameliorate some of the ongoing problems and contribute to increased satisfaction in the sector.

9. Practical changes: administration charges

We recommend that providers review their administration charges to check whether they are necessary and proportionate. In particular, shared owners find charges for making improvements frustrating as they feel they are bearing the cost for work from which the provider will ultimately benefit (even if that is not the case), and yet they are charged when they inform the provider of the work. Clauses that require shared owners to return the property to its original decoration when they sell are also potentially counterproductive and
reflect an old-fashioned attitude to shared owners rather than understanding them as players within a housing marketplace.

10. Practical changes: organisations

What became clear to us during this research project is that provider organisations are complex. Different elements within those organisations have different pressure points and different working practices.

A whole organisation response to shared ownership would undoubtedly improve buyers’ experiences and contribute to increased satisfaction responses.

11. Resale

The government has been consulting on the resale process. The right of the provider to nominate a subsequent purchaser has been regarded as a barrier to resales by householders and lenders. The government is seeking to streamline the process and has made a variety of different suggestions for reform, including removing the ability of the provider to nominate a purchaser of a property where the former shared owner has staircased up to 100 per cent or where the shared owner has yet to staircase up, or reducing the nomination period.

Our data from buyers supports a streamlining of the resale process. Buyers were concerned about the level of fee charged by providers for marketing, a poor resales service offered by providers and, in particular, the valuation process (believing generally that they would be better served by the private market). The provider data does not necessarily accord with those views, and recognises that buyers’ perceptions of the market may be skewed.

The loss of shared ownership stock to social housing is a political question. In our opinion, to the extent that the resale market is streamlined, this raises questions as to the original eligibility threshold for accessing shared ownership. If resale buyers do not have to cross an eligibility threshold, why should original buyers? Therefore, our opinion on this issue is that it is not a marginal question but absolutely centre-stage to the very underpinning of the shared ownership offer.

As a result, we believe that a pragmatic compromise should be that buyers should be entitled to sell their shares on the open market at any time but any purchaser from that buyer should have to be approved by the provider.

12. Newsletters.

Newsletters are undoubtedly useful. They are useful marketing devices as well as communication and information provision. They can also be problematic and generate dissatisfaction, however good the motive behind them.

Exploring experiences of shared ownership housing
Generic newsletters for all occupiers are unsuited to shared ownership or long leasehold. More targeted information is undoubtedly the way forward – including paperless communication. That way forward is less frequent, but more targeted, communication providing advice on specific shared ownership matters, updated policies or services (including reminders about staircasing and mobility packages), services provided to buyers struggling with their mortgages, rent or service charges.

13. Information and data collection

We live in a cost-cutting age in which national statistical databases are rigorously tested for their utility. There are opportunities with shared ownership for additional data collection. These opportunities will affect targeting, information provision and understandings about the tenure, including supporting movement within and beyond the tenure.

The following data collection would appear to be important: identify moving destinations of shared owners to understand housing pathways, for example, through the use of exit surveys; and scrutinising lenders’ sale of properties and uses of the MPC to ensure that providers and borrowers are not left with large debts.

In particular, such data collection would likely prove to be an encouragement to lenders to enter this market, whose systems do not sufficiently differentiate between tenure types. Therefore, the actual risks of repossession of shared-owner properties are largely an unknown. A database of staircasing activity would also assist providers’ modelling and business planning (although there is a database used by one group for benchmarking).
References


Department for Communities and Local Government (2015a) Proposals to Streamline the Resale of Shared Ownership Properties. London: DCLG.


Exploring experiences of shared ownership housing


www.policis.com/pdf/Mortgages/New%20Approaches%20to%20Mortgage%20Regulation%20and%20MMR%20final%20151110.pdf


Exploring experiences of shared ownership housing

Appendix A: Shared owners topic guide

House or development

1. To start off can you describe the property, development and neighbourhood? How big is the property? Flat/house etc. Is it all shared ownership? Social rented or homeownership on site?

Moving in

2. (not yet mentioning homeownership, shared ownership or the lease etc. so let them define attributes of their home in their own terms) How came about living in this property? When did they acquire this home, where did they live before, who with, why they wanted to move.
3. Who do they live with? What sort of place or property were they looking for? What were the attributes of a property you were looking for? How they made decisions about place and property? Did they consider any other places or properties? What was it about the place they liked? The property they liked? What did the other members of household think?
4. How did they go about obtaining this property? How did they find out about it? What sources of advice or information did they obtain prior to the purchase? How did they access this information? Who from? And to what effect?
5. What process did they have to follow to obtain the home? Who was involved in this process?
6. How did they organise the finances? How easy or difficult was it?

Living in their property

7. [again not asking about homeownership lease and letting them define shared ownership through talking about other general things] Now they've been here a while what do they value the most /the least about the property? The development? The neighbourhood? The area? And why? Examples?
8. Tell us about the relationship with neighbours, the management company, the housing association, the wider community? What sort of interactions or involvement have you had with neighbours, Management Company, housing association or wider community? What has been the basis of these interactions? What happens daily, weekly, occasionally etc? How would you characterise them: positive, neutral or negative and why?
9. What were your expectations of living here? How have your expectations been met or otherwise? Examples and why? [not mentioning homeownership or tenure]

Crisis moments?

10. [more specific details of experience] How affordable has the property been? What proportion of your net income is spent on housing costs (mortgage, rent, service charge? Repairs?) Perceptions of affordability of housing costs? How have the rent, mortgage or service charges changed since they moved in? How easy has it been to keep up with all the housing costs?
11. Were any payments ever missed? IF SO - What prompted that? How did the housing association, lender, or management company respond? What advice and support were
you offered/ did you seek? How did it get resolved? Was there anything you wanted the housing association, lender or adviser to do or anything you asked for that was not agreed? What was and what reason? What did you think of this?

12. Have you ever remortgaging/equity withdrawal? Why? If money withdrawn for what purpose? What was housing association response? What was the process? valuations

13. Staircasing? Current share? Why did they buy that proportion? What things do they consider when deciding whether to buy more or not? If want to increase share, how much to now? What was their view of the valuations/process/who involved/time? If do not want to staircase why not?

14. How is the property's repairs and maintenance managed? Internally/externally? How is it funded? How is the estate/block/grounds maintained? Has there been any problems with housing association? Management company? Service charge setting? Repairs charges? How are you involved in the management of the property or estate/block/development?

15. Have you had any changes in your household, or has anyone in the household had any changes in their job since you moved here? How might these changes have impacted on you living here? Do you have any plans to move? If so when? Why? Where? How? What to? If any barriers, what were they? Experiences of trying to move in the past? What would need to happen to achieve a move in the future?

Homeownership and shared ownership

16. [pick up on previous comments but explore more explicitly the meanings of the tenure] So you lived in social housing, private renting, with parents, LCHO beforehand … Could you tell me what you feel is the same and what is different about living here compared to your old home? [explore how they compare their tenure now to others] prompt for security of tenure, control, ownership, costs, location, asset accumulation

17. [have they identified themselves as homeowners, shared owners or tenants? ] Prompt for why they have self-identified as they do.
   a. If talk about homeownership but not explored earlier, prompt for what attributes of homeownership they value? What made it attractive to them, and attractive to them at the time that they bought?
   b. If hybrid owners/tenure, why? If tenants, why?

18. Unusual form of occupation of property, so if not already discussed, what were their perceptions of shared ownership? How does shared ownership meet your expectations of homeownership? What does it mean to be partial majority/minority owners? Are you majority tenants or owners? How does the housing association influence how you feel about living here?

19. Do you understand the lease? Did you receive sufficient information about it when you were bought? Were there any aspects of it you were unsure of when you bought? Did you seek further information about it at the time? Since moving in has there been any aspects of the become apparent that you had not previously been aware? What was that, if not discussed above, and what did it relate to? [more here?]

20. Are there any things about living here you would like to change if you could? If so, what are they and why?

21. Thinking off the top of your head can you tell me five words that you’d associate with shared ownership?
# Appendix B: Overview of shared owner participants

## Fixham sample

<table>
<thead>
<tr>
<th>Interview number</th>
<th>Gender</th>
<th>Occupation</th>
<th>Previous tenure</th>
<th>Flat/house</th>
<th>When bought</th>
<th>% share bought (+=stair-case)</th>
<th>Resale?</th>
<th>Issues</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>male</td>
<td>charity day-worker</td>
<td>owned/private rented</td>
<td>1 bed flat</td>
<td>2014</td>
<td>25</td>
<td>yes</td>
<td>communication; security</td>
</tr>
<tr>
<td>2</td>
<td>female</td>
<td>education/building</td>
<td>parents</td>
<td>house</td>
<td>2008</td>
<td>25</td>
<td>yes</td>
<td>improvements; staircasing</td>
</tr>
<tr>
<td>3</td>
<td>female</td>
<td>teacher</td>
<td>private rented</td>
<td>2 bed flat</td>
<td>2009</td>
<td>25</td>
<td>yes</td>
<td>repairs/improvements, staircasing</td>
</tr>
<tr>
<td>4</td>
<td>female</td>
<td>housing association</td>
<td>housing association</td>
<td>3 bed house</td>
<td>2012 (off plan)</td>
<td>40</td>
<td>no</td>
<td>parking, new build</td>
</tr>
<tr>
<td>5</td>
<td>female</td>
<td>social worker</td>
<td>parents</td>
<td>flat</td>
<td>2013</td>
<td>25</td>
<td>yes</td>
<td>parking, ASB</td>
</tr>
<tr>
<td>6</td>
<td>female</td>
<td>homemaker</td>
<td>private rent</td>
<td>2 bed house</td>
<td>2011</td>
<td>33</td>
<td>no</td>
<td>new build, resale</td>
</tr>
<tr>
<td>7</td>
<td>male &amp; female</td>
<td>self-employed/ musicians</td>
<td>private rent</td>
<td>2 bed flat</td>
<td>2007</td>
<td>30 (+45)</td>
<td>yes</td>
<td>service charge, management company</td>
</tr>
<tr>
<td>8</td>
<td>male</td>
<td>n/k</td>
<td>private rent</td>
<td>3 bed house</td>
<td>2009</td>
<td>50</td>
<td>yes</td>
<td>improvements, insurance</td>
</tr>
<tr>
<td>9</td>
<td>male &amp; female</td>
<td>n/k</td>
<td>housing association</td>
<td>4 bed house</td>
<td>2008</td>
<td>25</td>
<td>yes</td>
<td>disrepair</td>
</tr>
<tr>
<td>10</td>
<td>male</td>
<td>n/k</td>
<td>parents</td>
<td>2 bed house</td>
<td>2012</td>
<td>50</td>
<td>yes</td>
<td></td>
</tr>
<tr>
<td>11</td>
<td>male</td>
<td>p/t worker</td>
<td>private rent</td>
<td>house</td>
<td>1999</td>
<td>75</td>
<td>yes</td>
<td>affordability/repairs</td>
</tr>
<tr>
<td>12</td>
<td>male</td>
<td>unemployed (ex-student)</td>
<td>private rent</td>
<td>1 bed flat</td>
<td>2009</td>
<td>40</td>
<td>no</td>
<td>affordability/moving</td>
</tr>
<tr>
<td>13</td>
<td>female</td>
<td>bank</td>
<td>parents/housing association</td>
<td>house</td>
<td>1996</td>
<td>50 (+50)</td>
<td>no</td>
<td>subletting, improvements</td>
</tr>
<tr>
<td>14</td>
<td>male</td>
<td>n/k</td>
<td>private rent</td>
<td>3 bed house</td>
<td>1995</td>
<td>40</td>
<td>no</td>
<td>improvements, repairs, resale</td>
</tr>
<tr>
<td>Interview number</td>
<td>Gender</td>
<td>Occupation</td>
<td>Previous tenure</td>
<td>Flat/house</td>
<td>When bought</td>
<td>% share bought (+=stair-case)</td>
<td>Resale?</td>
<td>Issues</td>
</tr>
<tr>
<td>------------------</td>
<td>--------------</td>
<td>----------------------------</td>
<td>-----------------</td>
<td>------------</td>
<td>-------------</td>
<td>-------------------------------</td>
<td>---------</td>
<td>-----------------------------------------------</td>
</tr>
<tr>
<td>15</td>
<td>female</td>
<td>private rent</td>
<td>4 bed house</td>
<td>2014</td>
<td>50</td>
<td>no</td>
<td></td>
<td>moving</td>
</tr>
<tr>
<td>16</td>
<td>male &amp; female</td>
<td>council/home maker</td>
<td>private rent</td>
<td>2014</td>
<td>50</td>
<td>yes</td>
<td></td>
<td>affordability</td>
</tr>
<tr>
<td>17</td>
<td>male</td>
<td>unemployed</td>
<td>friends</td>
<td>2002</td>
<td>50</td>
<td>yes</td>
<td></td>
<td>disrepair/improvements/resale/communication</td>
</tr>
<tr>
<td>18</td>
<td>male &amp; female</td>
<td>self-employed/small business</td>
<td>parents</td>
<td>2003</td>
<td>50</td>
<td>yes</td>
<td></td>
<td>new build/staircasing/communication</td>
</tr>
<tr>
<td>19</td>
<td>female</td>
<td>outreach worker</td>
<td>private rent</td>
<td>2006</td>
<td>50</td>
<td>no</td>
<td></td>
<td>repairs/new build</td>
</tr>
<tr>
<td>20</td>
<td>female</td>
<td>administrator/carer</td>
<td>social rent</td>
<td>2014</td>
<td>30</td>
<td>no</td>
<td></td>
<td>repairs/new build</td>
</tr>
<tr>
<td>21</td>
<td>female</td>
<td>NHS worker</td>
<td>private rent</td>
<td>2012</td>
<td>25</td>
<td>yes</td>
<td></td>
<td>repair, new build, service charge</td>
</tr>
<tr>
<td>22</td>
<td>male &amp; female</td>
<td>retired</td>
<td>private rent</td>
<td>2012</td>
<td>25</td>
<td>no</td>
<td></td>
<td>communication</td>
</tr>
<tr>
<td>23</td>
<td>male</td>
<td>self-employed</td>
<td>private rent</td>
<td>2014</td>
<td>30</td>
<td>no</td>
<td></td>
<td>communication</td>
</tr>
<tr>
<td>24</td>
<td>female</td>
<td>retired</td>
<td>shared ownership to private rent</td>
<td>2003</td>
<td>30 (+10)</td>
<td>no</td>
<td></td>
<td></td>
</tr>
<tr>
<td>25</td>
<td>female</td>
<td>housing association</td>
<td>family breakdown/private rent</td>
<td>2012</td>
<td></td>
<td>no</td>
<td></td>
<td></td>
</tr>
<tr>
<td>26</td>
<td>male</td>
<td>charity</td>
<td>private renting (non-UK)</td>
<td>2004</td>
<td>30</td>
<td>no</td>
<td></td>
<td>service charge, lease</td>
</tr>
<tr>
<td>27</td>
<td>female</td>
<td>unemployed</td>
<td>private rent</td>
<td>2009</td>
<td>50</td>
<td>yes</td>
<td></td>
<td>repairs, improvements</td>
</tr>
<tr>
<td>28</td>
<td>female</td>
<td>nurse</td>
<td>council rented</td>
<td>2011</td>
<td>25 (+ considering 75%)</td>
<td>no</td>
<td>new build, restrictions</td>
<td></td>
</tr>
<tr>
<td>29</td>
<td>female</td>
<td>social work</td>
<td>private renting</td>
<td>2005</td>
<td>35</td>
<td>no</td>
<td></td>
<td>service charges, rent, resale</td>
</tr>
<tr>
<td>Interview number</td>
<td>Gender</td>
<td>Occupation</td>
<td>Previous tenure</td>
<td>Flat/house</td>
<td>When bought</td>
<td>% share bought (+=stair-case)</td>
<td>Resale?</td>
<td>Issues</td>
</tr>
<tr>
<td>------------------</td>
<td>--------</td>
<td>------------</td>
<td>-----------------</td>
<td>------------</td>
<td>-------------</td>
<td>-----------------------------</td>
<td>---------</td>
<td>--------</td>
</tr>
<tr>
<td>30</td>
<td>female</td>
<td>teacher</td>
<td>private renting</td>
<td>2 bed flat</td>
<td>2014</td>
<td>30</td>
<td>no</td>
<td></td>
</tr>
<tr>
<td>31</td>
<td>female</td>
<td>HR</td>
<td>shared renting</td>
<td>1 bed flat</td>
<td>2005</td>
<td>30 (+70)</td>
<td>no</td>
<td>staircasing, new build,</td>
</tr>
<tr>
<td>32</td>
<td>female</td>
<td>unemployed</td>
<td>private renting</td>
<td>2 bed flat</td>
<td>2011</td>
<td>40</td>
<td>no</td>
<td>ASB, new build, noise</td>
</tr>
<tr>
<td>33</td>
<td>female</td>
<td>low wage</td>
<td>rent-a-room</td>
<td>3 bed house</td>
<td>2004</td>
<td>25</td>
<td>yes (DIYSO)</td>
<td>affordability, communication, resale</td>
</tr>
<tr>
<td>34</td>
<td>female</td>
<td>social worker</td>
<td>private renting</td>
<td>2 bed house</td>
<td>2004</td>
<td>60</td>
<td>no</td>
<td>managing agent, communication, social</td>
</tr>
<tr>
<td>35</td>
<td>female</td>
<td>employed</td>
<td>living with parents</td>
<td>2 bed flat</td>
<td>2011</td>
<td>30/33?</td>
<td>no</td>
<td>service charge, new build</td>
</tr>
<tr>
<td>36</td>
<td>female</td>
<td>living with parents</td>
<td>2 bed house</td>
<td>2009</td>
<td>25</td>
<td>no</td>
<td>service charge, communication</td>
<td></td>
</tr>
<tr>
<td>37</td>
<td>female</td>
<td>bank</td>
<td>private renting</td>
<td>1 bed flat</td>
<td>2006</td>
<td>50</td>
<td>no</td>
<td>staircasing, noisy neighbour</td>
</tr>
<tr>
<td>38</td>
<td>female</td>
<td>company</td>
<td>shared ownership</td>
<td>4 bed house</td>
<td>2014</td>
<td>30</td>
<td>no</td>
<td>ASB</td>
</tr>
</tbody>
</table>
Greendale sample

<table>
<thead>
<tr>
<th>Interview number</th>
<th>Area</th>
<th>Gender</th>
<th>Occupation</th>
<th>Previous tenure</th>
<th>When bought</th>
<th>Property type bought</th>
<th>%share bought (+= staircase)</th>
<th>Resale?</th>
<th>Issues</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2</td>
<td>female</td>
<td>police</td>
<td>private renting</td>
<td>2005</td>
<td>2 bed house</td>
<td>50</td>
<td>yes</td>
<td>leak</td>
</tr>
<tr>
<td>2</td>
<td>1</td>
<td>female</td>
<td>civil servant</td>
<td>private renting</td>
<td>2007</td>
<td>2 bed flat</td>
<td>45+45</td>
<td>no</td>
<td>leak</td>
</tr>
<tr>
<td>3</td>
<td>1</td>
<td>male</td>
<td>economist</td>
<td>flat share</td>
<td>2011</td>
<td>2 bed flat</td>
<td>25</td>
<td>no</td>
<td>none</td>
</tr>
<tr>
<td>4</td>
<td>1</td>
<td>female</td>
<td>n/a</td>
<td>council tenant</td>
<td>1992</td>
<td>2 bed flat</td>
<td>50+25</td>
<td>no</td>
<td>rent/SC</td>
</tr>
<tr>
<td>5</td>
<td>1</td>
<td>female</td>
<td>teacher</td>
<td>private renting</td>
<td>2013</td>
<td>2 bed flat</td>
<td>30</td>
<td>yes</td>
<td>leak</td>
</tr>
<tr>
<td>6</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>1</td>
<td>female</td>
<td>secretary</td>
<td>private renting</td>
<td>2000</td>
<td>1 bed flat</td>
<td>25</td>
<td>yes</td>
<td>repairs/bad deal</td>
</tr>
<tr>
<td>8</td>
<td>1</td>
<td>male</td>
<td>airport</td>
<td>private renting</td>
<td>2004</td>
<td>2 bed flat</td>
<td>25</td>
<td>yes</td>
<td>repairs/responsibility/ management/ communication</td>
</tr>
<tr>
<td>9</td>
<td>2</td>
<td>male</td>
<td>retired</td>
<td>owner-occupier</td>
<td>1994</td>
<td>2 bed house</td>
<td>50</td>
<td>no</td>
<td>improvements/communication</td>
</tr>
<tr>
<td>10</td>
<td>2</td>
<td>male</td>
<td>n/k</td>
<td>housing association tenant</td>
<td>2007</td>
<td>2 bed flat</td>
<td>50</td>
<td>no</td>
<td>new build/</td>
</tr>
<tr>
<td>11</td>
<td>2</td>
<td>male</td>
<td>retired/p-t</td>
<td>private renting</td>
<td>2010</td>
<td>3 bed house</td>
<td>25</td>
<td>no</td>
<td>car parking</td>
</tr>
<tr>
<td>12</td>
<td>2</td>
<td>male</td>
<td>student/youth worker</td>
<td>bed and breakfast</td>
<td>2009</td>
<td>2 bed house</td>
<td>25</td>
<td>no</td>
<td>background/arrears</td>
</tr>
<tr>
<td>13</td>
<td>1</td>
<td>female</td>
<td>media</td>
<td>living with parents</td>
<td>2003</td>
<td>1 bed flat</td>
<td>50</td>
<td>yes</td>
<td>service charges</td>
</tr>
<tr>
<td>14</td>
<td>2</td>
<td>male</td>
<td>retired</td>
<td>private renting</td>
<td>2009</td>
<td>2 bed house</td>
<td>25</td>
<td>no</td>
<td>new build quality/repairs</td>
</tr>
<tr>
<td>15</td>
<td>2</td>
<td>female</td>
<td>retired</td>
<td>council tenant</td>
<td>1994</td>
<td>2 bed house</td>
<td>25</td>
<td>no</td>
<td>rent (DIYSO)</td>
</tr>
<tr>
<td>Interview number</td>
<td>Area</td>
<td>Gender</td>
<td>Occupation</td>
<td>Previous tenure</td>
<td>When bought</td>
<td>Property type bought</td>
<td>%share bought (+= staircase)</td>
<td>Resale?</td>
<td>Issues</td>
</tr>
<tr>
<td>------------------</td>
<td>------</td>
<td>--------</td>
<td>------------</td>
<td>----------------</td>
<td>-------------</td>
<td>---------------------</td>
<td>-----------------------------</td>
<td>--------</td>
<td>--------</td>
</tr>
<tr>
<td>16</td>
<td>2</td>
<td>female/male</td>
<td>carer</td>
<td>owner-occupier</td>
<td>2007</td>
<td>2 bed house</td>
<td>35</td>
<td>no</td>
<td>repairs/responsibilities</td>
</tr>
<tr>
<td>17</td>
<td>2</td>
<td>female</td>
<td>n/k/f-t</td>
<td>private renting</td>
<td>2008</td>
<td>3 bed house</td>
<td>50</td>
<td>no</td>
<td>service charge/affordability</td>
</tr>
<tr>
<td>18</td>
<td>1</td>
<td>female</td>
<td>customer service</td>
<td>private renting</td>
<td>2009</td>
<td>1 bed flat</td>
<td>50</td>
<td>no</td>
<td>new build/repairs</td>
</tr>
<tr>
<td>19</td>
<td>1</td>
<td>male</td>
<td></td>
<td>private renting</td>
<td>2007</td>
<td>1 bed flat</td>
<td>25</td>
<td>yes</td>
<td>new build/repairs</td>
</tr>
<tr>
<td>20</td>
<td>1</td>
<td>male</td>
<td>IT</td>
<td>flat share</td>
<td>2004</td>
<td>1 bed flat</td>
<td>65 + 35</td>
<td>no</td>
<td>new build/repairs</td>
</tr>
<tr>
<td>21</td>
<td>1</td>
<td>female</td>
<td>HR</td>
<td>owner-occupier</td>
<td>2012</td>
<td>2 bed flat</td>
<td>30</td>
<td>no</td>
<td>new build/service charge/affordability</td>
</tr>
<tr>
<td>22</td>
<td>1</td>
<td>female</td>
<td>publishing</td>
<td>flat share</td>
<td>2012</td>
<td>2 bed flat</td>
<td>50</td>
<td>yes</td>
<td>noise/length of lease/communication</td>
</tr>
<tr>
<td>23</td>
<td>1</td>
<td>female</td>
<td>sports</td>
<td>living with parents</td>
<td>2014</td>
<td>2 bed flat</td>
<td>25</td>
<td>yes</td>
<td>car parking; communication</td>
</tr>
<tr>
<td>24</td>
<td>1</td>
<td>female</td>
<td>local authority</td>
<td>living with parents</td>
<td>2007</td>
<td>2 bed flat</td>
<td>50+50</td>
<td>no</td>
<td>affordability/staircasing</td>
</tr>
<tr>
<td>25</td>
<td>1</td>
<td>female</td>
<td>teacher</td>
<td>private renting</td>
<td>2006</td>
<td>2 bed flat</td>
<td>25</td>
<td>yes</td>
<td>affordability/disrepair/rubbish</td>
</tr>
<tr>
<td>26</td>
<td>1</td>
<td>male</td>
<td>LA contractor/unemployed</td>
<td>private renting</td>
<td>2006/7</td>
<td>1 bed flat</td>
<td>25</td>
<td>no</td>
<td>maintenance</td>
</tr>
<tr>
<td>27</td>
<td>1</td>
<td>male</td>
<td>TV</td>
<td>private renting</td>
<td>2007</td>
<td>1 bed flat</td>
<td>50 (+50 currently)</td>
<td>no</td>
<td>staircasing/gripes</td>
</tr>
<tr>
<td>28</td>
<td>1</td>
<td>male &amp; female</td>
<td>LA</td>
<td>shared ownership/private renting</td>
<td>2013</td>
<td>2 bed flat</td>
<td>25</td>
<td>yes</td>
<td>noise; ASB</td>
</tr>
<tr>
<td>29</td>
<td>2</td>
<td>male</td>
<td>self-employed</td>
<td>private renting</td>
<td>2009</td>
<td>2 bed house</td>
<td>25 or 30</td>
<td>no</td>
<td>rent, service charge, repairs</td>
</tr>
<tr>
<td>30</td>
<td>1</td>
<td>female</td>
<td>n/k</td>
<td>private renting</td>
<td>2004</td>
<td>2 bed flat</td>
<td>70</td>
<td>no</td>
<td>service charge, disrepair</td>
</tr>
<tr>
<td>Interview number</td>
<td>Area</td>
<td>Gender</td>
<td>Occupation</td>
<td>Previous tenure</td>
<td>When bought</td>
<td>Property type bought</td>
<td>%share bought (+= staircase)</td>
<td>Resale?</td>
<td>Issues</td>
</tr>
<tr>
<td>------------------</td>
<td>------</td>
<td>--------</td>
<td>------------</td>
<td>-----------------------------</td>
<td>-------------</td>
<td>----------------------</td>
<td>-----------------------------</td>
<td>---------</td>
<td>-----------------------------</td>
</tr>
<tr>
<td>31</td>
<td>2</td>
<td>female</td>
<td>nurse</td>
<td>shared house</td>
<td>2008</td>
<td>2 bed house</td>
<td>50</td>
<td>no</td>
<td>ASB, service charge</td>
</tr>
<tr>
<td>32</td>
<td>2</td>
<td>female</td>
<td>estate agent</td>
<td>private renting (family separation)</td>
<td>c 2008</td>
<td>2 bed house</td>
<td>50</td>
<td>no</td>
<td>ASB, repairs</td>
</tr>
<tr>
<td>33</td>
<td>2</td>
<td>male</td>
<td>n/k</td>
<td>living with family</td>
<td>c 2010</td>
<td>2 bed house</td>
<td>40</td>
<td>yes</td>
<td>area/planning, maintenance</td>
</tr>
</tbody>
</table>