

Levelling Up, Housing and Communities Committee

Oral evidence: Shared Ownership, HC 61

Monday 4 December 2023

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Members present: Mr Clive Betts (Chair); Bob Blackman; Ian Byrne; Mrs Natalie Elphicke; Kate Hollern; Mary Robinson; Nadia Whittome; Mohammad Yasin.

Questions 1 - 59

Witnesses

[I](#): Dr Alison Wallace, Senior Lecturer in Social Policy and Housing, University of York; Sue Phillips, Founder, Shared Ownership Resources; and Steve Collins, Chief Executive, Rentplus-UK Ltd.

[II](#): Clare Miller, Chief Executive, Clarion Housing Group; Helen Spencer, Executive Director of Growth, Great Places Housing Group; Oliver Boundy, Executive Director of Development, Anchor; and Professor Stanimira Milcheva, Professor of Real Estate Finance, University College London.

Examination of witnesses

Witnesses: Dr Alison Wallace, Sue Phillips and Steve Collins.

Q1 Chair: Welcome, everyone, to this afternoon's session of the Levelling Up, Housing and Communities Select Committee. We are looking at shared ownership in our first evidence session on this subject. It is a form of ownership where people can buy part of the home and also rent part of the home to make it more affordable for them. We will explore the advantages, the disadvantages, the complications and the challenges of that for people. We have two panels this afternoon. The first is a panel of housing experts and the second of housing providers. Welcome, and I will come to the panel in a minute.

I will ask members of the Committee to put on record any interests that they have that may be directly relevant to this inquiry. I am a vice-president of the Local Government Association.

Kate Hollern: I employ a councillor.

Nadia Whittome: I am a member of One Nottingham.

Chair: That was brief. Over to our panel. Thank you very much for coming. Can I go down the table and ask you to introduce yourselves and your organisation?

Steve Collins: I am the Chief Executive of an organisation called Rentplus-UK. We are the leading provider of rent-to-buy product across the country. We have a national portfolio and a proven track record of delivery. We are fully funded through institutional investment organisations such as pension funds. We have no reliance on public grant at all. With our product you either rent 100% of it or you own 100% of it. We give people the opportunity to rent over a five, 10, 15 or 20-year period. When tenants choose to buy, we gift them a 10% cash deposit. So far 95% of our tenants have bought when they have planned to buy their home and they are now happily 100% homeowners.

Sue Phillips: I am the founder of Shared Ownership Resources. It exists to champion the interests of shared owners and households considering shared ownership. The project publishes case studies, collaborates with housing, legal and financial experts to provide specialist information and advice and campaigns for improved transparency and better outcomes and against mis-selling and other poor practices in the sector.

Dr Wallace: I am from the Centre for Housing Policy at the University of York. I have been there 20-something years and have done lots of work on home ownership and the distribution of the benefits and problems associated with home ownership. I have a particular interest in low-income experiences of the sector, which fed my interest in shared ownership for housing. I have done four or five studies on shared



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ownership housing and have interviewed providers and stakeholders and lots of shared owners themselves.

Q2 Chair: You are very welcome. Thank you for coming this afternoon. I will begin within Alison Wallace. Shared ownership is supposed to be part of a suite of measures to help people on low incomes—affordable housing it is generally called. Can shared ownership really help people on low incomes?

Dr Wallace: We found when we interviewed shared owners over several projects that loads of them are very happy to have secured a shared ownership property, at least initially. They talk about their experiences in the private rented sector or enjoying the independence of being away from family or even after relationship breakdowns. There are benefits and people like to be able to call themselves a homeowner. Rightly or wrongly, they confer benefits from that.

They also tell us over several studies that the costs associated with the product over time begin to bite. They have initial low entry costs, and that is all people talk about, that it is the lowest product compared to help to buy and things where you can get partial shares compared to the overall 100% value. However, over time service charges are often uncontrollable. They are opaque and they do not have illustrations of how much service charges cost over time. The rents are inflated by over-inflation and they have changed to CPI of measuring the rent increase, plus 1% now. I am not sure what difference that will make.

That is a hangover from when the product was first around and people could transition to home ownership. It was like a stick—the carrot of low cost but a stick to make them buy. However, with stagnant wages and inflated house prices, that does not happen so it just hurts after a while. They pay more mortgages. We also found that the house price to income ratios outside of London almost double for shared owners compared to mortgagors; 17% of mortgagors have high house prices to incomes but 31% outside of London and the south-east do. There is an issue of exploring how affordability is operationalised in the sector.

I know I am taking up lots of time but the last point I want to make is about the value for money. My research confirmed what Savills said a few years back in that after 15 years or so the rising costs that shared ownerships bear is the same as for an open-market purchaser. Costs converge over time and then exceed because of the rise in rents problem. Therefore, there are benefits of it but I have heard several stories and have the data to back up the issues about affordability that need to be unpicked a bit more.

Sue Phillips: The issue of short-term versus long-term focus is borne out by the evidence that has been submitted to the inquiry, or the evidence that has been published. I am aware that a large number of shared owner submissions have not been published due to requests for confidentiality or anonymity. However, in the evidence that has been



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published, there is a marked contrast between the housing sector responses and the shared owner responses. Generalising a bit, the housing sector responses tend to focus on demand, access and year 1 costs. The shared owners' responses tend to focus on ongoing affordability, long-term value for money, the viability of exit routes and transition or not for home ownership. Affordability and value for money are overlapping but different things. I would like to speak to each of those in terms. Some of what I say will overlap with what Alison has already mentioned.

There is an important question of affordability for who. Timescale, location and affordability ratios are concerns as well. On affordability for who, we need and we lack granular, national, publicly available data on who shared ownership works best for: those at the upper ends of the income thresholds or those reliant on housing and welfare benefits; those with a lower percentage share or those with a higher percentage share; in what economic environment or what economic context? There I mean the national context and the local context.

Timescale is hugely important. A flaw of housing sector and lender-led research is that it tends to focus on recent buyers, those who have purchased maybe in the last three to four years. There is very little data, apart from some of the work done by the University of York and Savills, on affordability over a mortgage term of 25 years, 30 or 35 years. Location—and the Savills report did pull this out—has a huge impact on affordability. It is about the relationship of what are fixed costs, the fixed increase in rent in relation to local wages, local property markets, local private rent levels.

Where this ends up is the affordability ratios. In 2020 the Affordable Housing Commission wrote that “when rents or purchase costs exceed a third of the household income, for those in work, the housing costs can lead to financial difficulties, arrears, debts and consequent personal problems. And obviously the position gets much worse if that percentage of income is a lot higher: we have taken the 40% of income figure as signalling a very serious affordability issue.”

People come into shared ownership with a 40% to 45% and over affordability ratio of housing costs to income. One of the questions that I would like to see answered or addressed in research is if the upper affordability ratio were 30% would the shared ownership scheme have any viability. Moving on to value for money—

Chair: We will go through things a bit more sharply because we have quite a few questions to get through.

Sue Phillips: I will try to be very quick with this. In responses, there was a conflation of demand with value for money. Demand is a very different thing from value for money. People may go into shared ownership with expectations and aspirations that are not realised and demand may be followed by buyer's remorse. It depends what timescale you are



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measuring value for money over as to what answer you get. The complexities are a huge issue and I flag up that Professor Peter Williams's submission is—

Chair: We will come on to the complexities in the next question.

Sue Phillips: We will come back to complexities. Complexity is a huge issue in relation to value for money and I am glad we are coming back to it.

The last point that I want to make is about opportunity costs. Generally speaking there is an attitude that people should be grateful for a foot on the housing ladder, but it is an expensive way of buying a house. If it costs £50,000, £100,000, £150,000, £25,000, whatever, more to buy a home via the shared ownership route, what is the opportunity cost of that cash not being available for other uses? Are people not putting it into their pensions, are they not spending it on their children, does it affect their quality of life, their standard of living? I would like to see a lot more focus on the opportunity costs of this route into shared ownership.

Q3 Chair: The lease arrangements for shared ownership have now been changed, including the repair obligations in the first 10 years shifting to the housing provider. Do you think that that will make an improvement to the shared ownership situation?

Dr Wallace: I think that it will be marginal because, as ever, all the changes do not cover existing shared owners and it could cause problems with the two-tier market and it does not solve the problem in the long run. It kicks it into the long grass for a while and adds some complexity when buying.

Sue Phillips: I agree with that. Some of those costs would fall under warranties or guarantees. The most expensive capital repairs will occur after that 10-year period, so it is not surprising that a lot of shared owners flagged up what is perceived as unfairness of the burden of costs in relation to the benefit that you get with an equity share.

Q4 Chair: Steve, do you have any comments on the issue of shared ownership generally and, in particular, rent to buy, which you are very much involved in. Why is that a better route for prospective owners to go down?

Steve Collins: There is a number of reasons why rent to buy is better. It must be recognised that there is a number of slightly different models in the market that are operating within the affordable housing area. However, in the context of what we do, there are no upfront costs to move in, you do not need to think about a deposit or anything like that, whereas a shared ownership property requires a deposit on day one. On average at the moment that is about £20,800; the average stake that people are buying for shared ownership is 42% across the country.



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You have issues around service charge costs and things like that that you just mentioned. My personal view is that those service cost charges should be proportionate to the equity stake that each of the providers has. If that is a 20:80 split, for example, 20% of the costs should be borne by others, or 80%, whichever that particular part is attributable. That should be across the entirety of the lease, not restricted in time.

On the benefit of rent to buy, it is an affordable rented product. It is 80% market or lower, inclusive of service charges, inclusive of state service charges. We as a provider take that risk and that brings down the cost burden on tenants and makes it a lot more affordable. We are responding to a particular part of the market that is not being serviced by any other means. These are directly aimed at lower and middle-income working families that cannot access the market and in some cases shared ownership. I agree that it is quite an unaffordable product, based on the research. It provides that buying for tenants. They feel like it is theirs and they are on a structured pathway to purchase.

Q5 Chair: If it is so much better than shared ownership but most people have never heard of it and even fewer have used it, why?

Steve Collins: It is a relatively new product. We have been trading for nearly 10 years now. It does not generally have the support from government in the same way that shared ownership and other products have. Homes England has its own shared ownership housing programme. It is advertised on every single development site. There is a requirement in section 106 documentation to provide, say, 30% of routes to home ownership, and the general market sees that that is a shared ownership product. It has been quite challenging to break into a market that is very well defined and well supported by Government and other literature.

That is principally the issue. If I go to a local authority I have to argue with them on how it conforms to planning policy, how it meets the definitions of the national planning policy framework. It would be far easier if we could have a similar level of support from the Government in the way that shared ownership has as a sector. It is a growing, emerging market and offers a huge amount of benefits to tenants and people.

Chair: One of the things that we have discussed is the complexity that some people may experience.

Q6 Mary Robinson: We have heard a mixed bag of views. People are happy when they enter into shared ownership agreements and then, as costs start to bite, it changes their views a bit. It is a complex area for people. Are providers and regulators doing enough to ensure that all affordable housing products are marketed to clearly highlight these risks and future costs? Is enough being done?

Dr Wallace: The Financial Conduct Authority financial lives survey data on shared owners shows that they are price sensitive. They have more indicators of financial vulnerability than other mortgagors. That holds by



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income and age. Therefore, affordability is important but so is comprehension. They also say that they are less financially savvy and less financially confident. We know from Sajid Javid's work a few years ago about the homebuying process that first-time buyers feel particularly vulnerable and can overstretch themselves and do not quite understand what is going on. I have interviewed a lot of shared owners who talk about—obviously there is a different risk appetite between buyers. Some look into every single detail to the point of inertia, while some just say, "I'm going to be homeless, I'll buy a shared ownership". Within those polarities we see people finding that information is quite fragmented and that the people who are telling them about shared ownership can often be the ones who are trying to sell it or have some sales component in the process.

The people who we found were helpful in that process of giving them information were brokers, interestingly. The people who you might expect to give them more information on the complexity of the lease that they are signing were conveyancers who just seemed to transact the sale rather than advise about the detail. We had a lot of qualitative evidence on that but it needs to be unpicked a bit more. I suspect from conversations with housing associations that the panels of solicitors that they recommend are chosen on the basis of a speedy sale rather than their detailed service to the consumer.

Lots of housing associations wrestle with how to give information. One person quipped to me, "If we told them too much they might not buy them". People do try to do their best and give all the information but there is a lot and they can be a bit overwhelmed so that they are not sure what is the best mode of delivery and the best timing of delivery. I know that associations have wrestled with that.

There are two or three things in response. First, we perhaps ought to make the product less complex and have fewer pitfalls so that the importance of giving every single fine-detailed piece of information is minimised. Secondly, I did a study about homebuyer education in the United States. For all the assisted sales schemes that they have all over the States, eight hours of homebuyer education is mandatory. That is in front of classes or online. It is not past our wit to have a neutrally supplied source of information about these products, how to navigate the housing market, what pitfalls to look for in your particular circumstances and so on.

As a stopgap measure, Sajid Javid came out with how-to-buy and how-to-rent guides that have to be given to people. Maybe there could be a standardised version of that about how to buy affordable home ownership. It contains lots of financially vulnerable people. They are often new buyers—not always—who are inexperienced in the market. We could do more here.

Q7 Mary Robinson: What about the conveyancers? Would typically a



housing association or a provider share the same conveyancers and the same legal team as a person who was buying or would they go and source their own?

Dr Wallace: I do not get the impression that there is a conflict of interest in that way. However, when asked about how they chose their panel of solicitors, it was about having to understand the product but they also had to understand the needs of the housing association to do the process quickly.

Sue Phillips: The product is incredibly complicated and that makes it more difficult for people entering the scheme to understand it. I will park that because that is not what the question is but it is the context.

I want to talk about the solicitors, the key information documents and the marketing campaigns, briefly. By the time someone has engaged a solicitor they have already committed to the purchase. That is important to understand. The role of a solicitor—I do not know how they would frame it themselves—is to support the conveyancing transaction. That is a fairly limited role. Their role is not to explain the pros and cons of the scheme and the different pathways that an individual might hypothetically take or the specific individual who is their client might take. Therefore, I do not think that the caveat emptor attitude that we see a lot, where housing associations blame solicitors for buyer's remorse, is justifiable. There are problems with solicitors providing weak or even incorrect advice, particularly on stamp duty. I could talk to that outside this session because that would be a long explanation otherwise.

With key information documents, I work on the fact that the current key information documents are an improvement on previous iterations but there is a long way to go. A useful exercise would be to benchmark against other sectors that provide complex information about risk products, say pensions or medical products. That would be a useful exercise in content and presentation. When you have people who have the characteristics that Alison has talked about, pages and pages of text is not a good way to convey information.

That brings us on to marketing campaigns. Marketing campaigns and promotions are very adept at making information humorous and approachable. Unfortunately, those campaigns, as some recent ASA rulings have demonstrated, do not convey the material information that people need to make informed transaction decisions. I recognise that that is hard because the product is complex, which brings us back to the dilemmas of should the product be simpler, can it be simpler. If it cannot, we have to look more closely at the issues within marketing campaigns and promotions.

Q8 **Mary Robinson:** Would it be ideal if a person could go online and find a list of all the various options in one place, with explanations of the pros and cons put forward in a very reasonable and easy-to-understand way?



Sue Phillips: It would be very helpful. Alison said that people providing the information are the people selling the product. That has been shown to be problematic. The response to the ASA rulings has emphasised that there is a lack of thought leadership in responding to the ASA rulings. What homebuyers need is an independent source of information that compares different models. Rent to buy might be good for one household and shared ownership might be better for another. Without an independent comparison site, how on earth are people supposed to know which model would suit them best?

Q9 **Mary Robinson:** Would there be a role for the regulator in this?

Sue Phillips: I do not want to give an off-the-top-of-my-head response to who should provide this. The key thing is that it is independent and impartial. Looking to other sectors, we should be providing scenarios for each model. It is complicated within shared ownership because there are different routes to home ownership. Is someone anticipating a self-starter home model or are they anticipating a staircase into 100% home ownership? Even within shared ownership there are a variety of pathways.

Other sectors, like the pension sector, manage to produce illustrative scenarios without claiming to be able to read the future or predict it accurately across different models so that people can say, "That model looks more suitable for me. Within that model, this is the pathway that I might attempt as my preferred pathway". That information is essential to consumers. Who should provide it? I do not know; that is a bigger discussion.

Q10 **Mary Robinson:** Steve, do you have a view on this and, more specifically, how can prospective shared owners be better supported to understand the product that they are buying into? What do you say about your model?

Steve Collins: Transparency is a big issue within the sector more broadly. People do not understand the complexities of the products that they are purchasing. Therefore, I would be an advocate for creating an illustrative guide of the different products, whether that is generated through a tick-list electronic guide of, "I want this, I want this", or whatever it might be and it spits out the answer and gives you a risk assessment, or whether that is a published document will be a debate for the future. I think that it is very important that it covers the whole life cost as well so that people can fully understand, in the case of shared ownership, transactional costs. If a shared ownership lease expires, what is the cost involved with renewing that lease, as well as the costs and the legal costs associated with buying out or staircasing out a percentage share?

Rent to buy is relatively straightforward because you are either a purchaser or you are a renter and there is no complexity in between. The illustrative model will simply display the cost of the rental period and how



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that is managed. That might be managed through regulatory provision, as an example, and then the cost of the transaction when you purchase, clearly identifying any benefits that you get. If you can then lay them side by side, people will have informed choice about which route is best for them.

On the point of who should produce this, I take the point that it is quite complex and there is probably a debate but I feel that the regulator should take responsibility for providing a guide that fully informs people in the market. Whether that is the regulator of social housing or another regulator is another question entirely, but it should have some sort of regulatory structure associated with it.

Chair: Thanks. We will move on to leasehold challenges. I ask again that we keep answers to the point or we will run out of time. I do not want to cut off the session and miss some of the questions that we need to answer.

Q11 **Nadia Whittome:** How can leasehold be reformed to better help shared owners with affordability?

Dr Wallace: There are lots of issues about misunderstanding of leasehold. Where leasehold follows affordability, there are issues about short leases and the costs involved in extending leases and things. I have talked to housing associations that are taking a cue from the Law Commission reports on leasehold, and maybe the Bill that is coming through, and extending their leases automatically to 990 years. That is within the purview of other associations as well. That could be enormously helpful, and not just from the point of new leases. We need to have something that helps existing owners as well. There could be something there. Lots of the things that I wrote down about leaseholds are not to do with affordability so I will leave it there.

Sue Phillips: I struggled a bit with the question as well. A lot of the time it is claimed that the problems of shared ownership are the problems of leasehold, and I think that shared ownership is a subset of leasehold so some of the problems are shared. However, there are problems that are unique to shared ownership. My role is to focus on the things that are unique to shared ownership. Reform is outside my expertise. The new Bill is a moving picture and nothing is certain yet, so I do not want to act outside my expertise in making comments on that.

More generally, it is important that reform will benefit existing shared owners and that we are not permanently writing them off to focus on future shared owners. It is also important to risks that arise from assured tenancy. For example, it is important that shared owners have a statutory right-to-lease extension, not least to eliminate ground rent problems. It is important to recognise that having a legal right to something does not make it affordable. You might give somebody a formal right-to-lease extension. That does not mean that it is going to be affordable. It is arguable that people are being mis-sold short leases and



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there is a moral argument for dealing with the issue of short leases, whether that is via legislation or via a policy of lease extensions to provide equity with the new model at an affordable flat fee.

Steve Collins: I will make this incredibly brief. Currently shared ownership is sold on 125-year leasing arrangements, which is the standard lease. With changes and reform we should be thinking about extending those leases to a 999-year lease. That avoids all of the complexities around renewing lease arrangements and the costs associated in the future.

It also times in nicely with funding. We know that there are certain cases where you have 60 years remaining on a shared ownership leasing arrangement and mortgage companies have said that they do not want to provide funding against that short-term frame of a lease. The tenant has to then go back and negotiate early an extension to that lease, which inevitably costs money and comes back to the affordability challenge. My suggestion is an extension to 999-year leases. That eradicates all issues around tenants renewing those leases in the future.

Dr Wallace: Can I make some additional points now that I have had some time to think about your question? One of the things that the ombudsman talked about on shared ownership, and it is has come up a lot in our studies, is service charges. He talked about the regulation of the management agents in that sector, and taking action to make that sector more transparent and doing something that could control the costs of service charges, because they repeatedly come up. They are miscalculated, they base the purchase on the cost of the first year, which does not include all the costs because of the warranties that Sue mentioned. People have a price shock when the real costs come through. However, these managing companies can legally not provide accounts for three years or more. That is problematic and the service charges get recalculated and there have been more costs than anticipated. Therefore, taking a cue from what the ombudsman said about it being an unregulated market could help.

What I have heard voiced frequently is problems of shared ownership, "Oh, that's not shared ownership, that's leasehold", but 100% of shared owners are leaseholders and only a marginal part of the overall market is, important as it is. The way that you framed the question is right in that they are embedded with each other. We need anything that can improve the leasehold sector. The other thing was about common holds.

Chair: I asked for brief answers. We will be here for a long time unless we try to be concise. We have a lot of questions to go through.

Q12 **Nadia Whittome:** Does the introduction of the new lease risk creating a two-tier market for shared ownership?

Sue Phillips: Yes, there are problems associated with short leases, particularly from a lender's point of view. That is a huge issue. The new



rent reforms possibly, it is too early to say. Although the differences may be marginal—RPI plus 0.3% and CPI plus 1%—they will mount up over time. It is also a question of perception, because we do not know what inflation will be in the future. However, we could speculate that small increases will make a difference to the saleability of existing shares. Yes, there are concerns around a two-tier market.

Dr Wallace: It is important that as we improve some things we do not look at the existing market and we could undermine people who have purchased in the past. Therefore, briefly, yes.

Steve Collins: I agree with what they have said.

Q13 **Nadia Whittome:** Finally—and if you have covered this in the first question, feel free not to answer—if there was one thing the Government could do as part of its Leasehold and Freehold Reform Bill to improve the experience of leaseholders, what would it be? One thing.

Steve Collins: I have already mentioned that I would make sure that if you continue with leasehold provisions within shared ownership or any leasehold properties, they should be issued at a minimum of 999-year leases to eradicate the commercial challenges that people find and the costs associated with it.

Sue Phillips: I struggle with one key thing because the problems of shared ownership are so interrelated. However, it is very important that reforms do not disadvantage current shared owners.

Dr Wallace: I agree with both of them.

Chair: Moving on to the important issue now of staircasing.

Q14 **Kate Hollern:** Should shared owners be encouraged by providers to staircase to 100% ownership?

Sue Phillips: That is an interesting question and I will try to be brief, but it is at the centre of shared ownership, isn't it? It is worth noting the 1979 Conservative party manifesto that forefronted staircasing to 100%, "on the basis initially of a part-payment which they complete later when their incomes are high enough". That clarity of purpose has fragmented since then and it is very unclear what the pathway to full home ownership is or whether it is just perceived as a question of choice—shared ownership, a starter home or a forever home that you buy in instalments.

Why does staircasing to 100% matter, assuming you are not going down the gain-on-sale starter-home route? Achievement of full ownership, leaving aside lease extension issues, removes exposure to rent on the landlord's share. Staircasing to 100% provides access to the statutory right-to-lease extension, which could be important to eliminate ground rent.



Why don't households staircase to 100%? The response to the inquiry suggests that it is a matter of choice on the part of shared owners and you have to unpack that. The current market value approach can push staircasing out of reach quite rapidly. Share owners are very aware, because they are intelligent, logical people, that staircasing below 100% can make it harder to sell. The pool of people who can afford a large share and who meet eligibility criteria diminishes as the value of the property rises. For that reason, many shared owners may decide not to staircase to 100%. They may decide that it is better not to staircase at all because their share will be easier to sell.

What might encourage shared owners to staircase? Making the premium affordable. Any proposals that focus on admin fees or valuations fees or legal fees miss the point. It is the premium at current market value that becomes unaffordable. There were a lot of submissions to the inquiry that have made suggestions in that regard—how do you allow shared owners to have the money to save to purchase future shares?

Dr Wallace: I did a study a while back about what factors helped or hindered people moving on to full home ownership and staircasing. One of them was about whether they had a job or a career. If they were in a steep career pay-scale trajectory, they were able to outsmart the rises in house prices, but if you had a job and you just had inflationary increases that were below house prices, the goal was moving away from you rather than getting nearer. We know that we have been through a period of stagnating wages and it has become very difficult for people.

Another one is about moving to lower housing markets. That is something that is open to people in central London, albeit they establish networks and support networks and children's schools and what have you and that is not always possible. We know that shared ownership is important to single people. One of the reasons people will be able to move on is that they become a couple so they increase their household income. Obviously that is a bit difficult to adjudicate on and control.

We know some things that help but if you are already in a low-value area or you cannot move, it is difficult for people. What adds to the complexities of staircasing is that the decision is based on the housing market, the mortgage market, inflation that informs rents as well as your appraisal of your career and pay trajectories and things. Then it is deciding whether you are better off staircasing, paying down the mortgage or staying the same or even moving on. It is a complicated decision.

Q15 **Kate Hollern:** It is difficult to say whether they should be encouraged or not because there are some many individual circumstances?

Dr Wallace: There are so many variables. However, is it beyond us to come up with some sort of spreadsheet or model that could help people make these decisions? If we cannot, how are we expecting shared owners to do that?



Sue Phillips: It is worth pointing out that shared owners cannot afford the financial advice that would support those decisions. If you are only buying a small share, the cost of that financial advice might not be worth the benefit of the advice that you get.

Could I make one more point about staircasing? There are downsides of people staircasing to 100%. That is from the social impact perspective. Every time someone staircases to 100%, whether it is in their own home or via a back-to-back sale, the simultaneous sale and staircasing transaction, that home is lost to social housing stock. That is an important consideration in thinking about the aims of the scheme. I am not saying that this is an ideal solution, but the sort of thing that we might look at is should anybody ever be allowed to staircase to 100%; should it be more a starter-home model; you sell your share and it is recycled for somebody else to have housing route? I do not know.

Q16 **Kate Hollern:** It is a complicated area. If we could stick to the question, Steve?

Steve Collins: I think that, yes, we should encourage staircasing to 100% and I also think that we should go some way to removing the ability for local authorities to write into a section 106 that you can restrict the percentage of sale. After all, we know that nine in 10 people are aspiring to own their own home. If you restrict them on day one to the proportion that they can purchase, they act very differently. They do not feel that it is their home, so they do not engage in the community in the same way, they do not feel part of that community. By default, by restricting that ability to buy 100%, you are almost creating a two-tier market. You have social housing, and you are a social tenant or a part purchaser, when you should be encouraging people to participate in the local area and provide them with the aspiration to be able to buy 100% of their home.

We also know that shared ownership, in its sale transaction, historically has a pretty poor record, although there is not a significant amount of data on this. However, a House of Commons Library paper suggested that the people who cascade out to ownership is only 2.3%. We need to understand the reasons for that. Why are they not cascading out or staircasing to full ownership in that way?

Q17 **Kate Hollern:** On that, will the change of how shares can be purchased by shared owners help them to staircase quicker?

Steve Collins: It will do, providing that you can deal with the cost element associated with that. If you buy a 1% share or a 10% share, you still have the legal transactional costs associated with that. It is prohibitive to some audiences and you need to think about how you can create an environment where you have an automatic right to buy shares without all the legal—in the apartment they live in, it has already had a series of searches and report on title and all of that stuff. It does not necessarily need to happen again. You know that it is connected to a



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sewer and a water main because you have been living there, those sorts of things. We should look at the detail of the transaction and how you can limit the legal and transactional cost for people.

Q18 Kate Hollern: If you reduce the cost it may encourage more, because it is quite a barrier, isn't it?

Steve Collins: It is. I believe that 100% ownership, whether that is from an affordable housing provision or a submarket position, should be encouraged because, after all, it is about creating a sense of place of ownership and value for those families.

Q19 Kate Hollern: You have partially answered my next question, but just in case you would like to add to it, how else should shared owners and others in affordable schemes be better supported to fully own their property? What else would you do?

Steve Collins: The first point is to remove any restrictions in a section 106. Local authorities have a perception that affordable provision should be provided in perpetuity but that does not meet the needs and the demands of those people. They want to own their home. Removing the perception of in perpetuity is important.

I think that an illustrative guide around transaction offers, things that we spoke about earlier, are important. The way that the Government can facilitate that is to issue a letter to local authorities to encourage them to make sure that the right to acquire, the right to purchase, the right to shared ownership is something that you are expecting from local authorities.

Q20 Kate Hollern: Alison, would you like to add anything to that?

Dr Wallace: I was suggesting a modelling-type thing that people could use. I know that housing associations do work with brokers to diarise their renewal after two or five years or whatever and to have conversations around them. Their circumstances may have changed in the way that I described earlier. Essentially, because of the way that the model is set up, unless you have something dramatic happening in your life—and house prices are going to run away every 10 years or so unless we do anything to suppress house prices to flatten our volatile housing market or increase wages, it will be quite a difficult ask.

Sue Phillips: It is important to look at why people want home ownership. Everyone would acknowledge that the private rental sector drives some people to want the security and the stability of home ownership. I come to the point that I just made about simultaneous sale and staircasing transactions. It would be useful to know, where those homes are transitioned back to the open market, how frequently they end up being owned by landlords who then perpetuate the problem that the stock was designed to address.

Q21 Mary Robinson: This relates back to market forces. Is there any



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evidence that staircasing or the attractiveness of these options is governed by geographical circumstances? In some places in the country it may work better for people.

Sue Phillips: The Savills report found evidence that the economic environment was different in the north-east than in London. For example, shared ownership rents went up very much in excess of market rents in the north-east. Therefore, it is hugely important not to generalise about outcomes but to look at the specifics of locality. I am sure that Alison can talk more to this.

Dr Wallace: I did some work on markets outside of London and the south-east, because we always focus on them. It was important to note that different constituencies use the products in different places. One of the things about the north-east was that a lot of people used it after relationship breakdown and staircasing was not on the agenda compared to if you have a first-time buyer. Low incomes often preclude it as well. In the north some people were using it to exit unaffordable home ownership and staircasing might not be on their agenda either.

Sue Phillips: One more thing is that when we are talking about what happens with staircasing or selling or the inability to sell or whatever, it is hugely important that we look further down the line. Something that has come up in the submissions and that people contact me about is the impact of the scheme in retirement or for beneficiaries of wills or executors of estates. Whatever outcomes we are looking at, it is important to recognise that they extend into retirement and beyond the lifespan of the shared owner.

Q22 **Kate Hollern:** It is still very small rates, isn't it? London is the highest at 15.3%. How much of a problem is it that shared owners are sometimes unable to sell their property due to building remediation that has not been completed?

Sue Phillips: People say that it is a problem for all people with building safety issues. Shared owners face very specific problems in that regard. For example, they have not bought the whole of their property yet and if they intend to staircase, any delays in getting the documentation that they need or evidence of—I do not get the niceties of this because it is outside my expertise. I am aware that there is a number of shared owners for whom the affordability of staircasing retreats out of reach because the building safety crisis has slowed down the process of being eligible to get a mortgage to staircase. They get stuck. This is not a problem that applies to people who have at least bought their leasehold home outright and do not have to deal with the staircasing issue. I am aware of time so I will not go to other details, but shared owners with building safety issues have problems over and beyond those faced by other leaseholders facing building safety issues.

Dr Wallace: To echo that, I have not done studies specifically on the cladding, but where I have interviewed people who have been subject to



this, it has been interesting in their life being on hold. That echoes the work of Jenny Preece from the University of Sheffield in this area. Shared owners are part of that but they often have difficult arrangements with the housing association in the management of their block and the ability to have say over things. On the management it is where there is a third-party managing agent involved and the housing association is not the freeholder. There are extra legal layers that they have to go through and they talked about that being problematic.

Also the waking-watch fees, the insurance premiums all have added to their costs over the last six years or whatever and it has caused a lot of problems for people. On selling, people have talked to me about being broken. I can think of some interviewees who seemed like broken people because they have not been able to move on with their life. They have not been able to sublet, they have not been given permission to sublet, even in these extraordinary circumstances. They have all these costs, so even if they were to sublet, it would be marginal. They could move on with their lives but at a cost because renting it out privately does not cover the costs of insurance and waking-watch and things. I am not sure that people who are in this situation understand what the circumstances are. It is all quite complex with their leasehold and the selling arrangements. I would defer to people who have done more work on it.

Q23 Kate Hollern: It sounds as though it could be a long-term problem for people who may want to sell because they already have financial difficulties. Do you think that the provisions within the Building Safety Act provide sufficient protection to shared owners and other leaseholders when it comes to remediation costs?

Dr Wallace: I will defer on that. I do not know.

Sue Phillips: Me too. It is a complex area and you need to talk to somebody very specialist in that area to get the most current position. I cannot speak to that in any detail.

Steve Collins: I will say that the current system is inequitable, so the cost burden is more on the shared owner as opposed to the equity owner, if that make sense, the other proportion. It is inappropriately distributed and it goes back to my previous answer. It should be an even contribution across the lifecycle of the property, based on the percentage share that is acquired.

Q24 Kate Hollern: If there is one thing that the Government could do now to support shared owners and other leaseholders with repair costs, what would it be?

Steve Collins: I think that I just answered it. One would be to make the system more equitable.

Sue Phillips: That message has come through loud and clear from the submissions that you have received. Shared owners understand that some costs are rightly directed at them. They get the benefit of cleaning



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but when it comes to the costs that associated with repair and maintenance to the building, the current liability for those costs is unfair and people do not understand that at the point of purchase and it is not spelt out in the lease. Although people are directed to the lease and told they should have read their lease, the lease is silent on this issue. Therefore, people do not understand it when they buy those homes.

Dr Wallace: I think that the only solution is to make the costs equitable and proportionate to the shares. In practice, people are sometimes told—housing associations do make an effort. First, they might be standing in a shiny show flat and not thinking that this flat, a brand-new, shiny place, could even have repairs in 20 years' time or something. Also they are told things like, "We do the outside repairs if you are in a flat and you do the inside repairs", which is how repairs are organised but it is not how repairs are paid for. Those external costs still flow back to the shared owner. There is confusion there and there is confusion about the defects period, the warranty period and what happens afterwards and things.

There is some limited understanding. The most frequent thing that I was told in one study where I spent six weeks with housing association staff, every day another staff member told me, "They just don't understand the lease". They thought they did but the conversations that are wrapped around it have muddled the water and it is very complex.

Q25 **Chair:** One thing has confused me is that the Government have given help to leaseholders in many cases for safety issues in apartment properties but not to the social housing tenants who live in the same block. Given that shared owners are part owners and part renters, how does that play out for them?

Dr Wallace: In what respect?

Chair: If the Government have given the help to the leasehold owners of flats but not to people who are social renters in the same block.

Dr Wallace: In respect of building safety?

Chair: Yes.

Dr Wallace: I am not sure how it plays out with building safety. In my last study of the risks to do with shared ownership, I came across some people with building safety issues but I did not want to make it the focus because I wanted to look at what a typical shared ownership experience was, if you see what I mean, so I would have to dip out of that one.

Sue Phillips: The End Our Cladding Scandal and people like Pete Apps have done a great deal of work on this complex, detailed area. It is probably better to seek advice from those more expert sources.

Chair: We will be directed there and follow that up. Thanks.



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Q26 Ian Byrne: Nice sharp answers with the time, please. Other than affordability, what key metrics of satisfaction should the Government and providers use to evaluate experiences with shared ownership and other schemes? Touching on that, I see the Regulator of Social Housing has done its tenant satisfaction measures and excluded shared ownership. Maybe that could be a part of the answer as well.

Dr Wallace: Yes. A lot of evidence shows shared owners having lower satisfaction than general needs tenants from the Tenant Services Authority, the Housing Association Charitable Trust and housing associations' own surveys that they have reported to me. Housemark did something using the measures, I understood, where shared owners came out at 59% and general needs tenants at 79% or 84% or something. All the time, shared owners come out lower, until I read recently that the regulator and the Department said that shared ownership satisfaction was higher. I am not sure. Great if true but I do not know why. It is out of kilter with other evidence that has gone before.

In one study, we talked to shared owners in great detail about their experience. Along with words about opportunity and security was the frustration that came out loudly about all the things that we have talked about in this session. At each point, the balance of risk and reward never went in their favour. If they asked for a shed or an improvement, they had to pay a cost. They were trying to work out why they had a 60% rise in their service charge. These little things all add up to a big frustration for people.

Sue Phillips: Coming back to the points I made at the beginning of this session, affordability must be looked at in relation to aspirations, expectations, outcomes and timescales. The Regulator of Social Housing consultation on consumer standards made no distinction between shared owners and social housing rental tenants. Failure to take account of hazards specifically associated with shared ownership, including affordability issues, reduces the likelihood of that being meaningful for shared owners.

The tenant satisfaction measures you mentioned claim to be outcome focused, but if the focus of shared ownership is affordability and a meaningful pathway to full home ownership, why do we have no measures assessing satisfaction with those?

Also, shared ownership homes are excluded from the five tenant satisfaction measures related to keeping properties in good repair. A lot has been said about the dissatisfaction with service charges. How do we capture that if there are no measures for shared owners on service charges, repairs and those issues?

Steve Collins: Tenant satisfaction measures should apply to shared owners, but you have to differentiate between shared owners of "freehold" properties, even though they are doing it under a lease, like a house, and tenant satisfaction measures associated with long-lease



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leasehold property apartment blocks where other services are provided by a third party like a management company or a housing association.

Q27 Ian Byrne: How could providers improve how they communicate and deliver services to shared owners? We touched on a potential flowchart for understanding requirements maybe from the Regulator for Social Housing. That was a good idea. Can you think of anything else?

Steve Collins: You can provide within that documentation a clear set of instructions that transparently defines the roles and responsibilities of each party and the expectation.

Going back to the principles of the tenant satisfaction measures, the annual survey is required within social housing providers that have more than 1,000 under management. It is a good benchmark for how the sector is performing and providing good quality services or not as the case may be. It also sets those key measures out for improvement. There are some similarities between what the standard social sector provides in communal space operation and management, building repairs and maintenance that would apply still to a proportion of the shared ownership stock. It is wholly relevant that you should employ something like the TSM survey.

Sue Phillips: There are two separate issues. One is the understanding of costs as they relate to the scheme generally and your liability for 100% and in what circumstances the initial repair period might apply and what it will cover. There are general principles.

Then you have the separate issue of transparency about the charges for that property. If it is a new build, by default you do not have historical information but maybe you can provide information based on similar estates or developments so that people have a clear understanding over and beyond the estimate for year one.

Finally, when we talk about service charges, it is important not to forget that estate rent charges are a different topic. People do not necessarily understand the difference but they are governed and regulated differently. Estate rent charges are emerging as a problem for leaseholders including shared owners. Please do not lose sight of that particular topic.

Dr Wallace: Initiatives for trying to standardise the information that shared owners or prospective purchasers get and trying to standardise practice would help. The industry is establishing the Shared Ownership Council. Peter Williams and Social Finance have done a report sponsored by Lloyds Bank. Those initiatives are interesting. The initiative by the GLA about the service charge charter is interesting. Again, they try to make these things transparent, but they will take some time to bed in.

Q28 Ian Byrne: Should shared owners have more opportunity to manage properties in which they own shares?



Dr Wallace: Yes.

Sue Phillips: Yes. One problem with service charges is that people do not have any kind of say in the timing or the quality or the likelihood of the reserve fund covering planned costs. There is no opportunity to say, "The reserve fund does not cover the costs of the planned cyclical works. Can we postpone some of it? Can we amend some of it? Can we stage it?" People have these huge bills thrust upon them. They should not be involved in property management but certainly there is a bigger conversation about what say they should have.

Chair: Thank you all very much for coming in. We kept to reasonable time. You have given us so much information. We can all see that it is a pretty complicated area, not just for us but for those people who are in shared ownership properties. Thank you very much indeed.

Examination of witnesses

Witnesses: Clare Miller, Helen Spencer, Oliver Boundy and Professor Stanimira Milcheva.

Q29 **Chair:** Welcome to our second panel. Perhaps you could go around the table, introduce yourself, say who you are and the organisation you represent today.

Professor Milcheva: I am Professor in Real Estate Finance at University College London. I am also the author of the report "The maturing shared ownership market: A data-led analysis". I am the director of the Affordable Housing Centre at UCL. As part of that I am currently running a shared ownership data initiative. I am working together with registered providers and other stakeholders to gather missing data. In general, I do research on finance, market microstructure, asset pricing and the role of institutional investors in the real estate sector.

Oliver Boundy: I am the Executive Director of Development for Anchor, the largest provider of housing and care for older people in England. We own and manage around 55,000 properties and cover about 85% of English local authorities.

Helen Spencer: I am the Executive Director of Growth at Great Places Housing Group, a northern housing association with specialist teams that manage our portfolio of shared ownership.

Clare Miller: I am the Chief Executive of Clarion Housing Group, which has 125,000 homes and owns just under 12,000 shared ownership properties.

Q30 **Chair:** Thank you all for coming this afternoon. Stanimira, is the Government right to expand the shared ownership market through its affordable housing programme? Is that the right place for it?



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Professor Milcheva: It is one of several tenures. We need a diversity of tenures. Shared ownership is good for households on middle incomes, especially incomes that cannot afford to buy on the open market. These are for incomes around the £40,000 mark. For people on lower incomes, we definitely need social rent.

Q31 **Chair:** Is including shared ownership in the affordable housing programme, which has a limited capacity, effectively squeezing out social rent and other forms of lower rent?

Professor Milcheva: We definitely need more, yes. If we were to have more subsidies, we definitely need more social rent. If there is a threshold on the amount of funding that needs to be spent, at the moment with the current affordable—we did a scoping report on the affordable homes programme that is currently running from 2021 to 2026. In eight about 50% in count of properties is allocated to shared ownership, roughly speaking. Of course, social rent requires a much higher subsidy per unit. Therefore, it is a trade-off between how much to allocate to social rent versus shared ownership. The subsidy per unit is less on shared ownership and providers can build more units.

Q32 **Chair:** Back to the providers, is that what you do? Do you put more shared ownership properties into your mix because that helps your business cases?

Clare Miller: It is about achieving a balance over the programme as a whole. As you heard, the subsidy levels for shared ownership are significantly less than they are for social rent. Both tenures are needed. Those who need to go into social rent by and large are in circumstances where home ownership is not a realistic prospect for them. Shared ownership is targeted at a different client group, no less needed given that the housing crisis affects all tenures in the UK. The fact that the Government are allocating out of only one pot of money to fund both programmes inevitably means a balance has to be struck by the agencies that fund these programmes.

Q33 **Chair:** Also within your budget because you will look at social rent and think, “We can’t build many of those within our business model”. Is that what you do?

Clare Miller: Yes, we do, but we also look at the need that is required. I would dearly love to build more social rent but the levels of subsidy that we can access from the Government will support only a modest programme. As a charitable housing association, of course we recycle all our surpluses. Even though we have a low-cost home ownership programme, the receipts that we get back from that programme enable us to do more rented accommodation than we would otherwise be able to do because of how the subsidy levels work from the Government.

Q34 **Chair:** Helen and Oliver, is shared ownership an affordable form of housing?



Helen Spencer: Our experience in accessing our target markets for shared ownership suggest that it is affordable. An awful lot of work is undertaken to ensure that customers who are being assessed and moving through the early stages of considering shared ownership as an option think about that long-term affordability for them. We look, at a programme and a site level, at what the affordability looks like, capturing potential mortgage costs, rent, estate and service charges, and profile out what the customer demographic looks like for that site and test the future affordability in the long term for prospective customers before we would even invest in that opportunity. The process starts right at the beginning with a lens on the future customer and their affordability. For us, average household incomes are below £35,000 for our shared ownership and we see real sustainability of sales for that shared ownership.

Oliver Boundy: The shared ownership that we provide is predominantly the OPSO product, which is shared ownership for older people. We carry out affordability tests. Not many of our customers need to access mortgage finance. The money they bring usually comes from the sale of a property or existing savings. The older persons shared ownership product has certain flaws that I can come to talk about in a bit, but in essence it gives people access to specialist designed housing within retirement communities. There is a clear benefit to customers moving into those communities. It also frees up family-sized housing. With people who perhaps under-occupy housing elsewhere in the market, there is a clear freeing up of family housing in the marketplace.

Professor Milcheva: From research, we see that shared ownership partially exists, whether it is a market product or a subsidised product, to overcome macroprudential limits particularly related to the loan-to-income ratio and loan-to-value ratio. If you think about where the limitation is for households entering the mortgage market, it is because of this restriction that you cannot mortgage more than 4.5 times the value of the house. We know that for people on middle incomes, around £40,000, home ownership is not attainable in London. For them, that is the only way to accrue some form of equity over time.

There is a market for such a product. Norway, for example, has shared ownership but it is not subsidised. It is a purely private product and developers choose to deliver shared ownership to hit impact targets, for example, and other reasons. It is their choice. There are various ways to explore partial home ownership. It is not 100% home ownership but it is a hybrid product.

The academic community currently has more interest in exploring models for how we can make such a product to fill in the affordability gap, but there is limited research as a whole to understand this market. The UK, from understanding the US perspective and the European perspective, has a great platform to use to see what is happening with shared



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ownership and how we can create a partial home ownership product that works.

- Q35 **Chair:** A bit of local knowledge, Helen, from the point of view of associations not making many in the north, I remember about 10 years ago when the Government were saying to housing associations in Sheffield and the surrounding area and they all came back with one voice when they were asked, "Will you take shared ownership as the main form of affordable housing?" Without exception, they said, "But how can we sell it in this environment? How can we push shared ownership when people can go and buy a terraced property or an interwar house for the same costs per month that they are going to do through shared ownership? Why would anyone want to do that?" They all pushed back against shared ownership. Has it changed substantially since then?

Helen Spencer: We have seen significant change as shared ownership has matured over the last few years. We have seen significant movement in values of properties, even in what you might define as lower-value areas. The benefits of newbuild properties in energy efficiency, build quality and environmental quality and the places being created give people different choice. Shared ownership offers that to customers in these areas. It is a different route to a property. We have such high demand for social housing. With market values moving the way they have, shared ownership can fill a real gap even in those markets.

- Q36 **Chair:** Clare, few people who become shared owners go on to become 100% owners of their properties. They stay in shared ownership limbo, one might say. Others might say it is where they want to be. There is also a suspicion that housing providers like people staying in shared ownership because you have a good revenue stream from the rent and from the service charges, which you will lose if they buy their property. Is there much incentive on you to give information and encouragement to people to become 100% owners?

Clare Miller: We have a huge incentive to encourage people to staircase out, but whether that is a realistic prospect depends on the economic circumstances of the household. Currently, the rental proportion on the unsold equity is defined by the lease and it has a maximum charge. We get yields of about 3% on the residual rental stream. If you look at the cost of borrowing that housing associations enjoy today, it is closer to 6%. There is every incentive on us to encourage those who can staircase out to do so.

Helen Spencer: Likewise, I confirm that position. We see a significant number of customers choosing to staircase, particularly from five or six years onwards.

Oliver Boundy: It is slightly different for older persons shared ownership because there is a cap on how much people can buy at 75%, after which people do not pay rent on the unsold equity. A perverse characteristic of the product is that if you own 70% of your OPSO home, you pay rent on



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the 30% that you do not own. If you staircase to 75%, you pay no rent. It is rather different for us. We certainly advocate changing the product.

Professor Milcheva: It depends on where the capital comes from. If we think about capital potentially coming directly from pension funds, if we set it up so that pension funds can invest in this product, they look for exactly what you said: a steady and predictable income stream. The problem with the cash flow of shared ownership is that we do not know when people will staircase to 100%. They might not stay in the property. They might sell it on the open market but staircasing to 100% in a back-to-back sale. That creates uncertainty from the point of view of institutional investors like pension funds.

It depends on the type of investor. For registered providers, yes, the yield or the cap rate, the return is higher if the residents staircase fast. The quicker you get it out of your portfolio, the higher your performance will be, in a way. It depends on what you are looking for as an investor or as a capital provider.

Q37 **Mrs Elphicke:** Professor Milcheva, from your research, is shared ownership understood to be an innovative or an established product now within particularly the mortgage market?

Professor Milcheva: There are now more providers in the market. It is a small market. I do not know how many shared ownership loans we have, but I guess 200,000 or above that. Unfortunately, there is no publicly available data on the mortgage data. It is only anecdotal evidence of what we see out there from speaking to lenders and relying on what they tell us to be true, but we cannot verify the actual data for the moment.

Specialist lenders occupy the market. Once you know how it works, now you have three parties and so the relationship is not between the lender and the borrower. The third party is the registered provider. There are higher fixed costs by issuing the loan.

It is not riskier. That is what we find in our report. Preliminary evidence suggests that it is not a riskier loan because of the mortgagee protection clause, which specifically applies to shared ownership loans but does not apply to other kinds of mortgages. They have a special status. That reduces the credit risk for the lenders. It should not be seen as a riskier product but there can be other fixed upfront costs to manage this relationship with the registered provider and to have the specialist knowledge of how the market works. It is such a small market and small lenders might not be willing to explore this, but we have seen a rise in lenders in this market.

Q38 **Mrs Elphicke:** Looking at the rates of interest compared to other mortgage products, are the factors you have described—the specialism, the need to have an extra relationship, the change in the protection



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clauses—holding back similar levels of interest rates being given to homeowners?

Professor Milcheva: Importantly, the standard mortgage loan and the shared ownership mortgage loan have different loan-to-value ratios. An average loan-to-value ratio for a shared ownership loan is 90% or slightly below that, which is high. It is 77% for a conventional mortgage. Looking at the LTV, it can be perceived as riskier but the mortgage protection clause gives the lender the right to tap into the remaining share. If the share is 40% and if the house has lost value massively, the lender can tap into the share that is owned by the registered provider, the other equity partner, from the point of view of the lender. We do not know if they are more expensive or not but they have different LTVs and, normally, different LTVs are associated with different mortgage rates.

Q39 **Mrs Elphicke:** Moving on to the question of affordability, I will stick with you for a moment, Stanimira, but then I will move on with the question of affordability and consumer information. You helpfully mentioned the impact of the affordability measures from a regulatory perspective and the impact that those might have on availability in the market. You have touched a couple of times, again helpfully, on the lack of information, published and otherwise.

How satisfied are you that consumers have the right information in a regulatory context to make the decision that shared ownership is the right product for them? To what extent do shared owners have the key terms or other defined features of similar or low-cost start or other types of mortgages explained during the process? Has your research covered that?

Professor Milcheva: We do not look at the user experience, but I can speak from my personal experience. When I looked to buy shared ownership myself, these exact things made me decide against it. Lack of understanding about the liquidity of the market is key when you buy. Some people think about how they will exit the market and how quickly they can sell and at what price.

When you buy 100% on the open market, it is well understood how the market works. There is a lot of research. If you are interested, you can find out how long a property stays listed on the market, how that changes the price, measures of liquidity and things like that. You can do your research as a buyer if you want to. You can understand better your payment structures in every period and so on.

As a shared owner, it is hard to understand that you have these two components. You have responsibilities to the lender as you pay back your mortgage and so you are considered a conventional borrower. On the other hand, you are also a tenant. There is a lack of understanding of these two types of cash flow that you need to think about. The good thing is that the rent is predictable. You know how the rent will increase. It will increase more or less with inflation. You can predict your rent if you want



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to know what cash flows will look like in the future. The unpredictable element comes from service charges.

Mrs Elphicke: I will come on to that with our providers.

Professor Milcheva: But on service charges, it is important because, first, we have no information in general on service charges and also on the private rental market. Service charges are a large part of the overall rental component.

Q40 **Mrs Elphicke:** Coming to the providers, how does a potential shared owner understand from an affordability perspective all the aspects of those, particularly those uncertain elements? Could you wrap into your answers your thoughts on the proposed extension of leases to long-term 999 year leases? Will that impact on your appetite or interest to be in this sector?

Oliver Boudy: It is key to highlight that varying degrees of information are provided to shared owners and there is little standardisation of that information. Certainly we advocate for a body or a range of nominated bodies that could provide independent advice and guidance, particularly to older people considering the older persons shared ownership product. We heard from the previous panel that solicitors' advice varies as well and they may not be entirely qualified to give the comprehensive advice that is required. That absolutely supports providing information around the sorts of property that people purchase, the nature of the services that are to be provided to those properties, the responsibilities of the owner and of the provider. Making that clear and having that consistently and uniformly communicated to prospective shared owners for OPSO and general needs shared ownership is a good place to start.

We support extending the lease period out to 999 years. The previous panel spoke about the inequity of having shared owners on different leases, but certainly recognising that and providing that extension into the future is positive.

Helen Spencer: We have to recognise that achieving affordability is a benefit to the consumer and the provider and that working together through the purchase process and keeping affordability at the heart of decision making will ultimately benefit both sides of the purchase. As discussed in the previous panel, we need to think about the different charges that come together for the consumer, to the point around mortgages and rents, service charges, estate charges and the like.

We need to recognise that service charges are regulated and can be charged only for services received by those customers. That needs to be carefully budgeted and monitored and reported back to the customer. As Clare said, for not-for-profit housing associations, the costs are reflected in the new service charges and are variable to reflect that.



Affordability starts at the beginning and passes all the way through the customer journey. Specialists working with those customers as they come through the door and having those conversations bakes time into the process. Having time to think about whether it is the right product, the right place and the right time for those customers is important.

To the point on 999-year leases, we already see the majority of shared ownership delivered on those longer lease lengths. That has been implemented over the last few years and lengths have been extending incrementally over the last few years. The formal move to that position is good and will start to add some consistency to those transactions, which has been a challenge for customers. The number of changes that have been happening to shared ownership have confused things. Achieving that consistency will pave the way for clearer understanding for customers.

Clare Miller: Can I give you an example of affordability? A purchaser purchased with us in the last 12 months in our Hartford Grange development just outside Crewe. The purchaser was a post office worker earning £24,000. The deposit she put down was £1,900 and that enabled her to put a 5% deposit down on a one-bedroom property valued at £152,000. That is affordable. That gets people out of the private rented market into the security of owning at least a proportion of their home. It is a starter product. For everybody who comes forward and is interested in shared ownership, an affordability assessment is done. We will not go beyond 45% of the household income being spent on supporting that house, whether it is through mortgage, rent, service charges or any other ancillary charges.

Three elements make up the charge. For the mortgage, we have seen turmoil in the mortgage markets over the last couple of years and a significant increase in mortgage rates. For the rent, it is largely predictable because it is defined within the lease. Service charges are the passing on of costs for services to the building that the occupier is in. The same things apply to any tenure where communal services are applied.

The trick to this is being absolutely clear at the outset what product you are selling and making sure that the buyer understands that. To that end, registered providers now all use key information documents that enable the purchaser to be much better informed. We no longer rely on the purchaser taking the appropriate advice from the solicitor. We make sure that the buyer is as fully aware as possible.

Q41 **Mrs Elphicke:** Do you accept that the impact of the service charge and uncertainty over that and the lack of control, which we have heard about on the previous panel, could have a more financially detrimental impact on someone in a shared ownership property with the financial profile you have described and their inability to freely refinance or enter the open market without the constraints of shared ownership? Do you accept that



a service charge in this context can be of more significance to that particular shared owner?

Clare Miller: Absolutely. Therefore, the financial assessment done at the beginning needs to take account of the fact that communal services will have to be paid for. That is the key to it. Once that contract is established and the services are agreed, those services will increase in line with inflation and those services will be passed on as they are experienced and enjoyed by the people living in those homes.

Q42 **Mohammad Yasin:** When we talked about shared ownership, we heard that the satisfaction level among shared owners is low if you compare it with other types of tenants. What can be done to improve that?

Professor Milcheva: I am not sure I am the best person to talk. I might mention something later.

Clare Miller: Shall I have a go? We monitor resident satisfaction at the point of sale and then we monitor resident satisfaction while the household is living in the home. We also monitor resident satisfaction with the sale process at the end when they move out.

At the beginning the experience is comparable to ordinary homeownership. You may have seen *The Times* reported on first-time buyers' experience last week. The experience of the shared owners who were interviewed was as good if not better than those moving into outright home ownership. The issue comes in that middle period when you are enjoying living in the home. We see that resident satisfaction is less than the satisfaction we see from renters.

My programme is skewed heavily towards London and the south-east of the country. It is possible that there is something about that and high-density living. It is also possible that there is something about living in flats, which are quite commonly shared ownership in London, but we do not understand enough about that to be sure what is driving those satisfaction levels. This is a small market with 200,000 homes in shared ownership. We need to understand that better. My organisation is determined to do more work with the shared ownership cohort that we have. We have set up a specialist unit to look into this and to make sure that we deliver the services our shared owners want.

Q43 **Mohammad Yasin:** Can you give us one or two examples of what can be used to improve this relationship?

Clare Miller: We have set up specialists within our department to understand leases. At the first point of contact if you have a query about your lease and you do not understand your responsibilities or ours, we can get you straight to an expert who will give you that advice. That is an example of something that sometimes frustrates shared owners.



Helen Spencer: Likewise, we see the same trajectory of satisfaction and we have also established specialist teams to support homeowners, testing satisfaction at the point of sale and seeing an early tapering of satisfaction. We have after-care specialists who manage the transition from purchaser to homeowner. We understand their needs and requirements and adapt our own services in response to their feedback.

Some 80% of our portfolio is houses and some of the dissatisfaction comes about through repairs to those properties. There can, on occasion, be conflation of issues between defects and repairs. We follow that line of inquiry to capture the feedback and ensure that we improve our services in that regard. As Clare said, it is a small proportion of customers and so it is difficult to get data that has enough backing or depth to it. It is work in progress for the providers to understand what is happening.

Q44 **Mohammad Yasin:** I understand that there are various issues but if you had to overcome one thing to improve the relationship, what would that be?

Helen Spencer: One thing that will help the customers we think will come to pass now that specialist teams are in place and that more of the shared ownership is sold and managed by specialist teams. It has been a more marginal, niche product and some of that expertise has been missing. By the establishment of these teams across the country, we have an opportunity to try to address that.

Oliver Boundy: The OPSO product is a niche within a niche and so has a similar trajectory in customer satisfaction. We have pretty good levels of satisfaction when a customer purchases a home. We provide specialist services and support within our retirement independent living developments. We segment satisfaction between the services that are delivered into the properties and the experience of the customer by those and the experience of the built environment itself.

To answer what could be improved, an area of our focus is the provision of information and the regularisation of that, setting out the customer and provider obligations, making sure that is provided consistently and clearly so that the customer expectation reflects that.

Professor Milcheva: Together with some registered providers, we are currently trying to set up a website where a party interested in buying shared ownership can fill in a short survey about their income, age and so on. We have a model running in the background that calculates their lifetime wealth with the different tenure options: with renting, with bank shared ownership staircasing in a certain way and with a bank mortgage.

Of course, as a shared owner, similar to a mortgage borrower, you are exposed to changes in house prices and interest rates. That should not be forgotten. It is in proportion to the share. That means that the risk is less for a shared owner to get into negative equity, for example, when interest rates go up a lot, like in the current environment. We want to



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create this website mostly for people who have no idea about the mortgage market and about the housing market to give initial pointers about what is best for them. Such a product is necessary. It will be great whether we do it or someone else does it.

I know about the existence of the Shared Ownership Council that has been set up and is trying to focus on the customer experience as well. Improving this will be important also for institutional investors who are trying to enter the market and scale it up.

Q45 Mohammad Yasin: How can the Government support providers to mitigate the impact the 10-year repairs period may have on service delivery?

Oliver Boudy: That is a good question. We have only recently brought the provision of the £500 a year allowance over the 10-year period into the shared ownership lease. That is yet to be tested. We know that major repairs generally do not kick in until year 10. I am not entirely sure what else the Government could do.

Clare Miller: We need to grow this sector. We have already talked about it as a rather niche product. That has all sorts of implications. Natalie asked how many mortgage lenders are in the market. There are currently 29. This is a little-understood product that has potential to help many people who would otherwise be in the private rented sector.

It is a mistake to compare shared ownership to outright ownership because outright ownership is not a realistic prospect for most people going into shared ownership. The real comparator is being in the private rented sector versus being able to own a proportion of a home and to start your journey if your economic circumstances allow you to do so.

My wish for the Government is to continue to support the programme so that the sector can continue to grow and so that we can understand better the experiences of those living in shared ownership and we can start to address the issues that they have and the difficulties that they find with the product. That is why I have set up a little specialist team within my own business because I recognise that shared owners need a different type of experience with Clarion than our rented residents need.

Q46 Mohammad Yasin: Oliver, what can be done to prevent providers passing on service charges to family members who have inherited shares in shared ownership properties?

Oliver Boudy: This is experienced in some cases with the older persons shared ownership product. Set up a body or a range of bodies that has a clear mandate to equip customers with advice and guidance around the older persons shared ownership product. Raise awareness, as Clare said, of OPSO as a product in the market. We hear from estates that deal with properties they have to resell that there is a low level of understanding of OPSO as a product. Having Government support for raising the



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awareness of OPSO as a product would inherently increase people's understanding and would increase the market of people looking to purchase it. Increased grant funding into the product upfront could soften the cost of the service charges to providers or purchasers' estates in the future.

Broadly it is having a greater understanding because, if a mainstream leasehold property becomes available, people generally do not have a huge issue selling that on unless there is an inherent problem with the property. That absolutely should apply to OPSO as well. Provided there is no issue with the property, there should be a decent market.

We know statistically that a large number of people look to purchase homes in later life. There is an undersupply of homes for people in later life and we know that the older persons shared ownership product certainly fulfils a segment of that market. In theory, there should be a strong market for this product, but the lack of understanding more widely means that transaction rates are slow or slower and that can lead to people paying service charges on vacant properties and the associated frustration that brings.

Q47 Chair: What particular challenges does the building safety crisis pose for you as providers and for the residents we are looking at with shared ownership properties?

Clare Miller: It has been a hugely challenging time, particularly for flat owners in London. The Government are introducing new regulations on the back of what has been discovered following the Grenfell inquiry. Many of us have had to spend significant amounts of money remediating buildings. In the meantime, shared owners living in those buildings have found it incredibly difficult to remortgage or to sell and to move. They have been left in limbo while those works have been carried out.

We have made huge progress in dealing with these issues, but buildings still remain to be remediated. Government support has been forthcoming but it was slow to begin with and we are still in the midst of this crisis. To give you some idea, my own organisation spends £40 million a year out of our own resources to make sure that our buildings are as safe as they can be. I have no quibble with spending that money. I want our buildings to be safe, but for shared owners living in those buildings, the security in their homes has not been attractive to mortgage lenders while that work has gone on.

Helen Spencer: With our portfolio being primarily houses, I have nothing more to add on that point. Thank you.

Oliver Boundy: Similarly, our portfolio is generally low-rise. Some buildings have been affected but most have been remediated. I certainly share Clare's experience of the resources that are dedicated to the issue.



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Q48 **Chair:** When the Government have given help for building safety to leaseholders but not to social housing tenants, what happens to the shared owner who is partly renting and partly the owner of the property? How does the help from the Government apply to them?

Clare Miller: It is difficult. Essentially, you have to take a building-by-building approach. The Government's support has been for the highest-risk buildings, the tallest often. My leaseholders are in mid-rise buildings and they are, as you say, living cheek by jowl with renters and sometimes also with private owners. The resolution for a shared owner can only be when the building itself is remediated. During that time, they will find it difficult to move out and they will also find it difficult to sell.

Q49 **Chair:** Are they treated like a leaseholder with Government help that may mitigate against the total costs of remediation or are they treated like a social housing tenant or are they treated in the middle where they have to pay some of the costs?

Clare Miller: We have not had much Government grant to support any of the mid-rise homes that I am talking about and so, essentially, they have been treated like renters. That is why they are reliant upon organisations like my own to put the money in to get those buildings remediated. We do that because we want the problem resolved and we will then subsequently pursue those who built the properties in the first place, if we think we have a case.

Q50 **Chair:** You do not ask the shared owners to pay anything towards that?

Clare Miller: No. Indeed, we have also given relaxation on leases to allow shared owners to sublet their properties because—

Chair: That was my next question. You have answered it.

Clare Miller: That is an option for some but it is not an option for everybody.

Q51 **Chair:** In cases where there are real difficulties, should housing providers be obliged to buy back the shares from shared owners?

Oliver Boundy: I fear that would cause a significant amount of pressure on our financial capacity. If we always had to presume that all our shared ownership properties would have to be bought back, we would have to have a continuous allowance for that. That would simply be unsustainable.

Helen Spencer: It would be assessed case by case as it stands for us and we prefer that moving forward, for the reasons that Oliver has outlined.

Clare Miller: It is economically unsustainable even if it may be desirable in some particular cases. Exceptionally maybe that is the right answer for particular instances of hardship, but shared owners ought to be able to



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sell their share of the property if they get into financial difficulty. This whole picture is confused. The sales market has been so difficult for those living in flats that they do not have the ordinary route out that the product envisages.

Professor Milcheva: Talking about selling the flats, it is extremely important to create transparency in the market. Yes, I agree with what everyone else said. Basically, it will be unsustainable and will be riskier. From the point of view of the funder, the registered provider or the investor, it will make it a more expensive product. At the moment, from the point of view of the registered provider, the yield is 2.7%, which is the percentage that you pay on rent out of the value of the remaining share, plus the grant contribution. If that is an additional cost, it might not be feasible.

Q52 **Bob Blackman:** A key issue here is that this is quite a complicated decision for someone to make, it is fair to say. The first thing that a lot of people say is, "What data do I need to make this decision?" What data do people need before they make that decision and is it available to them right now?

Clare Miller: As we have observed already, this is a relatively small market and, because of that, there is less than perfect data. However, when we talk to a prospective purchaser, the key for me is that we have information about the mortgage market and what might be available and we are realistic about the offers shared owners are likely to get for the share that they want to purchase. We need certainty about rent, how the rent increases and what the shared owner can expect over time. We need as good information as it is possible to have about the services provided into the building and what they are likely to cost at the outset and to be clear about how those will increase over time as inflation increases. All those are in key information documents, which are routinely supplied to prospective purchasers of shared ownership. That information can get better the more—

Q53 **Bob Blackman:** Okay. Basically, the information is all there but someone has to dig into it and make an assessment?

Clare Miller: Yes. The product is not well understood. If I was to be critical of some of the sales activity that has been done by housing associations, we have relied too much on the traditional house-selling procedure where the solicitor advises the prospective purchaser. We are moving more into that space to make sure—

Q54 **Bob Blackman:** We already have a problem. We know we have a problem in the market. A lot of particularly first-time buyers are not getting necessarily strong and good advice from solicitors because that costs and conveyancing is done as an automatic right. The key is whether they get the advice and the assistance they need.

Clare Miller: Agreed. We are moving into that space.



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Helen Spencer: I agree with all that. It is important to note as well that Red Book valuations sit behind every shared ownership, which differentiates from the market-facing products because someone independent assesses the value of that property at that time in that location. Also, a detailed review of the lease, drafting of the lease, ensuring that that lease is fully compliant and captures all the obligations such that the customer can talk through their obligations and the provider's obligations should be in place before the point of sale.

The key information documents are most certainly a step in the right direction. They have helped to create consistency of approach from different providers. They capture the information required. Within that document is the affordability assessment that is undertaken to test the circumstances of the customer.

We are on a journey. There was a question earlier about the 10-year repairing obligations. When we capture the latest wave of changes to shared ownership, we will capture the last wave of learning on shared ownership, which has been brought together in this new product.

Oliver Boundy: I agree with Clare and Helen. Clearly setting out the maintenance and repairing responsibilities of the shared owner, irrespective of the proportion of the home that they own, is absolutely key and also the responsibilities around reselling the property when they choose to do that and making that clear upfront.

Q55 **Bob Blackman:** It is one thing if it is a new build, but if it is a second or third owner or leaseholder, does that make the potential liability even worse?

Oliver Boundy: As the property ages, the repairing obligations tend to increase. Setting out the likelihood of that at the outset is key. It speaks to a point I made earlier about having an independent body or bodies that are funded and supported to provide support to shared owners and make sure that that information is set out clearly and uniformly across the sector from the start.

Q56 **Bob Blackman:** Stanimira, you were talking earlier about a central repository of information. Would this answer what people need or would that be something else?

Professor Milcheva: I can talk a lot about data since this is my domain.

Bob Blackman: Exactly. That is why I left you until last.

Professor Milcheva: Thank you. A lot of my research is quantitative. I am a very data-driven researcher. For the majority of the reports, there is no academic research on shared ownership. The research that has been done is descriptive and looks at average data. We found in our report "The maturing shared ownership market" that when we gathered very granular data at the resident level and at the property level and



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then averaged the data, we lost a lot of information in the tails, in the extremes. We should—and this is an endorsement of everyone—look at the granular data to inform policies. At the moment, policies have been informed using mostly anecdotal evidence, surveys and interviews.

The problem is that there is no easy access to data. That world has high barriers to entry. For example, the core data, to my knowledge, is not easily accessible.

Q57 Bob Blackman: Okay, we get the picture that it is not clear and not easy to obtain. What should we have?

Professor Milcheva: We should have partial staircasing data. There is no data on partial staircasing. You asked a question in the previous session about how staircasing is distributed regionally. From the publicly available data, which is 100% on staircasing, you probably saw in the evidence that it is misleading to conclude about affordability when you look at full 100% staircasing because London comes up the highest at 15% per year of 100% staircasing in London versus in Yorkshire 1.5%.

What do we conclude from that? That staircasing is not affordable in Yorkshire? No, quite to the contrary, staircasing, especially in less-affordable areas, might not be a good indication of affordability of the share but the opposite of unaffordability of the share because people staircase to 100% to sell on the open market and move away.

To say something about affordability, we need partial staircasing data. There is no data whatsoever on partial staircasing. Only the housing associations sit on that data. I built the data initiative so that we can get access to partial staircasing.

One way for the Department for Levelling Up, Housing and Communities—or whoever owns CORE—to do that is to request registered providers to put staircasing transactions in CORE not just at the entry point but at staircasing, together with the same information about income, status, savings and so on. We do not know. We have a snapshot when you enter. We do not know anything about the journey. We can guess. This is easily done. There is the infrastructure for that. The registered providers, from my understanding, are willing to supply this information and that can easily be done. This is key.

The other thing that I am a little puzzled about is that this data is not available in the Land Registry. The Land Registry provides the price-paid data and so we can see any transaction, but we cannot see shared ownership transactions. I encourage the Land Registry to provide this information in the public domain—

Bob Blackman: That sounds like a good idea.

Professor Milcheva: Yes. Again, it should be easily done. These are not difficult to do.



Finally, the mortgage market is a mystery. We do not understand defaults. We do not understand reposessions. Institutional investors want to understand their risks. If we want to scale up the market, if we want to attract private capital into the market, in addition to government subsidy, we need to make this market predictable and transparent. This is key to have more private shared ownership in general.

I encourage the big lenders maybe to come forward and share some of their loan-level data with academics. I know it is sensitive data, but that has been done on the mortgage market in other countries. We can do academic research and provide information about defaults and reposessions to reassure the market that it is a safe market because anecdotal evidence suggests that, but when you spend billions on something you need the numbers as well to come with it. To scale up the market, we need more transparency backed by data. Those are my suggestions to DLUHC and the data providers.

Q58 Bob Blackman: That is incredibly helpful. Thank you. The market is around 400,000 homes, from what we hear.

Clare Miller: It is 200,000.

Bob Blackman: We hear 400,000 in the written evidence we have received. This demonstrates one of the problems about data here. We have a whole variety of different suggestions from written evidence about extra data that could be utilised and captured. Oliver, what does the Government have to do? What do local authorities and providers have to do to get this data together so that it is much more transparent?

Oliver Boundy: An undertaking to provide all that data in a central repository would be enormous. Our sector is data rich and information poor. Information is held by lots of different organisations and segmented and organised differently. I know from the experience of my current organisation and organisations that I have worked in previously that huge efforts are under way to form central repositories within organisations to hold data. Perhaps that could in time be provided through our regular returns to the regulator. Setting something out at this stage to gather data from all across the sector into one central repository would be an enormous undertaking but could be an ambition for the future.

Helen Spencer: It is worthy of note that providers have historically been transparent with their data on shared ownership purchasing. Until recently, a lot of that data was held by the help-to-buy agents, which were not so long abolished. There is willingness to provide data and for that to contribute to a wider understanding of the shared ownership market.

Our submission highlighted the fact that an awful lot of data is already supplied through CORE and through submissions into Homes England. It is perhaps a blind spot in the section 106 space, but an awful lot of data is already provided. We support any—



Bob Blackman: The data is provided but the data has to be accessible and usable. This is part and parcel of the problem.

Helen Spencer: Indeed. How do we use that data differently? How do we make it more accessible? How do we make sure that it is collated? It would benefit all of us as much as it would benefit the Government. The idea of a repository, particularly if that can avoid duplication, is welcomed.

Clare Miller: It is important that we do not collect information from housing associations providing shared ownership. Plenty of other organisations also dabble in this market. If we are to collect data, it has to be comprehensive. We are not short of data requests from the Government on all sorts of things. Maybe if shared ownership was to nudge up the list, something could fall off the bottom.

Bob Blackman: That is not an unreasonable request. Thank you.

Q59 **Chair:** Often individuals and families purchasing a home or a share of a home rely on their solicitors, probably over-rely in some cases. We heard from an inquiry we did on leasehold a few years ago how the developers there gently pushed prospective purchasers towards certain solicitors who could be relied upon to help the process but not necessarily the purchaser.

As providers, do you have a panel of solicitors that you advise people to go to who might sometimes be thought to look to your interests in being on the panel rather than the purchaser's interests?

Clare Miller: This is the difficulty of the market not being mature enough. Knowledge is not universal. Among solicitors, those who understand the product are a minority of firms. Yes, we are more than likely to push prospective purchasers towards particular solicitors but only because we know they understand the product. As the market matures, many of these teething problems that we see at the moment will become less significant.

Helen Spencer: The provision of the key information documents will assist in upskilling a broader range of legal practices that support the consumers. Naturally, we work with our legal team, which is there for the purchase of the site and has a real in-depth understanding of the site and its obligations from the beginning. Likewise, we have a panel of solicitors whom we know have been tried and tested from a consumer perspective and understand the product. It is not to the detriment of a consumer choosing a different solicitor, but it is on occasion to the detriment of the sales process if that solicitor has no previous experience of shared ownership because it is so complex, which is what we have heard about this afternoon.

Oliver Boundy: I do not have anything to add to that.



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Professor Milcheva: In general, buying a house or a property is difficult and complex to do. Everyone needs to do their research and perhaps shared ownership is another level of complexity. I remember when I was in the process of purchasing shared ownership, which in the end I did not do, it was impossible for me to find a solicitor who understood the market and understood the legal side of things. Maybe things have moved; that was six years ago. Getting help from a registered provider about which solicitor firms to talk to would be a great idea. Having a list of specialist providers somewhere would be helpful. Stamp duty, for example, is also not clearly explained at the point of transaction. Do you pay a share of the stamp duty or 100% of the stamp duty? Things like that are also valid to be discussed with the solicitor.

Chair: Thank you all very much for coming in this afternoon and giving us a lot of information about the process and the challenges and what could be done to improve it in the future. Thank you very much indeed.