

Written Evidence Submitted by Ancor Housing [SH0 0057]

- **Do the schemes Shared Ownership and Right to Shared Ownership provide good value for money for the potential users of the scheme?**

Yes – entry costs are substantially lower than outright purchase. Service charge costs for apartments reflect services accesses/delivered and are not influenced by funding stream.

However, We do not feel that the OPSO model of shared ownership, in its current form is a suitable product. The needs and requirements of older people are very different from those of unrestricted age shared owners.

For example, purchasers are encouraged to purchase as high a share as possible, the option of purchasing an additional share of 1% each year is not suitable under the OPSO model, the vast majority of OPSO purchasers are retired with static incomes and therefore we expect the uptake of 1% shares to be minimal if any at all. OPSO purchasers usually buy larger %'s than unrestricted age purchasers, with an average of around 65% on developments, and use the shared ownership model for security rather than a route to full ownership. Equity release and similar products are often utilised.

We would support a wider review of shared ownership for older people; and would suggested the recent APPG report as a starting point for further discussion: housing21.org.uk/media/14750/appg-report-making-retirement-living-affordable-the-role-of-shared-ownership-housing.pdf If OPSO is caught within the new model outlined below are details of the potential impact on Anchor and considerations in respect of our own Shared Ownership Product.

- **How can the Government ensure that Shared Ownership and the Right to Shared Ownership remains an affordable programme in light of rising provider costs and inflation?**

Higher initial grant to build will help reduce borrowing costs of developing providers

- **What support can be offered to Shared Ownership tenants given the impact of leasehold properties?**

- **What impact, if any, are changing sector regulations having on the Shared Ownership and Right to Shared Ownership Scheme?**

1% annual share staircasing has added a layer of additional costs. It is not being taken up in sufficient volumes to merit the approach. It is not suitable for the older persons market who are also considering funding longer term care provisions. The model does not recognise that long term funding for shared ownership works on the premise of a reasonably secure rental stream. If everyone bought at 75% then the model would not be sustainable in terms of debt to income projections. Adjusting the OPSO model which currently allows shared owners who purchase 75% of the property to pay no rent, yet shared owners who purchase 70% have to pay a rent of 30%, this is unfair.

- **Is there a lack of mortgage providers for Shared Ownership properties?**

No – issue is mortgage rates and terms of fixes. The mortgage market struggles with the fixed equity approach which is in essence what OPSO is. Eligible older people are also not in the main looking to get mortgages especially if not working.

- **What challenges are associated with repair costs being covered by those utilising the Shared Ownership schemes?**

Additional administrative costs to organise and manage the process. A transitional situation, where some shared ownership properties come with 10 year repairs periods and some do not. The lack of clarity around what is covered by the repairs period will mean different approaches taken by different providers, which will ultimately lead to FTT referrals for determination. A clear guide would be useful for the sector.

- **How viable is full ownership through the Shared Ownership scheme and/or the Right to Shared Ownership Scheme?**

- This is not an option on OPSO. For non age restricted sales it is subject to either owners having large increases in salaries from point of entry, a windfall or back-to-back sale. Counter intuitively, owners are more comfortable buying more shares in a rising market rather than a falling one as it is considered a safer investment. But in reality, acquiring more shares in a falling market would be the investment approach to take given most will be in situ for a period of time.

- **Does the Right to Shared Ownership policy in its current form reduce homeownership risks for individuals from lower income backgrounds?**
- No as they still need to be able to afford to buy their home access costs and the ongoing increasing service charges.

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- **What more can be done to secure the Shared Ownership scheme as an affordable route into home ownership?**

Higher development grants, fixed rate mortgage products that offer competitive interest rates that do not consider shared ownership buyers as sub prime customers, subsidy for providers offering the extra value services that have additional costs to them.

- **How does the variation of costs from Housing Associations and other providers impact the Shared Ownership Scheme and the experience of tenants or potential buyers?**

Inconsistency of brand name use is actually one of the biggest issues. Help to Buy had a massive impact as a funding requirement was that everyone used the same logo, language, terminology etc. This should be replicated as a condition of funding for shared ownership.

Providers have to tailor services to maintain viable internal investment metrics and to ensure that the developments are sustainable for their whole life.. Fixed costs will require differential grant funding to achieve a consistent national programme.

- **What should be done to improve the Department for Levelling Up, Housing and Communities' data collection regarding Shared Ownership and the Right to Shared Ownership?**

Consistent table of information requested that is easy to fill in and has multiple purposes. Currently various agencies request duplicate data.

- **Are alternative schemes such as 'Rent to Buy' viable and do they offer more value for money?**

Rent to buy has not delivered wholesale sales. As an accessible affordable model, it works on paper but conversions since introduced in 2008 to save the Key Worker Living sale programme has not been large. A product that offers a variety of tenure options from rent would be more appropriate.

- **What more should be done to support first time buyers and those from lower hold incomes onto the property ladder?**

It is not suitable for all lower income earners to buy. Shared ownership allows this. The issue is around regional property prices and price points for different product options.

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