

SEPTEMBER 2018

# ANOTHER WAY PART TWO:

HELPING SHARED OWNERSHIP THRIVE



/ ASTER  
GROUP

## SHARING THE BURDEN –

# THE INDUSTRY NEEDS SUPPORT IF SHARED OWNERSHIP IS TO REACH ITS POTENTIAL

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At Aster, along with many of our colleagues in the housing association sector, shared ownership is a no-brainer.

Thousands of people on middle and above average incomes cannot afford to buy a home. They aren't eligible for affordable housing, leaving them locked into the unstable and insecure private rented sector, vulnerable to rent increases or having to move house on a landlord's whim. This is bad for people's lives and future prospects and bad for our economy. It is why shared ownership has long been one of the cornerstones of our mission and purpose.

If you were trying to think of a solution to fix today's market and bridge this gap, you'd come up with shared ownership. But the fact is it's been around for 40 years.

Last year, our first and ground-breaking study showed that even after several decades most of the British public didn't understand the basics about how shared ownership worked. Remember that only half of respondents knew that shared ownership didn't mean living in your home with another person?

This time, we wanted to better understand the experiences of those already living in shared ownership properties.

What we found was a group of people passionate about what they'd done – willing to tell those they know and love to follow their example and wanting to see much more shared ownership development.

Yet, they lack the knowledge they need to make effective choices about their next move in the housing market.

And, for those keen on increasing their slice of ownership, they feel cut off from doing so because affordability rears its head as an issue once more.

This is a wakeup call for both our sector and the government.

We've argued for a long time that policy makers need to ensure that the government puts a priority on promoting shared ownership, which remains the poor relation of Help to Buy. Inequalities, such as the fact that first-time buyer stamp duty relief isn't available on all shared ownership properties, need to be removed.





And the housing association sector, not only as the leading developer of shared ownership properties but also, as our latest study finds, the single main source of information about it, is falling short in its job of educating people.

We are already in dialogue with policy makers, most recently through the All Party Parliamentary Group for Housing and Planning, about what industry and government can do together to help better promote it as a solution for our broken housing market. I hope that the insights from this report will provide us all with valuable lessons on what we need to do next.

In this report, you can see a full breakdown of the key findings on page six. Our assistant development director – sales and marketing, Amy Nettleton – who also chairs the National Housing Group – provides some analysis of what the findings mean for those setting policy, and for the industry. And on page seven, the National Housing Federation's Rhys Moore shares his thoughts on our findings and their implications for the future of shared ownership.

As a nation, we still look at housing as a binary choice between renting or buying. Much as we did in the 1950s.

It's time we moved the conversation on. But we can't do it alone.

If you were trying to think of a solution to fix today's market and bridge this gap, you'd come up with shared ownership.

CASE STUDY:

# SINGLE MOTHER GETS FIRST HOME THROUGH SHARED OWNERSHIP

ANNA ROSS



ANNA ROSS & HER SON

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Anna Ross bought a shared ownership home with Aster Group in 2018.

She was living in Bristol with her parents after separating from her partner and couldn't afford to buy using a traditional mortgage. She was also restricted from using schemes designed solely for first-time buyers because she had previously been named on the property she lived in with her ex-partner, despite not paying into the mortgage there. After signing up for alerts on Rightmove she came across a two bedroom flat in Portishead, Bristol, advertised by Aster Group for shared ownership. She successfully purchased a 55% share for £125,000 using a deposit of £14,000.

Anna said:

“It was the most challenging time of my life. I quite literally just packed our life up into a car and drove to my parents' house. I had one-months' worth of maternity pay left, was about to give my company car back, and was signing the property over to my ex-partner so I was left with nothing.

“I didn't know much about shared ownership until I came across the flat and contacted Aster. They gave me so much information about the scheme and within a week the flat was mine. There's nothing more empowering than owning your own home so I think the Government should do all it can to raise awareness of schemes that are going to help people achieve that. The fact that at 39 I have finally done it makes me so happy. It has changed my life.”

Amy Nettleton, assistant development director – sales and marketing for Aster Group, said:

“We know the biggest challenge is saving for a deposit, but shared ownership provides an alternative since it gives people the chance to get on the ladder using smaller deposits.

“Anna's case shows just how perfect shared ownership can be as an option for those otherwise priced out of the market. That's why we are committed to building more shared ownership homes and leading the charge in a shift in perceptions around the tenure.”

Anna hopes to one day increase her ownership of the property but for now is enjoying her new home with her son.

#### ANNA'S COSTS:

She bought a **55%** share at  
**£112,500**

Monthly rent:  
**£209**

Monthly mortgage repayments:  
**£396**

Monthly service charge:  
**included in rent**

Customer deposit:  
**£14,000**



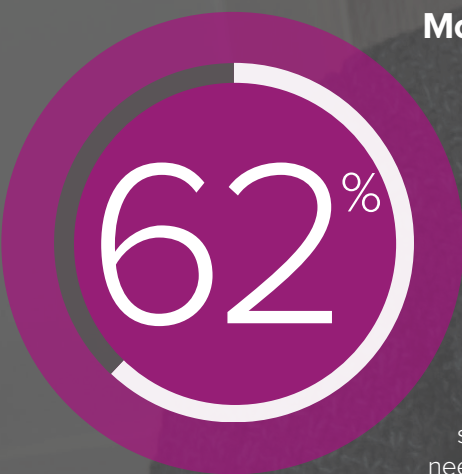
## BREAKING DOWN BARRIERS:

# WHAT'S HOLDING SHARED OWNERSHIP BACK FROM REACHING ITS FULL POTENTIAL?

YouGov SURVEY

We commissioned a YouGov survey of more than 200 shared ownership buyers from across the UK to help us better understand the experiences of people who have purchased homes through the scheme.

Shared ownership is designed to be a blend of traditional ownership and rent, helping people to get on the housing ladder without the sizeable deposits needed for a traditional mortgage and freeing tenants from expensive private rental agreements.



**More than 62 per cent of the people we spoke to said they would likely recommend shared ownership to a friend or family member, suggesting that most experiences are positive.**

This was reflected by the fact that 59 per cent said there should be more shared ownership homes available in their local area.

Also positively, a very small number of respondents (20 per cent) said they found it difficult to find a mortgage for their property.

But the results also uncovered several issues with the complexity of how shared ownership works or financial barriers to building up equity that still need to be addressed.

Nearly 90 per cent of the respondents to our survey hadn't staircased at all in their current property, despite most (73 per cent) saying they fully understood what staircasing was.

Delving into the reasons for this, it's clear that the key issue is affordability. More than 60 per cent said they couldn't afford to save the money needed to staircase. When asked what would make increasing equity easier, the most commonly cited suggestions were all related to making the process more financially manageable.

Of those respondents who had staircased (20 out of our sample of 205), some 40 per cent said lowering or removing stamp duty on higher equity thresholds would have made the process easier. More than a third wanted to be able to increase their share in smaller increments and another third would like to see discounts on equity based on how long they had lived in the home.

Our research also discovered areas where the housing sector could be doing a better job of communicating. In our last shared ownership report, we found widespread misunderstanding from the general public towards the scheme. This year, we found that even people who have bought a shared ownership property aren't always clear on the process.

More than half (52%) were unaware that they could move from their existing shared ownership home to another shared ownership property. A further 49 per cent of those who would be unlikely to recommend shared ownership to a family or friend discovered that there were unexpected fees involved in buying and living in a home purchased through the scheme.

Whether it's the government introducing policies that make shared ownership more affordable or the housing sector streamlining the processes that currently complicate building equity, it's clear that there are still some issues with how shared ownership works that create potential road blocks for buyers.



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# BIG OPPORTUNITY TO ENHANCE A VITAL TENURE

RHYS MOORE, HEAD OF MEDIA,  
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Those of us who work in the sector know shared ownership's great strengths.

Over the past four decades it has helped many thousands of people access affordable and secure housing. Many have also 'staircased' to full ownership, fulfilling a common dream of owning the home they live in.

And yet, we're all honest about the aspects in which shared ownership as a product currently falls short. Some of these – such as inconsistencies in service and advice, and the lack of understanding among many people about how staircasing works – are laid bare in the survey conducted by Aster.

Members have told us there are two clear areas that need to be addressed if we're to improve the shared ownership customer journey.

First, there must be greater consistency across the UK. The product differs among housing associations. Many providers have dedicated shared ownership teams, who market the tenure as a standalone product that is suitable for those caught between renting and buying in the traditional way. Other housing associations, meanwhile, position shared ownership as a straightforward affordable housing product, similar to social and affordable rent. Neither approach is wrong, but they can inadvertently cause confusion.

The second area that needs to be addressed is the shared ownership brand. I've highlighted before that the government's prioritisation of Help To Buy over shared

ownership is not necessarily helpful. At the same time, housing associations differ in how much focus they put on shared ownership and the tenure is also not fully understood by many members of the public.

This leads me to what we at the NHF are doing to enhance shared ownership, allowing more people to benefit from it.

We've been working with our members to formulate a single shared ownership brand. This is something that Aster's Amy Nettleton – who is chairing a steering group of colleagues from housing associations across the country – is heavily involved in.

We've held a series of workshops gauging the thoughts of leaders on the current barriers to shared ownership. Those we've gathered views from see brand awareness and consistency as key issues, but the customer journey, access to land and planning rules have also all been highlighted.

But while the concerns are clear, so is the desire for the sector to work together to improve shared ownership and the customer experience. In doing so, we can help more people understand that to fulfil their dream of living in an affordable, secure and high-quality home, they should speak to their housing association.

We're excited about launching our new campaign to help boost shared ownership, and I'm pleased Aster is continuing to play a major role in enhancing this vital housing tenure.



CASE STUDY:


# YOUNG FAMILY GET DREAM HOME THROUGH SHARED OWNERSHIP

AMIE DRAKE & ANDY SPENCER



AMIE DRAKE, ANDY SPENCER & THEIR SON





Amie Drake (23) and Andy Spencer (31) used shared ownership to help them buy their first family home.

Amie and Andy decided to start looking for their first home when they decided to start a family. They soon realised that saving for a deposit and buying on the open market in Oxfordshire wasn't going to be an option for them.

Stuck living in Andy's parents home, when their son came along they were desperate to have their own place for their new family.

Amie said:

“All three of us living in a double bedroom was such a squeeze so we desperately wanted to get our own space, not only for us but our little boy as well.”

They attended a Help to Buy home show, where developers showcase different developments in the area, and came across Aster's shared ownership stand. After investigating the process, they went on to successfully purchase a 60% share of their perfect home, a three-bed end terrace house, for £171,000 with a deposit of just £20,000.

“I initially thought shared ownership was a loan of some kind and that the home wasn't actually yours. We spoke to the team at Aster who were so helpful from the get go and explained how shared ownership works and what it could mean for us. It sounded great so we spoke to a mortgage advisor the same day and she advised it would be the best option for us.”

“The Aster sales team have been fantastic and have guided us through every stage of the process. For us, the way the rent and mortgage is split is much more manageable, and the same with the cheaper deposit. Without it we wouldn't have been able to get a home for our little boy. The fact he now has his own room makes me so happy and it's had such a positive impact on him as well. He's able to play in his own garden and is sleeping much better.”

### AMIE & ANDY'S COSTS:

They bought a **60%** share at  
**£171,000**

Monthly rent:  
**£261.25**

Monthly mortgage repayments:  
**£679**

Monthly service charge:  
**£13.96**

Customer deposit:  
**£20,000**

Amy Nettleton, assistant development director – sales and marketing for Aster Group, said:

“The biggest challenge facing first-time buyers is saving for a deposit. The average house price in the UK currently stands at £218,000 and setting aside cash for a £20,000 deposit is proving difficult for the millions of people facing high costs in the private rented sector.”

“Shared ownership provides an alternative solution. It offers flexibility and security and is an increasingly important housing choice as the affordability challenge extends across the country. That's why we are committed to building more shared ownership homes.”


The couple plan to one day grow their family and have the comfort of knowing they have a secure home in order to be able to do that. They also want to eventually staircase to 100% and own the property outright.



**GET THE MESSAGE RIGHT:**

# BETTER COMMUNICATION IS KEY TO PERFECTING SHARED OWNERSHIP

AMY NETTLETON, ASSISTANT DEVELOPMENT DIRECTOR –  
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Shared ownership is a vital component of the housing mix needed to solve the crisis facing the UK.

Thankfully, the number of key stakeholders that recognise this is increasing all the time – the developers and housing associations working to put more of these homes on the market, the mortgage providers offering tailored products for shared ownership buyers, and the rising number of people who are applying for homes through the scheme.

But, as this report has hopefully shown, the job isn't finished.

Our objective here was not to pick holes in shared ownership or to name and shame those we feel could do more to improve it. Our aim was to highlight the last remaining barriers that need breaking down to ensure a way of buying a home that has stood the test of time for 40 years is fit for the future.

Key to this is how we communicate some fundamental truths about the shared ownership model as it exists now.

## Staircasing isn't (and shouldn't be) the be all and end all

On the face of it, it's concerning that only 10 per cent of the owners in our survey had bought more equity in their property.

The proportion of Aster customers staircasing is rising all time because we've taken steps to raise awareness of it proactively. It's part of the discussion with prospective buyers from the outset, a key theme in our marketing materials and part of the pitch for our sales teams. We've also pioneered @SOchathour on social media – an open forum where people interested in shared ownership can ask questions and get advice from experts.

But shared ownership isn't just a stepping stone to full ownership. It provides a home for life regardless of whether the buyer staircases or not.

Some will never increase their share of equity beyond their original purchase and making that choice isn't a problem. Whether they own 25, 50 or 75 per cent, these people are still benefitting from the security of owning a stake in their home. They can still make changes to the property that could increase its value and they can still sell it and move somewhere else if they wish to.

Staircasing is one element of shared ownership. But it's about educating people on their options, not forcing them down a path.

## Shared ownership has evolved

The original framework for shared ownership had flaws. It was rigid and overly complicated and, arguably, didn't work for the people it was principally invented to help. But it has changed immeasurably since then.

Just over half of the owners in our survey didn't know they could sell up and move from one shared ownership home to another. This and other misconceptions are based on an outdated model that simply doesn't exist anymore. Housing associations should be doing more to explain this shift to customers who bought their homes before these improvements were made.





## Shared ownership is not a last resort, it's a choice

There is still a perception that shared ownership should only be considered once all other options have been exhausted. But it actually gives prospective homeowners more freedom.

According to the NSG, the typical shared ownership buyer earns approximately £33,000 a year, slightly more than the national average of around £27,000. In the traditional ownership market, someone on this salary would be very restricted in what they could buy and where due to the ability to raise a deposit – hence why those that can so often rely on the bank of mum and dad. Shared ownership means there is less need to compromise on space or to move away from friends and family to an area with a lower average house price.

If we're still describing shared ownership in the same way we were a decade ago, then it's no wonder people aren't aware of some of the major differences that make it better now than it was back then.

Most of the shared ownership buyers who responded to our survey said they would recommend the scheme to a friend or family member, so it clearly works for many people. Yes, there are still elements of the design that need to be fine-tuned, but the real and fundamental change we need now is messaging – how we position it to key stakeholders, how the government supports the housing sector in raising its profile, and how we sell it to potential customers.

Shared ownership isn't just a stepping stone to full ownership. It provides a home for life regardless of whether the buyer staircases or not.

All figures, unless otherwise stated, are from YouGov Plc. Total sample size was 205 adults who part-own their home through a shared ownership scheme. Fieldwork was undertaken between 4th - 10th September 2018. The survey was carried out online.

Aster Group is working towards its vision of ensuring everyone has a home. Its purpose is to be a housing association and landlord to benefit society. The not-for-dividend business was established in 1990 and has over £1.5billion worth of assets. Aster plans to develop more than 11,800 homes over the next seven years for open market sale and shared ownership, reinvesting the profits to develop homes for rent. The Group owns and maintains over 30,000 homes with 90,000 customers. Its corporate social responsibility commitments set out the additional work the business chooses to do. For more information, visit [www.aster.co.uk](http://www.aster.co.uk).