

Rural Services APPG

All-Party Parliamentary Group on Rural Services

17th November 2015, 12:00pm

Room M, Portcullis House, Bridge Street, London, SW1A 2LW

Agenda

1. **Notes of previous Meeting**
2. **Delivering increased home ownership in rural communities through Shared Ownership and related models**

The meeting will focus on the issue of 'Shared Ownership' in rural areas. Members of the Rural Housing Alliance will also answer any questions Members may have on current rural housing issues.

Summary:

The Rural Housing Alliance

The Rural Housing Alliance was established in 2009 by rural specialist housing associations who decided that it would be beneficial to work together on behalf of rural communities. Alliance members are signed up to the Rural Pledge which can be viewed at: <http://www.housing.org.uk/policy/rural-housing/rural-alliance-pledge>
The Rural Housing Alliance is allied to the Rural Services Network and endeavours to provide a single, clear and collective voice for housing associations' influencing on rural housing. Additionally, the Rural Housing Alliance enables specialist rural housing associations to compare and learn from each other's work in areas such as design, sustainability and community capacity building. A 'Practical Guide to Affordable Housing for Parish Councils' was produced by the Alliance in December 2014 and can be viewed at: <http://www.rsnonline.org.uk/images/files/ruralhousing-guideforparishcouncils2014.pdf>

Shared Ownership – the product

The government is committed to providing increased numbers of homes across the country and to an increase in home ownership levels. This is being facilitated

through a number of measures including the extension of Right to Buy and the replacement of affordable home requirements from section 106 agreements in favour of starter home provision.

One of the main tools to deliver increased home ownership for those who struggle to afford homes on the open market is Affordable Home Ownership – ‘Shared Ownership.’

Shared ownership is an opportunity for those on modest incomes to get on the property ladder and is generally taken up by younger households who may be social tenants, first time buyers or key workers. The majority of shared ownership homes are sold under a long lease. The purchaser will buy a share of the equity in the property and the housing association retains the remaining share. Most housing associations charge an affordable rent on the unsold share. The occupier has rights and responsibilities as if they own the property fully and is responsible for all repairs and maintenance. On first sale, the share offered for purchase can be between 25% and 75% of the open market value and will depend on the individual project. The shared owner can then buy further portions of the equity in their home as and when they can afford to do so – this is called staircasing. In protected rural areas, occupiers can only purchase additional shares up to 80% so the home remains available for future shared ownership purchasers.

Shared Ownership – the issues

Shared Ownership should be a key tool in achieving the government’s home ownership ambitions. However, the product currently has significant flaws including:

- Access to mortgages for shared ownership properties is limited. Sometimes this is limited to a small proportion of a development, the required deposits are often much higher than comparable open market products and high thresholds are used in relation to credit histories of potential purchasers.
- Lenders knowledge and understanding of shared ownership is often limited.
- The same difficulties apply to re-sales, not just new build and with more advanced home ownership products being developed, there is a further risk to the future re-sales potential.
- The reputation of shared ownership has been tarnished by the difficulties encountered, further damaging the product’s appeal.
- Different approaches in different areas mean that a consistent product is not available, adding to both lender and purchaser uncertainty
- Collective marketing of the product to the market is poor.
- Agents and others frequently do not understand rural areas, especially local connection priorities, which can exacerbate problems with the sales process.
- Rural areas have higher concentrations of self-employed people who find it harder to meet lender requirements.

Format:

- Short introduction of key issues in relation to Shared Ownership in rural areas and potential solutions
 - *Martin Collett, English Rural Housing Association*
 - *Charlie Riley, Housing Plus*
- Discussion with Rural Housing Alliance members:
 - *Ursula Bennion, Trent & Dove Housing*
 - *Sue Chalkley, Hastoe Housing Group*
 - *John Howes & David Head – Lincolnshire Rural Housing Association*
 - *Monica Burns – National Housing Federation*
 - *Andy Dean – Rural Services Network*

3. Next Meeting

To be confirmed

For further details concerning this meeting please contact:

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