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Making retirement living affordable: the role of shared ownership housing for older people

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Shared Ownership:
Housing our Ageing Population Panel for Innovation (SO-HAPPI)

Contents

Foreword

"Right-sizing" to a more accessible, manageable, energy-efficient home may be the perfect answer for a lot of us in older age. But what if you cannot afford to buy outright, yet have little chance of getting a rented apartment from a social housing provider?

Savills, the property specialists, estimate there are around 500,000 older person households in this "squeezed middle", many of whom have some housing equity but cannot afford to buy outright. Could the shared ownership model offer a way of opening up high-quality retirement housing in England to a much larger market than the other options?

The All-Party Parliamentary Group (APPG) on Housing and Care for Older People assembled a panel of experts — our 'Shared Ownership: Housing our Ageing Population Panel for Innovation (SO-HAPPI)' — to investigate. After considering the evidence, two over-arching conclusions stand out.

First, we see considerable potential for shared ownership — particularly, but not exclusively, shared ownership with a governmental subsidy — to bring more suitable housing for later living within the reach of thousands of people who need and want to make a move. This enables more older people to enjoy a healthier, more comfortable lifestyle, with opportunities for companionship and active ageing; and there are benefits too for the NHS and social care providers.

But, second, we are not convinced that current shared ownership for older people arrangements are as robust as they could be. This is an important moment for measures that will avoid this approach for older households faltering.

On the one hand, there are hazards for shared ownership buyers in terms of the complexity and transparency of some aspects of their leases, fees and charges. Greater consumer protection and ongoing regulation would give greater confidence to investors as well as to buyers (and to their advisers and families).

Second, the grant arrangements — under the government's new Older People's Shared Ownership (OPSO) scheme — contain anomalies in its current format. To attract more providers as well as to ensure fairness for buyers, some simplification and revision of the scheme is needed. It seems odd, for example, that although the OPSO scheme provides that someone purchasing a 75 percent share of a home pays no rent, it also assumes that someone only able to acquire a 70 percent share would be expected to pay rent on 30 percent of the remaining value.

With some modifications to the OPSO, as suggested in this report, our SO-HAPPI panel sees an important future for this route to making retirement housing a great choice for many older people. As such, we hope Ministers, Parliamentarians and the government's new Older People's Housing Taskforce will consider these issues and our recommendations carefully.

In conclusion, we offer our sincere thanks to Housing 21 for their support and sponsorship of this project. We are grateful too to Paul Hackett and Paul Hunter of the Smith Institute for their skill in bringing this report together. I would also like to thank all those who contributed to the inquiry — we received some really excellent submissions — and our SO-HAPPI Panel Members for their expert input.

I do hope the outcome of our work will be both some improvements to the current arrangements and firm encouragement for more shared ownership housing that will enable more people to enjoy a fulfilling later life.

Richard Best
Chair, SO-HAPPI Inquiry

Executive summary

In December 2021, the APPG on Housing and Care for Older People established an inquiry into: 'Making retirement living affordable: the role of shared ownership housing'. This report is based on evidence sessions and written submissions to that inquiry from shared owners, housing providers, housing organisations, academics, lenders, regulators, advisers and housing experts.

The report from the Inquiry Panel highlights and evaluates the key issues concerning the development of the market for shared ownership for older people, with particular regard to the government's current Older People's Shared Ownership (OPSO) scheme. It then, in respective sections on the key issues, comments on the current situation and sets out recommendations for improving the offer and supporting the growth of the sector.

Potential demand

Shared ownership for older people is a very different proposition from traditional shared ownership products. While still based on a part-own, part-rent model, it is designed primarily to provide homes for those with existing housing equity (unlike for first time buyers) but who cannot afford to move to a suitable home that meets their particular needs. Unlike conventional shared ownership, part of the shared ownership package for older people often also includes access to extra care and support if required.

Another unique element is that under the OPSO scheme (managed by Homes England and the Greater London Authority (GLA) shared owners who buy a 75 percent stake in their home do not have to pay rent on the remaining share. This makes the product affordable to more homeowners who wish to downsize and retain enough income to pay the ongoing service charges and any care costs if applicable. However, there is also an unfairness in the OPSO arrangements whereby those able to afford a 75 percent purchase price pay no rent but those only able to afford a 70 percent share pay a full 30 percent rent.

The inquiry found considerable unmet demand for good quality, affordable housing for older people and significant potential for a shared ownership product suitable for "squeezed middle" homeowners. However, the evidence and analysis show that there are underlying concerns about how the market is developing and that improvements are needed to take the OPSO scheme (and other older people's shared ownership schemes) to another level.

To scale up the market at a faster pace and protect buyers, the inquiry found there were several problem areas that urgently need reform. For each, the inquiry has made a number of observations and recommendations, mainly aimed at government, Homes England, the GLA, regulators, providers, estate agents and other stakeholders.

Stronger consumer protection

The report calls for shared ownership for older people to be placed on a clearer regulatory footing — and not rely solely on voluntary standards and codes of conduct that could risk rogue players in the market undermining trust in the whole sector. Clear and robust legislation is needed to address the lack of clarity in consumer law.

Specific concerns were raised around the leasehold arrangements of shared ownership including the basis for rent rises. The inquiry heard, for example, of some shared owners facing steep and unexpected rental and service charge increases. The ways of paying for major works was also raised: if poorly organised, this could cause older people financial difficulties.

The report calls for shared ownership for older people to be placed on a clearer regulatory footing — and not rely solely on voluntary standards and codes of conduct that could risk rogue players in the market undermining trust in the whole sector.

The inquiry was also told of the elevated risks of repossession and loss of equity to shared owners because of the interface between leasehold agreements and tenancy law (i.e. someone could lose their home and all equity in it due to defaulting on the rent on the share of the property they do not own).

The inquiry recommends:

- The government should consult on the legal and regulatory options to strengthen the consumer rights of shared ownership for older people, particularly to protect against mis-selling.
- Homes England should produce best practice guides on how providers should operate, drawing on the GLA's new Service Charges Charter for all areas of England.
- Information on the likely trajectory of service charges and repair costs should be provided to prospective shared owners to build confidence and awareness of future costs.
- Government, Homes England and the GLA should seek to draw on the principles of the Associated Retirement Community Operators Consumer Code (ARCO) and the Association of Retirement Housing Managers Code of Practice to create a more comprehensive and compulsory consumer code for the older people's shared ownership sector.
- While the new Social Housing (Regulation) Act will cover Registered Providers, the government should take forward the Regulation of Property Agents Working Group proposals on the regulation of property agents, which cover management of private sector shared ownership schemes.

Supporting staircasing and resales

While "staircasing down" could prove an attractive means of equity release for older shared owners, the inquiry found that current arrangements mean this could prove costly for housing providers.

The inquiry also heard concerns from shared owners regarding the resale of their properties, including unnecessary and costly delays. It was also reported that local estate agents lacked sufficient knowledge about the product — especially its extra attractions including potential access to care and support — which were said to hinder the resales process. Unless addressed, this was viewed as a potential brake on any market expansion.

The inquiry recommends:

- When reselling shared ownership homes -particularly those supported by the OPSO scheme — housing providers should be expected to help homeowners manage the process.
- Government should support a market review to advise housing providers on the actions they should take to support the resale market, including the case for buy back schemes.
- "Staircasing down" opportunities should be reviewed by providers and funders to determine how shared owners might be offered an equity release option (e.g. to pay for care costs).

Reforming the grant regime

The Inquiry Panel heard how not paying any rent when buying a 75 percent stake in the property was an attractive offer to prospective shared owners. However, it was reported that large housing providers are reluctant to enter the market because grant rates were not sufficient to cover the 25 percent rent-free element (and in some cases to cover the long-term care and support running costs and facility costs).

The providers risk around grant subsidy rates included the possibility that an occupier who buys a lower share (e.g. 50 percent) may subsequently acquire a further share ('staircase up') and then be paying no rent. Where a 50 percent shared owner becomes a 75 percent shared owner, for example, the provider loses all rental income from the property; but the level of grant makes no provision for this loss of income. Moreover, the grant must be returned to Homes England whenever staircasing occurs.

The inquiry recommends:

- Government should enhance the OPSO grant funding regime in order to make the programme more financially viable and attractive to providers.
- To improve affordability and fairness, and to increase demand, grants should enable a 25 percent rental discount under OPSO for all shared owners — not just 75 percent buyers — regardless of the stake they have in the property (e.g. a 50 percent purchaser would pay rent on 25 percent).

Planning reforms to help older people's housing

Evidence to the inquiry on planning reform focused on the need to support retirement housing generally, rather than shared ownership specifically. Nevertheless, the inquiry felt that including requirements for older people's housing in Local Plans would increase the wider retirement and supported housing sector, and with it, older people's shared ownership products. Specific challenges mentioned were around the cost of land and the lack of suitable sites for older people's housing.

The inquiry recommends:

- Government should place greater emphasis on requiring local planning authorities to undertake housing needs assessments for older people.
- Department for Levelling Up, Homes and Communities (DLUHC) should seek to clearly define older people's housing and ensure it is adequately included in Local Plans.
- Government should provide clearer and stronger planning guidance so that Local Plans adequately facilitate the delivery of different types of housing for older people.

Action to meet diverse needs

The Inquiry Panel considered how shared ownership for older people could support a wide range of different needs. Members heard about the specific groups for whom retirement housing is lacking, including LGBTQ+ older households. Understanding these different markets was viewed as important to addressing affordability issues and developing the sector.

The inquiry recommends:

- DLUHC and housing providers should commission research into the development of under-served markets.
- Housing providers and sector-wide organisations and agencies should work with community groups working with under-served groups to understand their needs and tailor provision to meet these.

Developing private sector involvement

The Inquiry Panel considered the role the private sector plays — and could play — in the development of the sector. Evidence suggested there was scope to encourage more private investment, as well as to stimulate innovation in new products. However, it was also said that for-profit providers will need to demonstrate high standards to gain trust in the shared ownership model.

The inquiry received evidence about worrying practices, by one for-profit provider, in relation to charges and fees levied by the operating body. Such practices pose a significant risk to the reputation of all housing providers and the product itself.

The inquiry recommends:

- Sector bodies like Associated Retirement Community Operators and the Retirement Housing Group, with support from Homes England and DLUHC, should provide clear information, including case studies on existing developments, to encourage investors and providers into the sector.
- The government's forthcoming leasehold reform legislation should strengthen the rights of shared owners, as well as other leaseholders, to outlaw poor practices.
- The government's Older People's Housing Taskforce should include analysis of the ways in which a major expansion of shared ownership for older people can be achieved.

Background

Shared and co-ownership housing schemes date back to the 1960s and 70s, with local authorities — like Birmingham City Council — championing so-called 'Half and Half' ownership schemes. In the 1980s and 90s these schemes ran alongside Leasehold Schemes for the Elderly (LSE), run by housing associations and typically entailing buying a proportion of the property at a discount[1].

The Do-It-Yourself Shared Ownership (DIYSO) schemes, introduced in the 1980s, were a national government-backed initiative, targeted at lower income households and supported by housing associations. These enabled purchasers to buy a shared ownership property on the open market. However, by the late 1990s DIYSO was replaced by the Homebuy programme, a low-cost home ownership scheme where the buyer purchases a fixed 75 percent equity stake and receives an interest free loan from the housing association for the remaining 25 percent of the property value[2].

Over the past 40 years the shared ownership sector overall — public aided and private — has grown to just over 200,000 households in England — representing less than one percent of the housing stock. Provision varies across the country, with the most shared ownership in London and the South of England.

Shared ownership works by enabling people to purchase a share in a home and pay rent on the remaining share. Typically, households buy between a 25 percent and 75 percent share of the property (the average is 50 percent, although as little as 10 percent can be purchased) and pay a subsidised rent on the remaining part[3]. Shared owners are leaseholders who also pay service/maintenance charges[4]. Conventional schemes offer the opportunity to "staircase up" (i.e. to buy further shares), including to full ownership. The vast majority of shared ownership homes are delivered and managed by housing associations. New supply has increased over the past five years, averaging around 15–17,000 units a year. Around 80 percent of sales are to first time buyers, with nearly three quarters aged under 40. Single person households account for half of all purchases and two person households around 30 percent[5].

The focus of most shared ownership schemes has been on younger households. According to Bruce Moore, Chief Executive at Housing 21, a not-for-profit Registered Provider of Retirement Living and Extra Care for older people of modest means, there has in fact been very little discussion or evaluation of the shared ownership market for older people. Data on the market for shared ownership for older people is sparse.

However, the government has begun to show a growing interest in older people's housing[6]. DLUHC, for instance, introduced the Older People's Shared Ownership (OPSO) scheme for people aged 55 plus in 2016 alongside the Help to Buy initiative, under the Affordable Homes Programme (2016–21).

The current follow-on OPSO scheme (2021–26) operates on similar principles to its predecessor and to the government's general shared ownership model[7]. Management of the scheme is through the GLA in London and Homes England and the GLA in London for the rest of England.

The new OPSO scheme allows shares of between 10–75 percent of market value to be bought in newly built or existing homes through sales programmes from housing associations. And there is an income eligibility criteria of gross annual household income of £80,000 or less outside London and £90,000 or less in London[8].

However, unlike other shared ownership schemes, households can only ever buy up to 75 percent of the property. If they do reach this upper limit, no rent is paid on the remaining share.

In addition to the government's OPSO scheme, some individual providers have their own non-grant funded schemes which function in a similar way.

Size and scale

Shared ownership for older people has the potential to grow. Evidence to the inquiry suggested that (up to and including 2022) there are currently around 20,000 shared ownership properties for older people in the UK — approximately 2.7 percent of the 785,000 purpose-built retirement properties[9]. The vast majority (93 percent) are in England, with shared ownership housing with care/support (such as extra care housing) accounting for under two percent of London's stock of specialist older persons' housing[10].

Growth in the market has been intermittent over the past decade, varying between 250 to 1,000 units a year, with the strongest growth in the South East and West Midlands. Homes England reported that the current OPSO scheme is expected to deliver — in due course — around 1,200 properties a year.

Despite the sluggish growth, the sector was described to the Inquiry Panel as "embryonic". Savills put a rough figure on the potential size of the market; 15 percent of those 65 or older are in need of support. Of these households, 35 percent have no equity and a low income and would require social rented extra care housing. 40 percent could sell existing residential property and buy a property and have £50,000 left. And around 25 percent own their own home but cannot afford to purchase something more suitable for their needs. In numeric terms, the latter group comprise some 490,000 households who could benefit from older people's shared ownership — roughly 30 percent of whom own some housing equity but could not afford to buy a purpose-built retirement apartment outright[11].

The Inquiry Panel observed that there was not only scope for the market to expand but an urgency to do so to meet the growing demands of an ageing population[12]. It was said that the housing challenges for older people would become more widespread and more urgent even if there is a gentle increase in specialist supply. As one witness put it, "standing still isn't an option".

Key features

Older people's shared ownership schemes for existing homeowners are a different proposition from conventional shared ownership products because they enable households to use equity to move into a more suitable, affordable home.

A perception survey of shared owners over 55 conducted by Johnnie Johnson Housing (a not-for-profit housing association providing affordable homes across the Englands Northern regions) found that the main reason for purchasing a shared ownership property was affordability (56 percent). Some 40 percent of respondents said they liked being a shared owner because it means "owning your own home" and 40 percent because "you can add some personalisation to your home"[13].

For many homeowners in areas where house prices are high there is little prospect of finding rented housing through local authority housing registers or choice-based letting schemes. It is also often a struggle to buy into existing open market schemes for older people, especially in high demand areas. A member of the Inquiry Panel stated they would not have been able to afford retirement housing in London without a shared ownership property being available — the product was viewed as an "absolute godsend".

The issue of affordability of retirement housing was also acknowledged by Martin Brown, Managing Director for Special Projects and Strategic Relationships at McCarthy Stone, a leading developer and manager of retirement communities. Brown told the inquiry the company is looking to shared ownership as a way of widening access to retirement housing, including in less costly areas outside of London and the South East. He commented:

> *"We recognise,retirement housing hasn't always been affordable for everyone in the past, and I think we see that this has limited the expansion of our sector. We want to change this, and we want to develop new products and services at a more affordable price."*

Evidence from the Astor Group, which has shared ownership developments in the South East and South West, stressed the importance of the security and stability offered by shared ownership:

> *"Shared ownership gives security where the private rented sector doesn't. It gives you security knowing that you won't have to move on from rented accommodation, and you can continue to stay in your local community, near friends, family, education and work. These reasons alone make it a perfect option for those who have retired yet want to retain their independence in their own home."*

The inquiry was told that older shared owners were buying not just a home but a home plus the opportunity to access on-site care and support. This was cited as a major attraction of older people's shared ownership schemes. Two shared owners from Housing 21, for example, told the inquiry that concerns over the ill health of their partners was a reason for buying under the OPSO scheme.

An older shared owner from South London told the inquiry that he had an end of terrace three bedroom property, but the "upkeep was not going to get easier". His wife was slightly disabled, and their house had steep stairs so they felt that they would need to move into a flat. When they started to look they found a Housing 21 shared ownership apartment. The inquiry was told about the benefits, including that the scheme includes care services, which they might need in the future, and being able to move within the same area so they remained close to family.

> *"It's a scheme with care. At the moment we don't need care, but what's going to happen in the future? We don't know."*

Another shared owner spoke to the inquiry about her experience and reasons for moving to her home four years ago. Again, there was a focus on health, with her husband starting to have falls and whose health was deteriorating. They were worried that if this continued then there could be access issues.

> *"We were very lucky to find this (shared ownership) place and we've both been very happy."*

Private sector

The inquiry explored the role that private finance and private providers could play in delivering shared ownership homes for older people. There was an acknowledgement that there was potential for growth, although for-profit providers will need to demonstrate high standards to gain trust in the shared ownership model.

McCarthy Stone were cited as an example of how private providers can deliver shared ownership and part-buy- part-rent schemes[14]. In 2021 the company's shared ownership arm (Shared Ownership Ltd) became a registered provider of affordable housing and was selected as a Strategic Partner to Homes England, successfully bidding for £94m in grant funding. With this they are aiming to deliver 1,500 shared ownership units over five years (of which 25 percent will be delivered via Modern Methods of Construction).

The Inquiry Panel asked about the differences between for-profit and not-for-profit registered providers. McCarthy Stone said they were run with the "expectation that there will be profitability in the model". They went on to say that their understanding was that there was no difference regarding regulation, noting:

> *"We have to conform with the same level of regulation and governance as all other registered providers."*

[1]They involve buying a proportion of the equity of the property, with the remaining portion owned by the social landlord. The properties are usually sold for 70 percent of their current market value with no rent — only a service charge.

[2]See JRF, 'An evaluation of the Homebuy scheme in England' (2021)

[3]https://www.gov.uk/shared-ownership-scheme/paying-rent ; https://www.gov.uk/shared-ownership-scheme

[4]A shared owner with a smaller equity stake — and thereby paying a larger rent — still has 100 percent responsibility for maintenance that would be undertaken as part of a landlord's duties for a fully rented property

[5]See Cromarty, H, 'Shared ownership (England): the fourth tenure? (House of Commons Library, December 2021) and DLUHC, 'Social housing sales and demolitions: 2020–21: shared ownership' (2022)

[6]There has also been renewed interest in Scotland. The Scottish Low-Cost Initiative for First Time Buyers (LIFT) Open Market Share Equity (OMSE) scheme, for example, is open to older homeowners on low to medium incomes, although the take-up is very low (under 2 percent)

[7]These include a minimum share of 10 percent of the property's market value; a 10-year period during which the housing provider will be required to cover the cost of essential maintenance and repairs; staircasing from 10 percent of a property's market value to 5 percent; and a new form of staircasing that allows owners an extra 1 percent of their home every year

[8]https://www.gov.uk/shared-ownership-scheme/who-can-apply https://www.sanctuary-retirement-living.co.uk/older-person-shared-ownership-opso

[9]According to latest figures from the EAC

[10]See 'GLA Older Persons Housing Needs Assessment Report' 2017

[11]Savills Research, 'Shared ownership' (2019)

[12]Over 65s account for 19 percent of the UK population today. In a decade this is forecast to rise to 22 percent (13m people). Centre for Ageing Better (2022). According to a McCarthy Stone/YouGov poll, an estimated 4.3m older people would consider moving from their property and around 3m said they will need to downsize.

[13]The Jonnie Johnson survey also showed that the top reasons why people did not like shared ownership was: "having to pay service charge" (42 percent) and "never fully owning your home" (40 percent).

[14]See https://committees.parliament.uk/writtenevidence/109477/pdf/

Information and awareness

Evidence to the inquiry suggested that there was a lack of awareness of shared ownership for older people models and products. As the product was still in its infancy, adequate information and advice was clearly needed to raise awareness and reduce the risks of the sector acquiring a negative reputation before it had got going. This section examines both these issues and sets out recommendations for possible improvements.

Awareness of product

The lack of awareness surrounding shared ownership for older people, in terms of a general poor understanding of housing options and information on specific products, poses a significant challenge to expanding the sector.

Research by Anchor, a major provider of specialist housing and care for people in later life, found that 80 percent of the public, across all age groups, said they did not fully understand the housing options available to older people[15]. This echoed previous findings from a report by Shakespeare Martineau[16], which revealed a gap between perceptions of what was on offer and the reality of what was available. The report concluded:

> *"Better education of shared ownership availability could also help encourage more people to 'right-size' into retirement housing — helping them release equity in their property, while also freeing up much needed housing stock."*

A written submission from Places for People, a leading affordable housing placemaker, also pointed towards a lack of awareness:

> *"We believe the offer is not widely understood, there is no culture of people in the UK rightsizing at an appropriate time as they enter older age. There is evidence to suggest that a higher percentage of older people would make a move if they believed appropriate accommodation was available and particularly if it meant they were closer to on-site support for a degenerative or long-term health condition or improved socialisation and security in a community, as may be found in extra care."*

This lack of awareness and understanding was not limited to retirement housing and extra care housing, but to shared ownership more widely. John Slaughter from the Home Builders Federation told the inquiry that issues around awareness were likely to be greater among older people, noting:

> *"Shared ownership is not something that would probably have been in their vocabulary when they were younger and entering the housing market."*

Clarion Housing, the UK's largest housing association, informed the inquiry that the situation had improved. They concluded from their experience of the shared ownership marketing and sales process that the public's understanding of shared ownership had in fact improved. They stated that the National Housing Federation's 2020 national advertising campaign, for example, was successful in raising awareness of shared ownership by directing buyers to a new national shared ownership website and portal.

Nevertheless, Anchor's report also acknowledged that they are still approached by people who do not fully understand shared ownership. While standard shared ownership models were helping provide consistency, shared ownership for older people was something different again. Others pointed to the lack of awareness of the benefits, which it was said needed to be more clearly articulated to assist take up.

This lack of understanding of older people's shared ownership — and specifically the government's OPSO offer — was also found in the perception survey submitted to the inquiry in April 2022 by Johnnie Johnson Housing. Seven in 10 respondents stated that they did not know that if they purchased a 75 percent share they would not pay rent on the remaining 25 percent.

McCarthy Stone also felt that the take up of older people's shared ownership could be expanded if OPSO had a higher profile. The lack of visibility was also highlighted by Mariana Schiller, a senior housing policy officer at the GLA, who told the inquiry:

> *"Whenever we're talking about a project that isn't as well established as other housing projects, I think it's something of a chicken and egg between demand and supply, and really understanding the specific demand."*

The Chartered Institute of Housing (CIH) stressed the importance of evidencing the scale of need and demand for older people's housing, including shared ownership, to demonstrate the opportunities to investors. This could be achieved through robust needs assessments, as noted in the previous section. The CIH also noted the need for the regulatory framework and strategic approach to be clear at a national and local level to give confidence to potential investors. They stated that:

> *"Anecdotally many providers are confident about further investment where a strong national framework supports the model and enables it to be delivered at scale."*

The Inquiry Panel heard how the low levels of awareness could be addressed. It was said that lessons might be learnt from the provision of Leasehold Schemes for the Elderly (LSE), which were mainly built in the 1980s. It was noted that the LSE still provide significant numbers of re-sales.

Anchor's Fragmented UK report called for a national conversation about expectations for later life and for the health and social care sector to provide service users and their families with information and support regarding specialist housing. There was also said to be a role for independent third sector information and advice services, although this would require extra funding.

Equally, it was said that Homes England and the sector had work to do communicating the opportunity and benefits of shared ownership. There was a call for a clearer brand and strategy within the sector to provide a consistent message and address misunderstandings.

Jeremy Porteus, Chief Executive of the Housing Learning and Improvement Network (Housing LIN), suggested that to help raise the profile of OPSO more emphasis should be given to it during Shared Ownership Awareness Week, held in the autumn each year.

The inquiry recommends:

- The sector, with support from advice agencies and from Homes England, should work to raise awareness of the product — including its longer-term costs and benefits — with stakeholders and directly with older people, their families and solicitors.
- Sector bodies, like the Associated Retirement Community Operators and the Retirement Housing Group, with support from Homes England and DLUHC, should provide clear information, including case studies on existing developments, to encourage investors and providers into the sector.
- The annual Shared Ownership Awareness Week series of events should give full attention to OPSO scheme to help raise its profile.

Understanding of the product

An important dimension of awareness is not just knowing about a product but also fully understanding what it offers. Greater understanding will help tackle misconceptions, but more importantly guard against poor outcomes for consumers, which will be needed to build long-term trust in the model.

The Inquiry Panel heard first hand from shared owners about their understanding of the product. While those we heard from understood their obligations, they felt they did not have the complete picture and were not given a lot of detail. As one shared owner noted:

> *"The only thing maybe we didn't appreciate so much was the service charge: you know, what that entailed? What it included, what it didn't?"*

John Galvin, Chief Executive of the Elderly Accommodation Counsel (EAC) spoke about his experience of shared ownership. Noting that:

> *"There were a lot of things to work through with solicitors, because once you get into the detail it is very, very complicated… you've got options too about how much of a share you want to buy and what will the rent be and all the rest. It was an absolute preoccupation for several months. Not about whether we came here or not — we made that decision — but just how to structure it to make it work for us. But here we are, and it works."*

He went on to say that while it was an extra option for older people it was also important to ensure that there was an intelligible and trusted offer and that the decisions being made are the best for people when buying.

The issue of complexity was also said to be compounded by the financial capabilities of those likely to be accessing shared ownership. Dr Alison Wallace from the Centre for Housing Policy at the University of York informed the inquiry:

> *"Lower income mortgagors and shared owners are likely to find the housing market more challenging to navigate, as they have fewer financial resources, less familial support about homeownership and/or less confidence in their financial capabilities. This has implications for inviting these consumers into complex financial and housing products. The Financial Conduct Authority's Financial Lives Survey[17] shows that shared owners are more vulnerable to financial harm, even if compared to other mortgagors in similar circumstances."*

She also noted there was a geographical and age component to this with shared owners in the South likely to be on higher incomes than Northern regions, while older mortgaged homeowners were less likely to describe themselves as confident and savvy consumers than younger people.

The challenges around understanding the product extended to issues around rent and service charges. It was said that people often fail to grasp that these costs and the affordability rise with time and can become challenging. As Dr Alison Wallace reported:

> *"The whole focus on shared ownership is on the entry into the tenure and not focused on what the long-term outcomes are."*

Affordability calculators are predicated on the first-year service charge. For mortgages, stress tests are based on rising interest rates, but rising rents and services are excluded. This means that shared owners are often not fully aware of the arrangements and could face affordability problems (especially if rents rise faster than pensions).

The inquiry heard about some of the specific concerns surrounding the leasehold system. An internal survey from one housing organisation shown to the inquiry suggested that three quarters (76 percent) of people 65 and over would be concerned buying a leasehold property (and 52 percent were very concerned). The same survey also showed that nine in 10 were concerned about hidden fees and charges in specialist housing for older people (and 65 percent were very concerned).

The complexities of the tenure and the information asymmetries between providers and shared owners was commented on throughout the inquiry. If the sector was to grow, clear information would need to be consistently provided to potential shared owners, including lease arrangement, repairing responsibilities, staircasing and rents and service charges.

To role of key information documents was consistently stressed to the inquiry. Miranda Foster, Senior Manager Affordable Housing Products at Homes England, said that information packs created for OPSO customers provide clear information and are regularly updated on the government website. She went on to say:

> *"The key information document pack is a suite of templated documents to allow customers to get all of the information they need up front in a consistent format. So when a home is advertised for sale or shared ownership, there will be a set format for how information is laid out to cover all of those things like fees and service charges."*

The documents were said to enable customers to compare and contrast offers from different providers. These were developed with input from potential customers considering shared ownership and older people's shared ownership and designed and written in a clear way for the customer at the time the home is advertised. When the customer is looking to purchase, they will then get more personalised information similar to the mainstream mortgage market.

Criticism of the key information documents included concerns about the complexities around the additional costs of care and support services, insufficient explanation of the terms of the lease and the absence of projections of rent and service charge costs beyond the initial year. It was also noted that equivalent documents for Help to Buy include cost projections, which were said to be especially important given older people are likely to be on fixed incomes.

It was reported that information should be provided throughout the buying process. The Chartered Institute of Housing (CIH) evidence to the inquiry stated:

> *"Shared ownership can be a complex tenure; clear information on how it operates and what choices people have (in terms of equity share, impacts on rent required, repairs responsibility etc) is necessary from the outset and is best given repeatedly during the marketing, sales and after-sales process, including the multiple charges that apply."*

The Inquiry Panel was told that alongside more detailed and better written guidance there is a clear need for independent financial advice. The GLA 'Affordable Housing Capital Funding Guide' (2021) section on shared ownership states: "OPSO applicants should be assessed in the normal way to ensure that the purchase is affordable. These applicants may be more likely to use the cash purchase option, but they may also be deemed eligible for a mortgage."

As such, the mortgage adviser should determine the appropriate amount to be used as a deposit factoring in the individual's circumstances. They should consider the costs of purchasing the share (including Stamp Duty Land Tax if applicable), any upcoming changes in the applicant's circumstances, and appropriate emergency savings. They will also need to factor in the lender's deposit requirements to provide the best advice to the applicant.

Anna Kear, Chief Executive Officer at Tonic Housing Association (the UK's first provider of LGBTQ+ affirmative retirement housing), noted the set up for the assessment under the GLA's Guide is aimed at first time buyers, and that the process can cause a huge amount of anxiety amongst OPSO customers when they are assessed as first-time buyers. She reported that the experience of Tonic Housing's customers was that getting independent advice was very important to making an informed decision, "so just removing the assessment/independent advice service is probably not the answer." It was therefore suggested that there should be a specialist independent agency providing appropriate independent advice for OPSO customers.

This issue was raised in discussion about resales. Homes England informed the inquiry that whether it was a first sale or resale, buyers should be given the same information in a clear and consistent format. Where there was a mortgage, for instance, advice firms often offer guidance for free. However, it was reported that this will be less likely for buyers of older people's shared ownership homes who are more likely to be cash buyers. Indeed, it was noted that only Halifax provides OPSO mortgages and they only lend when the shared ownership is via a Registered Provider, although we were told they are now looking at the possibility of lending on private shared ownership.

It was said that solicitors could do more to explain the complexities and details of the legal rights and responsibilities, although this might involve higher fees.

The inquiry recommends:

- Government, agencies and the housing providers should seek to ensure good advice can best be provided to all prospective purchasers.

[15]Anchor, 'Fragmented UK: Reconnecting people by creating communities where people love living in later life' (2022)

[16]Shakespeare Martineau, 'Retirement housing: marketing retirement housing as aspirational and not a sign of crisis' (2021)

[17]Wallace et al.

Leases and consumer protection

Evidence to the inquiry raised concerns over leasehold arrangements and the effectiveness of consumer protection. Particular mention was made of issues such as the quality of housing management, rent levels, service charges and fees, consumer rights and resales and staircasing (covered in the next section).

It was acknowledged the new OPSO scheme with 990-year leases had addressed some concerns about lease extensions and costs of future purchases. It was also noted that housing associations were moving away from past practices regarding third-party freeholders where the housing association holds the head lease (which was said to add complexity around management arrangements and limit the control that shared owners have).

However, concerns were raised around third-party management agents over which the provider or landlord or tenant do not have much control, even when services do not meet expectations. It was also reported that shared owners were sometimes paying for services that were not felt to be part of the development, such as rubbish clearance in other blocks, roads to car parks they have no access to, and insurance for adjoining mixed-use blocks.

The Inquiry Panel was told that upward-only rent reviews provide little help in maintaining high resale values — any drops in market values would be borne by the leaseholder, not the operator or investor-owner of the rental income.

Cost pressures

It was said though that above inflation rent rises were not typical for older people's shared ownership. Homes England's current requirements, for example, is to peg rises to the Retail Price Index (RPI). McCarthy Stone stated that in their developments rent rises were limited to RPI + 0.5 percent, with discretion to raise rents by less. It was said by other housing providers that increases to service charges and rents were limited to ensure continuing affordability.

However, rent levels and service charges were typically identified in surveys as reasons why people are reluctant to consider older people's shared ownership. It was also remarked that cost pressures can build up and that the picture changes overtime. Housing solicitor, Giles Peaker, told the inquiry, for example, that new shared ownership properties may have 10-year warranty but after that point shared owners will be liable for 100 percent of the costs. He went on to note:

> *"That means there is a risk of very tangible costs at some point down the line. And there are a lot of people in shared ownership currently facing that with the ongoing building safety crisis."*

The inquiry observed that the Grenfell tragedy had revealed the inequity of shared owners being faced with all the costs of major works, even where they owned as little as 25 percent of a property. It was said that older people could be exposed to a sudden large bill for repairs but with no means of meeting the costs. It was welcome that there had been some limits and caps placed for new shared owners, but this did not apply for existing leases.

Some OPSO providers have arrangements in the leases so that shared owners only pay for major repairs when they sell their share. Others, like Notting Hill Genesis, offer OPSO leases which put 0.5 percent of the property value for each year you live in the property into a 'sinking fund' for repairs.

The GLA also spoke about their key information documents and noted specific issues of trust following the building safety crisis. They highlighted the role that providers play in ensuring prospective shared owners have accurate and intelligible information. Particular mention was made of the GLA's updated Service Charges Charter, which covers shared ownership. (see below.)

London's service charges charter

London has the highest number of leaseholders in the country. To help improve the system the GLA introduced a Service Charges Charter, which all investment partners in the Mayor's Homes for Londoners 2021–2026 Affordable Housing Programme must sign. The charter sets out commitments that providers must comply with to improve the experience of leaseholders. These include:

- **Transparency**: ensuring leaseholders are provided with the information they need to understand their service charges.
- **Affordability**: ensuring the affordability of service charges is a key consideration when setting or reviewing service charges.
- **Design**: encouraging design approaches for new build developments that minimise service charges while ensuring high quality design.
- **Challenge and redress:** ensuring that leaseholders are aware of how to challenge their service charges and the routes to redress that are available to them.

The inquiry recommends:

- Information on the likely trajectory of service charges and repair costs should be provided to prospective shared owners to build confidence and awareness of future costs.

The Inquiry Panel heard about specific risks around security because of the shared ownership tenure. Giles Peaker, a partner at Anthony Gold Solicitors, informed the inquiry that there was the possibility of losing a property based on two months' rent arrears, and with it, the full equity value.[1] He stated this was because shared owners are assured tenants, so "possession claims can be faced by the tenant at a stroke". The inquiry was also told that in usual leasehold homeownership models there is the option for relief from forfeiture, but under shared ownership there are mandatory grounds for possession, as well as the other assured tenancy grounds of possession.

The Inquiry Panel heard that providers could restrict the use of Ground 8 possession proceedings through the lease agreement. However, it was noted shared owners would still face the tenancy issue and possession from rent arrears that can result in the loss of equity. This could be a particular issue for older people who were buying without a mortgage.

The inquiry also heard about concerns surrounding the fairness of shared owners bearing all the costs of ongoing maintenance and service provision, including major repairs (after the current 10-year warranty period). As Dr Alison Wallace put it more broadly:

> *"Some of these things could be rebalanced to have a bit more of an equitable distribution of the risks and rewards between providers and shared owners."*

Addressing some of the concerns about fees and repair bills could help increase demand. A survey undertaken by an organisation within the sector and confidentially provided to the inquiry revealed that three quarters of older people who responded said they would be more likely to move to specialist housing if they could be protected from unexpected bills.

The Inquiry Panel was told how the government was seeking to address these issues, including through changes to leasehold arrangements which mandated longer leases and removed ground rents.

It was also noted that the new model of shared ownership is clearer, and that the requirements to provide key information in the RICS Service Charge Residential Management code[18] and GLA Services Charges Charter have gone some way to ensure transparency and costs apportioned fairly. However, CIH's evidence stated that the sector was seeking more tailored regulation and legislation that better fits retirement housing. It was concluded that this would provide greater clarity and security for older people and be more in line with other comparative EU countries.

While much was underway to protect leaseholders and shared owners specifically, the inquiry felt there was more that still could be done. It was noted there were around 200 managers of older people's shared ownership properties. As such, there was a role for those managers to work together to set standards about how they operate, including good practice around leases, rents and service charges.

The Inquiry Panel also felt there was a role for government and Homes England in supporting such an initiative. This would go beyond the sales process where work had been focused and look at longer-term outcomes for shared owners. As such there was a role for government to also produce centralised good practice guides.

It was noted that buying shared ownership properties can involve a range of costs and fees. These include:

- **the purchase price; ongoing fees (service/ management charges); deferred fees (fees triggered by an event such as resale); rental payments; and valuation fees and permission fees.**

It was said that there is a need for a clear framework to address such concerns and ensure potential buyers are fully aware of what precisely they are buying into.

McCarthy Stone noted:

> *"Currently there is no agreed commercial model or regulatory framework for developing retirement housing in the UK, and this is one of the reasons for the lack of supply in the sector, including new shared ownership schemes. We believe Homes England could take the lead role in bringing the industry together to create the conditions that will allow for this part of the housing market to quickly expand and meet its potential."*

The Inquiry Panel was told about the Associated Retirement Community Operators' (ARCO) Consumer Code. This is a voluntary code which seeks to address consumer apprehension by setting standards for providers with regard to marketing, contracts, and handling and resolving complaints. This was seen as an important for building trust in shared ownership and older people's housing, and especially so given the nervousness and lack of awareness of the different products. The Inquiry Panel considered there was much to learn from the code even if it was focused specifically on specialist integrated retirement communities.

Places for People stated there needed to be greater consistency of the terms before older people's shared ownership can be scaled up:

> *"We believe an older people's shared ownership product needs to be clearly defined, described and marketed before it can be reasonably scaled up. Approaches should have some consistency, with products meeting some similar basic standards. Provision of wrap around services and their costs should be included."*

Consumer rights

The inquiry was told that the ARHM (Association of Retirement Housing Managers), the largest trade association for the retirement sector, operates a statutory Code of Practice for the management of leasehold retirement properties[19]. It was said the code (which forms a benchmark for Leasehold Valuation Tribunals in the exercise of their role in relation to the management of retirement leasehold properties) is particularly important because it is applicable beyond ARHM's membership and covers largely 'legacy' housing stock, including shared ownership provision that pre-dates the OPSO model. It was said that all providers of leasehold shared ownership schemes for older people should ensure that a copy of the code is available to shared owners.

However, it was noted there is a specific issue concerning sold leasehold properties where there is a reassignment of a lease which does not constitute the formation of a contract. Such arrangements are outside protections of the Consumer Rights Act, leaving shared owners particularly vulnerable.

While voluntary standards and codes were seen as useful, it was generally agreed they should only be seen as a first step to stronger statutory consumer protection. Reference was made in this respect to the new powers of the Housing Ombudsman Scheme[20] and the Social Housing (Regulation) Act (2022), which seeks to place consumer standards for social landlords on an equivalent footing to economic standards.

The Inquiry Panel agreed that shared ownership for older people needs a clearer regulatory footing and continued reliance on a mix of voluntary and statutory codes of conduct could risk rogue players in the market undermining trust in the whole sector.

The inquiry was told that given the complexity of shared ownership products it is important to also ensure that agents are trained and act professionally to avoid mis-selling. Mention was made of the government's Regulation of Property Agents (RoPA) Working Group, which in 2019 recommended that all property agents should be licensed, adhere to a code of practice and hold minimum qualifications[21]. It was said the government remains committed to introducing agency qualifications and minimum standards in the sector.

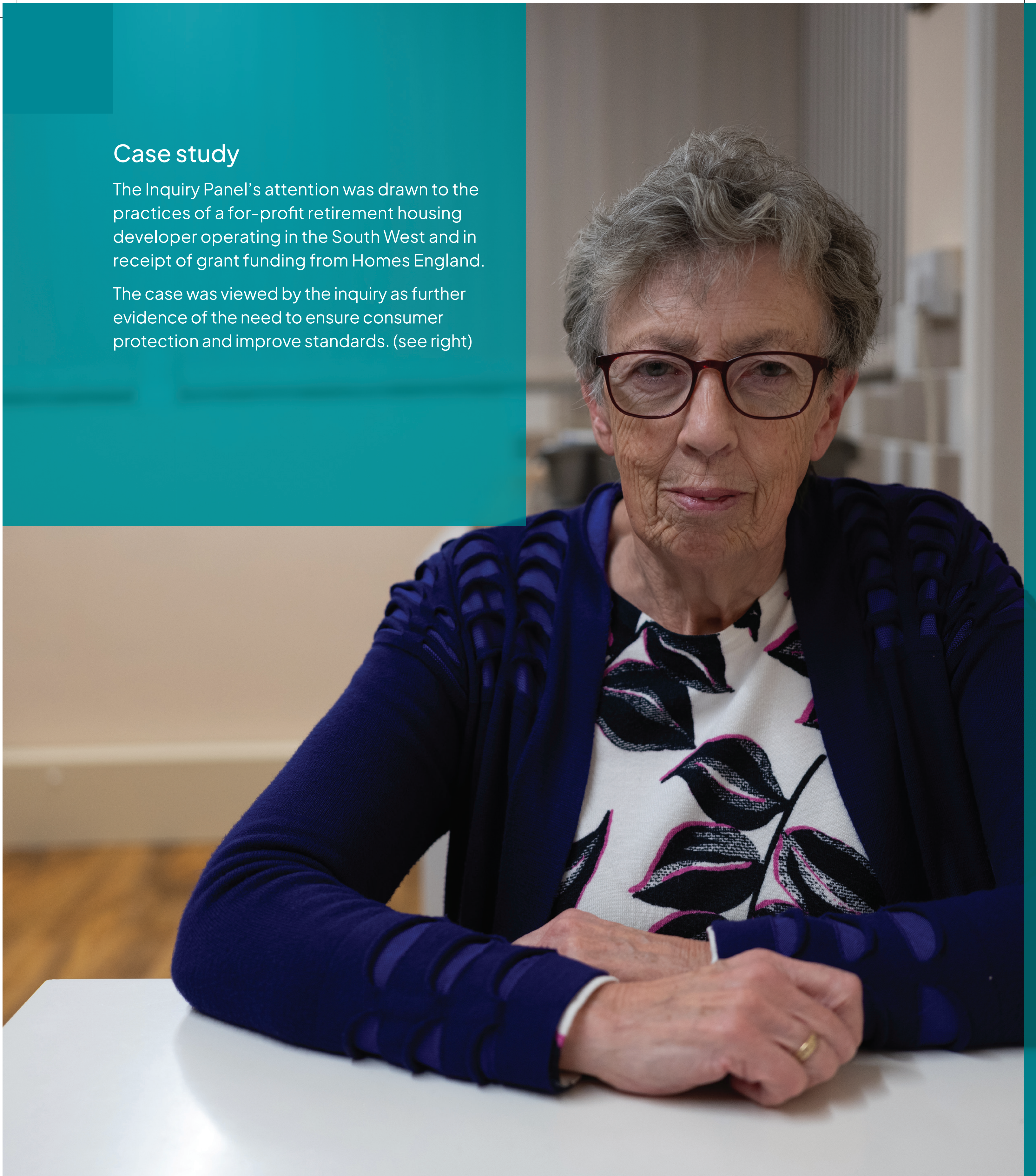
The inquiry recommends:

- The Government, Homes England and GLA should seek to draw on the principles of the Associated Retirement Community Operators Consumer Code and the Association of Retirement Housing Managers Code of Practice to create a more comprehensive and compulsory consumer code for the older people's shared ownership sector.
- Government should consult on the legal and regulatory options to strengthen the consumer rights of shared ownership for older people, particularly to protect against mis-selling.
- Government's forthcoming leasehold reform legislation should strengthen the rights of shared owners, as well as other leaseholders, to outlaw poor practices.
- Government should take forward Regulation of Property Agents Working Group recommendations for regulation of property agents to cover private sector shared ownership occupiers.

Case study

The Inquiry Panel's attention was drawn to the practices of a for-profit retirement housing developer operating in the South West and in receipt of grant funding from Homes England.

The case was viewed by the inquiry as further evidence of the need to ensure consumer protection and improve standards. (see right)



[1]Under the Mandatory Ground 8 for possession of a property under the Housing Act 1988

[18]The RICS Service charge residential management Code affects every leaseholder and the service charges they pay https://www.rics.org/uk/surveying-profession/contribute/consultations/residential-service-charge-code/

[19]First published in 1996 and revised and extended in 2006 and 2016 — and approved by the Secretary of State under Section 87 of the Leasehold Reform, Housing and Urban Development Act 1993 https://www.arhm.org/wp-content/uploads/ARHM_Code-of-Practice_Digital.pdf

[20]Including a new complaints handling code https://www.housing-ombudsman.org.uk/landlords-info/complaint-handling-code/

[21]'Regulation of Property Agents Working Group, Final Report' (2019)

Questions raised by case study

An article in the Times (April 2022) highlighted problems for shared owners of a grant-aided development which raised some important questions relating to the inquiry's investigation. The company named within the article was invited to give evidence to the inquiry but did not respond to the request. However, the Inquiry Panel noted the following allegations:

1. **The organisation's publicity and marketing information did not make clear that there was an option to acquire a 75 percent stake and pay no rent on the 25 percent share. Because of this omission, most purchasers failed to take advantage of this opportunity and bought shares at lower levels. The organisation generates profits by the sale of the rental stream so the accusation was that they were keen for people to pay rent even if they were in a position to acquire a 75 percent share.**

   This practice highlights the importance of independent advice, as well the need for effective auditing of providers to show they are following grant rules.

2. **The organisation encouraged those who were in a position to buy instead to opt for shared ownership, which is subsidised by the taxpayer, and to extract equity to spend on other choices.**

   Although downsizing to release cash is perfectly legitimate, should such moves be grant-aided when public funds are in short supply for affordable housing?

3. **According to the Times, the organisation charged extremely high fees for organising staircasing. An analysis of 50 leases issued by the organisation between April 2018 and March 2021 found they all contained fees of up to 10 percent of the full market value of the property every time the leaseholder wanted to staircase to a higher ownership level. The contracts also limited staircasing to 10 percent at a time. This meant that someone who bought a 50 percent share of a £400,000 flat but subsequently wanted to buy a further 25 percent to stop paying rent would have to pay fees of up to £120,000. This is in addition to the cost of buying the extra stake (£100,000) and the normal legal, survey and stamp duty fees.**

The organisation said these clauses in the leasehold agreement were a "drafting error". Clearly, the terms in the lease were grossly unfair and the question arises; "Should Homes England not check the terms of the leases (which are supposed to follow a standard format) before parting with grants to for-profit registered providers?"

4. **Residents claim their justified complaints are not being addressed on a range of issues.**

   The Housing Ombudsman can consider complaints about registered providers that relate to an individual's experience of services and there have been investigations of shared ownership cases in the past. However, the system of enforcement clearly needs improving.

Providers told the inquiry they endeavour to work transparently with Homes England and other agencies. However, the case highlighted the need to improve consumer protection and enforcement. It was said that improving the consumer protection environment would not only help buyers and providers but also shore up confidence and thereby help attract private investment into the sector.

Resales and staircasing

Alongside information and consumer protection, the third area of concern regarding the shared ownership offer for older people was resales and staircasing. While staircasing was raised as an issue, the nature of older people's shared ownership meant it was generally considered less of a priority. However, the concerns around resales were raised by older shared owners and seen as potentially holding back growth of the sector.

Resales

The challenges around the resale of shared ownership properties were highlighted in the oral and written evidence to the inquiry. This was viewed by some as a disincentive for people to consider older people's shared ownership. Concerns covered: the process, the time to sell, the size of the market and the value that will be achieved. However, it was said there was little data on the resale performance of shared ownership apartments, let alone shared ownership for older people.

Older shared owners who presented to the inquiry expressed their worries. One described the difficulty of selling and the potential loss of inheritance for the family, and wanted to be able to sell back to the housing association.

> *"I know I can resell it, but down here the properties take forever to sell. We've had one flat that's been up for sale for about 14–15 months, and another one has just been reduced in price by about £15,000, which is a lot of money for families to lose."*

The costs to the estate was mentioned in regard to the leasehold nature of shared ownership. It was said that any delay can result in the estate being liable for service charges and rental payments (excluding OPSO households with a 75 percent stake). The Inquiry Panel heard how shared owners in fact do not have the freedom of resale until the landlord had exhausted their resale rights, which include nominations for potential buyers.

The limited size of the shared ownership market was viewed as a brake on the process, which in turn could result in a lower price being realised (especially if someone needs to sell quickly). The inquiry also heard that estate agents were not used to selling these types of property, so the additional care options were not priced into valuations. The Inquiry Panel felt housing providers had a role to play by engaging the owners and providing support to manage the process rather than it being left solely to estate agents.

The Inquiry Panel was informed about reforms under the new OPSO model where there is a reduction in time for the nominations period. Housing associations now have four, eight or 12 weeks (depending on the lease) to resell the property after which the customer is free to sell on the open market.

Analysis from the EAC was cited in relation to retirement housing about what made for a successful resale (both value and time). These were linked to a good location for amenities, effective scheme management and understanding and skills in marketing specialist housing. It was also noted the earlier LSE model, where 30 percent public grant was built-in in perpetuity, made the product much simpler to re-sell.

Alongside a buy back guarantee, the Inquiry Panel explored whether "staircasing down" could help older shared owners, not least to meet care costs. The conclusion was that this was likely to be limited.

McCarthy Stone also referenced their approach to resales. This included managing developments they build to maintain quality standards and property values. Other ways to support resale included the joint development and management function so customers do not have to deal with third parties; moving to 999-year leases so customers need not worry about lease renewals; having a resales team to promote the property and maintain a database of people interested in buying; home improvements, including space standards and car parking; and offering a refurbishment option on resale alongside the service charge deferment option to support customers when they resell.

The inquiry recommends:

- When re-selling shared ownership homes, particularly those supported by the OPSO scheme, housing providers should be expected to help homeowners manage the process.
- Government should support a market review to advise housing providers on the actions they should take to support the resale market, including the case for buy back schemes.

The Inquiry Panel explored the idea of having a buy back scheme or guarantee to support resales and help scale up the market. John Slaughter from the Home Builders Federation noted that it was important to not be overly focused on the initial sale but longer-term stability and dynamics of the shared ownership. He said:

> *"One of the key things is about having confidence in the depth and the liquidity of the market."*

The way the secondary market operates was reported to limit the sector's growth. As such, an aggregator promoted or supported through government or Homes England could help create confidence. This could be mandatory and designed with a discount on the original price so that purchasers both know the worst-case scenario when they buy and are guaranteed the property can be sold quickly.

The inquiry recommends:

- To build consumer confidence, government and the sector should examine whether buy back schemes that ensure a fair price can be designed with measures to ensure there are not long delays in the sales process.

"Staircasing down"

Alongside a buy back guarantee, the Inquiry Panel explored whether "staircasing down" could help older shared owners, not least to meet care costs. The conclusion was that this was likely to be limited.

The Inquiry Panel was told that people's caution about shared ownership is often because it involves ongoing monthly payments. This would suggest that most people would not want to increase such payments by "staircasing down". For those that buy a 75 percent stake, "staircasing down" will mean going from paying no rent to paying rent on the whole portion not owned.

Others felt there could be demand for the option to staircase down but providers would not be able to make it viable and seek to use their resources to invest in developing new homes. For example, Karbon Homes, a North East housing association, told the inquiry:

> *"We currently don't see how this would be viable for our business model and is not something we currently offer. It could be attractive to occupiers, but the business model needs working through, especially in less financially viable situations to understand how best to make it work."*

It was similarly felt that there could be an appetite for being able to offer staircasing. However, the consensus view was that it would require government support and greater flexibility in the model. McCarthy Stone's evidence noted:

> *"A government-supported equity release scheme, which is what this would be, would be of great interest to customers as it would help fund their additional care and support needs, but practically it is very dependent upon the investor being able to provide that flexibility to the customer/owner. This would be difficult under the current OPSO arrangements and would be worth reviewing as part of future changes."*

Clarion informed the inquiry that the option to staircase exists in the model if people get into financial difficulty paying the mortgage, but they have received few requests to do so. Homes England commented that "staircasing down" was technically allowed and the policy framework around it is there to prevent homelessness and other exceptional circumstances. However, beyond that, the intention is that housing grant is primarily used for new build.

The Inquiry Panel heard of the potential dangers around "staircasing down" in the unregulated shared ownership models. In the equity release industry, safeguards are in place to prevent people losing their home if interest payments are greater than their home's value. However, these safeguards are not in place for unregulated shared ownership. This implies that those "staircasing down" might run out of capital to pay their rental portion, which is equally the case if deferred rents (and interest) outstrip the equity in the home.

The inquiry recommends:

- "Staircasing down" opportunities should be reviewed by providers and funders to determine how shared owners might be offered an equity release option.

"Staircasing up"

The Inquiry Panel examined what might support shared owners to staircase up, which could help free up funding for housing associations to further invest in housing.

The consensus view was that staircasing was likely to be uncommon. Places for People noted the majority of customers purchase 75 percent stake under OPSO. This means that no rent is payable and there is little incentive to purchase more.

The issue of "staircasing up" highlights the differences within shared ownership markets. Younger people use shared ownership to get on the housing ladder and a lower share helps ensure affordability. However, as most older shared owners will be homeowners and were using the equity in the home, they can buy at the higher share. Furthermore, older people are less likely to be in work and those in retirement tend to run down their assets rather than build them up.

The issue of the cost of "staircasing up" was discussed. It was argued that valuation and administrative fees could be a disincentive to people staircasing. However, the inquiry noted that Housing 21 did not charge fees for staircasing and McCarthy Stone charge no fee for providing extra shares of less than five percent and £350 for shares of over five percent.

It was noted there was still little information about staircasing and the extent to which it happened. For general shared ownership properties, studies suggest some two to three percent of shared owners staircase to 100 percent of the value of their property each year — the majority within the first five years, although a larger number remain in their property for the longer term[22]. However, the proportion is much lower for older households.

It was argued that revisions to the staircasing mechanism and less onerous grant repayment requirements could help increase levels of staircasing and support greater investment in housing. It was put to the inquiry that "staircasing up" should not necessarily result in a grant repayment requirement. Housing providers, such as Karbon Homes, commented:

> *"The income from staircasing allows further investment into more new homes, so we are supportive of it."*

[22]Research by University of Cambridge for Metropolitan Thames Valley, 'Shared ownership market review 2020'

Older people's shared ownership programme

The Inquiry Panel examined what reforms could support additional supply under the OPSO programme. In particular, the panel looked at how well the OPSO programme was working and what improvements might be needed, especially to the grant regime.

The scale of OPSO in the 2021–26 Affordable Homes Programme (AHP) is relatively limited, funding around 1,200 properties and involving some 30 to 40 providers. It was reported that the number of OPSO homes funded under the previous AHP (2016–21) was similar with the OPSO scheme making up just 2.2 percent of all shared ownership supply in the five years to 2020/21.

Homes England stated they wanted to expand the number of providers delivering OPSO units and noted the work regarding model leases, liaising with key sector members and supporting customers should help sell more properties.

> *"It's still a small cohort of partners and it's a lot of work for us as an agency to do alongside government, as well in terms of how we encourage more partners."*

Grant funding

The Inquiry Panel heard how the OPSO was working. It was noted there are two main differences to traditional shared ownership products. First, that a grant helped to reduce rent levels, which start at 2.75 percent (outside of London) whereas with private shared ownership it is closer to 4.25 percent. Second, as mentioned, there is no rent payable at the limit of 75 percent ownership.

The Inquiry Panel was told the grant was used to deliver additional retirement properties that wouldn't otherwise be viable to deliver. McCarthy Stone, for example, told the inquiry their current grant averaged £60,000 per property and that they were directing it at lower value properties, principally in the Midlands and North at around £200,000. They commented:

> *"We would like to work with Homes England to establish a type of additional grant tariff of say £15k per unit that could help unlock retirement developments in areas which are currently unviable and where demand far exceeds supply."*

Tonic Housing stated that as people could not staircase beyond 75 percent this gave them security as a small provider over the long term, including involvement in future sales and having a community asset in perpetuity.

The Inquiry Panel heard why only a limited number of providers were partnering with Homes England to deliver through the OPSO scheme. The main reason centred on the rent-free element when shared owners buy at a 75 percent. Evidence from Housing 21 noted that the provider secured a similar level of grant for their older persons shared ownership developments as a general needs shared ownership product. But at 75 percent ownership, providers delivering OPSO properties did not receive any rent, only a service charge or management fee. It was stressed that this feature can make schemes financially unviable.

According to Clarion:

> *"Clarion has no direct experience of OPSO. We have left sector specialists to deliver these. There are economic disincentives for mainstream housing associations in delivering OPSO. The critical difference to the normal shared ownership scheme is the cap set at buying up to 75 percent of the home. Once the shared owner has staircased up to 75 percent they no longer pay rent on the remaining share, which leaves a significant shortfall in the financial delivery model for the product. The cap keeps OPSO homes within the social housing sector, but makes it unattractive/ unviable compared to other low cost home ownership products."*

Anchor similarly informed the inquiry that the grant income available fails to keep track with the total scheme cost of the remaining 25 percent of unsold equity. Instead, they and others have been using a different form of shared ownership which enables them to sell up to 90 percent of the equity. They charge a rent on the unsold equity and at a slightly higher level than 2.75 percent figure (as per Capital Funding Guide). As they noted, the inability to charge rent on the remaining 25 percent "can render the capital grant ineffective".

There was a general call for a more generous grant settlement to support the expansion of the sector and increase diversity of suppliers. According to Karbon Homes:

> *"Improvement to grant funding would be the most obvious request and with great generosity on this front we could greatly expand the market but without the finance in place developments are not attractive enough and far too risky."*

To overcome these challenges and expand the sector there was a call to increase the allocation of grant funding for specialist housing. Anchor, for example, called for 10 percent of Homes England's funding over five years (c. £750m) to be made available for the development of specialist older people's housing. This would allow a more financially viable OPSO scheme.

The inquiry recommends:

- Government should enhance the OPSO grant funding regime in order to make the programme more financially viable and attractive to providers.

Fairness

The Inquiry Panel also considered concerns regarding both the fairness and practical implications of only having a rent subsidy under the OPSO scheme if a household owned 75 percent of the property. It was seen as anomalous that those able to afford a 75 percent purchase price pay no rent, but those only able to afford a 70 percent share pay a full 30 percent rent.

An occupier who buys a lower share (e.g. 50 percent) may subsequently acquire a further share ("staircase up") where a 50 percent shared owner becomes a 75 percent shared owner, the provider loses all rental income from the property — but the level of grant makes insufficient provision for this loss of income.

The panel considered the scheme unfair on those households who were unable to buy three quarters of the property because the overall cost is greater for households with less equity to contribute. It was said that this meant a narrower section of older people could access shared ownership properties.

The inquiry recommends:

- To improve affordability and fairness, and to increase demand, grants should enable the same 25 percent rental discount under OPSO for all shared owners regardless of the stake they have in the property.

The Inquiry Panel also heard about how requirements to repay grant when shares of shared ownership increased was holding back the development of the market and impacting on the affordability of the offer for prospective shared owners.

It was said that this claw-back of grant when a shared owner buys a further share not only creates a financial hole for the provider, but has longer term implications for who can access shared ownership for older people.

Because the grant has to be repaid it means that at some future point when the property is resold again only someone able to buy with a 75 percent stake will be able to do so as the grant has been returned to Homes England or the GLA. This means as the older people's shared ownership market matures a higher and higher proportion of the homes will shift to being 75 percent owned. As a consequence households seeking a lower stake will effectively be blocked out of the market.

To guard against this it was said that Homes England and the GLA should look at options to enable properties to be resold at a lower stake than the last buyer. This could mean providers being able to keep receipts from sales but being required to offer shared ownership properties with a lower share in the future. Alternatively, the recycled capital grant fund (which takes receipt of returned grant when shares of properties are bought) could allow grant to be reclaimed when "staircasing down" occurs. At present a priority use with regard to "staircasing down" only applies when "it will prevent repossession and homelessness."[23]

[23]Homes England, Capital Funding Guide, Section 7 Grant Recovery — Registered Provider https://www.gov.uk/guidance/capital-funding-guide/7-grant-recovery

Recommendation: Homes England and the GLA should look at ways of ensuring that grant recovery when staircasing occurs does not exclude future shared owners with lower incomes and housing equity accessing the product.

Healthcare

The Inquiry Panel heard how the NHS and care system could play a bigger role in supporting older people's shared ownership. The CIH noted, for instance, that the Adult Social Care White Paper (2021) also included a £300m three-year Housing Transformation Fund (2022/23 -2025/26) to local authorities to better integrate housing into local health and care strategies. This could include support for older people's shared ownership, although there is no specific mention in the White Paper.

The Housing LIN's Jeremy Porteus also told the Inquiry that the White Paper had set out £213m over the next three years to help further increase the supply of specialist housing under its Care and Support Specialised Housing (CASSH) Fund from 2022/23 (distributed between Homes England and the GLA). He suggested the accompanying prospectus to the funding could be more explicit about increasing the tenure options for older people, including encouraging shared ownership options, as well as a utilising the CASSH Fund to support new models of care at home, where innovations in shared equity could take place.

Despite the opportunities to work with the NHS, Karbon Homes stated it was difficult to bring together affordable housing programmes with NHS funding streams. They noted some service streams can be helpful, but this is not universal. They stated that if there could be greater alignment of funding it would help with viability of specialist accommodation.

> *"There is clear recognition of the need for such accommodation, but the system is currently challenging to align."*

Evidence to the inquiry highlighted the potential benefits of maintaining and improving people's independence at home. This was viewed as a way of reducing social care pressures and could result in sizeable savings to the state.[24] Such development also provides positive economic benefits.

As Anchor's submission concluded:

> *"Anchor's experience has demonstrated the enormous benefits which can be felt across society by increasing the housing options for those in later life in terms of improving health and wellbeing outcomes amongst older people, reducing pressure on public services and helping older people and younger families to access housing which is suitable to their needs."*

The inquiry was told there are widespread concerns about the revenue funding to meet the cost of care and support over the longer term. It was said that the OPSO funding model needed to reflect the long-term costs of care and support. Clarion, for instance, commented that:

> *"The grant funding model isn't sufficient and does need to change. Building the shared ownership homes themselves is not the biggest challenge. It's the running costs and uncertainty around long term funding of the care and support element (from provider and resident) that makes the provision of shared ownership for the elderly difficult to deliver in practice."*

Karbon Homes also stated that viability is affected by the high service charges needed for specialist housing and that grant rates need to offset this. However, it was also said that service charges should be recharged to the tenant and not covered by grant.

Tonic Housing also mentioned the issue of affordability of charges for older people's shared ownership within extra care schemes. They noted that some core services (e.g. on-site management, 24/7 staff cover, emergency call out system) sit outside service charges. It was said that while service charges are eligible for housing benefit, core costs fall outside of this.

The inquiry recommends:

- Department of Health and Social Care (DHSC) should recognise the financial benefits of support for housing for older people (including shared ownership) in savings to the NHS and care services.
- DHSC should encourage a greater tenure diversity in its Care and Support Specialised Housing Fund Prospectus.

The role of shared ownership in health was also highlighted to the Inquiry from a public policy perspective. The DHSC's 'People at the Heart of Care' adult social care reform White Paper (2021), for example, made explicit that every decision about care is a decision about housing. DLUHC also told the inquiry that the government is focused on supporting suitable housing for older people. Reference was made to the Levelling Up White Paper (2022) which announced a DLUHC/DHSC Older People's Housing Taskforce to look at ways to increase choice, quality and security of housing for older people (including regional disparities).

It was also noted that greater provision of older people's housing could have strategic benefits of freeing up homes for younger families. The GLA told the Inquiry Panel that often when selling, older people move to similar sized properties in cheaper locations. They went on to note that there is often a lack of well-designed smaller properties for older people's needs as well as the locations they want to be in — close to family, friends, the community and shops.

The inquiry recommends:

- The government's Older People's Housing Taskforce should include analysis of the ways in which a major expansion of shared ownership for older people can be achieved.

[24]Research by WPI Economics shows residents in these schemes save the state c.£3,500 per person each year on average

Planning and design

The Inquiry Panel examined how the planning system could support an increase in the supply of shared ownership properties for older people. Much of the evidence received applied to the provision of older people's housing in general. Nevertheless, supporting the growth of shared ownership for older people is likely to be aided by wider planning reforms that increase the supply of specialist and retirement housing.

One area to be addressed — and raised by several inquiry submissions — was that the planning system did not adequately identify the need for older people's housing. It was noted that the National Planning Framework includes guidance on assessing and planning housing needs for older and disabled people. However, this was not mandated. According to government guidance, "local planning authorities can encourage the development of more affordable models and make use of products like shared ownership. Where there is an identified unmet need for specialist housing, local authorities should take a positive approach to schemes that propose to address this need".[25]

The government had pledged (in its 10-year Adult Social Care White Paper) to support local areas that have strategic plans in place to meet housing, health and care needs. However, evidence to the inquiry suggested there had been under-supply of specialist housing and that the planning process needed to be much more positive to bring through such developments for older people.[26] Gary Day, a retirement housing specialist and Director of Land, Design & Planning at Churchill Retirement, also commented that more could be done to identify viable sites for housing older people closer to town centres.

The inquiry recommends:

- Government should place greater emphasis on requiring local planning authorities to undertake housing needs assessments for older people.

Alongside the need for local assessments and plans for older people's housing, it was also said that there needed to be national targets for the supply of older people's housing (complemented by a similar target from Homes England related to supply through grant funding).

Other submissions focused on the need for a clearer definition of older people's housing. The CIH evidence stated that:

> *"Consideration should also be given to how possible changes to the use class categories would support more provision, given the confusion that can arise in respect of specialist provision falling between the current C2 (residential institutions — care homes etc) and C3 (dwelling houses) definitions."*

The inquiry recommends:

- DLUHC should seek to clearly define older people's housing to help ensure it is adequately included in Local Plans.

The cost of land was seen as significant barrier to developing more shared ownership homes for older people. Clarion's evidence stated that:

> *"The main development barrier is the cost of land. The competition for land means older persons shared ownership is competing against other uses for the land. As it's a niche product, developers build risk into the pricing which makes it uncompetitive in terms of land price."*

The issue of land was mentioned by Places for People, who claim that land, rather than planning and design, is the main barrier:

"At planning and design level we keep everything tenure neutral, particularly where shared ownership forms part of a wider development offer; we do not perceive current arrangements as any greater barrier than that which already exists. Availability and cost of land that is appropriately connected to community and services are a significant concern to us."

Karbon Homes noted that acquiring sites which needed amenities and facilities for older people meant that costs were often at odds with the financial reality of what of people are willing to pay. They noted that fundamentally there was still a lack of demand for such products:

"There are certain barriers to developing new shared ownerships ranging from grant levels, service charges, and market demand. Based on our current understanding there is limited demand (for this tenure) and so what homes we build would be for a more niche audience which is difficult as a social housing provider. We can respond better in the future if there was a surge in demand but currently there is little to respond to."

However, the Inquiry Panel also heard about the positive steps already being taken across the sector regarding accessibility, quality and design standards such as the 10 HAPPI 'care ready' design principles.[27] It was said by the CIH that many providers were reviewing each development to learn from residents and applicants to refine design standards for older people. It was felt that these standards could be further incentivised through local strategies and plans.

The GLA said they wanted to have a flexible approach to design, to help ensure specialist housing is developed. They acknowledged there were challenges and stated they wanted to understand in more depth the issues around design requirements and revenue funding.

The inquiry also received evidence related to scale and concentration of development. Clarion noted there were examples of good developments but also cautioned against them being concentrated.

Citing recent examples of local opposition, Clarion commented:

"There are popular and successful developments in the market which have worked for older people suggesting that design and planning aren't an insurmountable obstacle to development of this targeted product but care is still needed. If the shared ownership for older people is all congregated on one location or development it may face local opposition."

They went on to state that if older people's shared ownership is integrated into existing development, then planning would pose few barriers. Building adaptions though would be needed to meet accessibility requirements which would increase the size of the home and build cost. While causing viability challenges this could be absorbed if part of a larger mixed development. This was a view also expressed by officials from DLUHC. It was said that a mono-tenure programme presented delivery challenges. Their partners were telling them that if the programme is skewed towards one tenure it affects site viability so there is now a more even split between homeownership and renting.

However, Tonic Housing's evidence suggested there had to be scale to make it viable commercially and socially. They stated:

"The schemes need to be of scale to create a community and cover any core support costs, which is a barrier to new entrants to the market due to the significant capital costs involved. This is why Tonic partnered with One Housing to deliver our first scheme, as raising the private and public capital required was not possible."

The inquiry recommends:

- Government should provide clearer and stronger planning guidance to ensure Local Plans adequately facilitate the delivery of different types of housing for older people.

Underserved markets

While shared ownership for older people is targeted at low to middle income households, the Inquiry Panel recognised the importance of ensuring provision is there for a wide range of groups. As evidence from a leading voice within the sector noted:

> *"There is a severe lack of specialist housing across all tenures. There are also groups who are currently particularly underserved when it comes to specialised housing options (such as LGBTQ+ groups and ethnic minority communities)."*

It was reported to the inquiry that LGBTQ+ communities are disproportionately affected by homelessness. HouseProud's ground breaking study into the LGBTQ+ communities experience of housing concluded that many LGBTQ+ social housing residents felt listened to by their housing provider, but others identified a lack of support, poor responses to experiences of harassment and the need for providers in the sector to 'do more, do better'[28].

Some providers have developed products for specific demographic groups. Tonic Housing, for example, provides homes with care for older LGBTQ + people facing loneliness. Its first property in Vauxhall (through a partnership with One Housing) involved the acquisition of 19 apartment leases with loan funding from the GLA, available through the OPSO scheme for people over 55.

Tonic's detailed survey and research work showed that shared ownership could be a popular way to support LGBTQ+ people to downsize and release equity to meet future care costs.[29]

It was also said that the needs of older people from ethnic minorities needed to be given more consideration in housing planning and provision. This was particularly important not only as a matter of fairness but also because of inequalities in ageing. Research by the Muslim Council of Britain, for example, has highlighted that Asian women are particularly ill-prepared for retirement.[30]

Despite the importance of ensuring an inclusive approach to shared ownership for older people, there was said to be a lack of information and data on the scale of the challenge. It was noted, for instance, that there was a role for the sector to form partnerships with community groups to understand the best ways of raising awareness of the housing opportunities on offer. Equally robust housing needs assessments are needed in each locality.

One housing provider told the inquiry they would need to undertake research to understand demand better from a strategic perspective. While they had previously built developments for specific demographic groups, they would need to know the demand and market in the areas where they operated. This would be informed by stakeholders able to understand best practice. Another said that it was important to understand why there might be low take up, be it financial, supply or other reasons, so that specific solutions might be found.

One submission to the inquiry took a different view, saying their preference was not to have housing products specific to minority communities. Instead, they should serve the whole community in which they are built and did not see this as an issue for shared ownership products.

[28] HouseProud, 'No place like home' (2018)

[29] This included survey responses from over 600 LGBT+ Londoners aged 55+, which showed, for instance, that only 1 percent wanted general retirement housing scheme. Their 'Building Safe Choices 2020 report also showed the demand for LGBTQ+ affirming housing with care.

[30] Muslim Council of Britain, 'Elderly and end of life care for Muslims in the UK' (2019)

An official from the DLUHC acknowledged that data on shared ownership was less comprehensive than for the wider housing market. As such, they were starting from lower base but were "gearing up". The department was interested in understanding the heterogeneity of needs of older people and what that means for the heterogeneity of the homes that might be provided. It was said there is likely to be greater diversity here than for general needs housing. DLUHC remarked:

> *"For older people, because it's so much more varied, it can be quite hard to get a handle on what the different nuances of demand are and how we make provision for that."*

Reference was made to the government's 'Home Ownership for long-term Disabilities' (HOLD) programme, which operates on the same basis as shared ownership — offering buyers an initial share of a home worth between 10 percent and 75 percent of its market value. According to Advance Housing Association, a long-standing provider of shared ownership homes for disabled people:

> *"A home through HOLD gives people a place to experience the pleasure of living as independently as possible with the right support in a property and location of their choosing".*

The inquiry recommends:

- DLUHC and housing providers should commission research into the development of underserved older people's housing markets.
- Housing providers and sector-wide organisations and agencies should form partnerships with community groups working with under-served groups to understand local needs and tailor their provision to meet these.

Conclusion

Shared ownership for older people is a distinct model of homeownership, primarily designed — although not exclusively — for retired homeowners with relatively low levels of equity who cannot afford to move to more suitable retirement housing, often because they need (or may in the future need) access to care. It allows households to move and sometimes also to retain housing equity, which can be spent on personal care and support or given as inheritance. There are also wider benefits, such as saving costs of residential care, easing pressure on the NHS and freeing up homes for younger families.

Despite these benefits, the current market for this product — and in particular for the government-backed OPSO scheme — remains niche and relatively small compared with conventional shared ownership, which comprises mostly younger, in-work, first time buyers. However, given the country's rapidly ageing population, affordability issues in securing outright home purchase, the poor quality of some older people's housing and the under-supply of specialist retirement housing in many areas, the inquiry was told that the potential for growth could be significant for last-time movers.

Although the market is dominated by housing associations, there are private retirement housing providers, like McCarthy Stone who receive OPSO grant from Homes England. The Inquiry Panel was mindful that future growth in part depends on encouraging more private capital into the sector, for both OPSO and non-OPSO models. However, the inquiry stressed that securing that investment — and with it new providers to deploy the capital investment — requires a robust national regulatory and legal framework that provides certainty and can support delivery at scale.

The contribution of shared ownership for older people remains modest and accounts for a small percentage of total grant funding for shared ownership under the AHP. It is unclear how the current grant tariff will attract more registered social landlords and private providers in higher cost housing areas where demand exceeds supply. It was noted that given market conditions (particularly in London and the South East where costs have soared) the government may struggle to meet its housing targets. As a result the annual provision of OPSO funded homes could end up lower than expected. The cost-of-living crisis will also have an impact on the budgets and behaviour of older households, which in turn could affect market demand.

Whilst the Inquiry Panel welcomed the new OPSO scheme, the relatively low levels of grant subsidy was considered a missed opportunity. The inquiry concluded that given the lessons learnt from the legacy programme — not least around the need for grant rates to reflect local/regional market cost differences — there was an opportunity with the new scheme to offer higher tariffs in some places in order to gear-up the sector.

The Inquiry Panel found the OPSO terms — especially the requirement to pay no rent on a 75 percent share — are popular with buyers and that older people like the idea of being able to a new home with a smaller capital sum. Some housing providers though seemed less enthusiastic, claiming the grant rates are insufficient to cover the rent-free element and that there are still too many financial risks with the OPSO scheme. The Inquiry Panel concluded that not only is there a case for a larger OPSO grant allocation under the AHP, but other reforms are also required to ensure there is fair grant recovery when staircasing does occur and that this is done in a way that doesn't mean worse terms for future shared owners.

The concerns around the OPSO grant regime are exacerbated by a general uncertainty about the evolution of the market and what pace of growth is deliverable. A large part of this anxiety centres on the lack of public awareness regarding the product and the fear that the sector could become tainted with a poor reputation. The reporting in the mainstream media of alleged mis-selling, for example, was viewed by many in the sector as a warning sign. It was agreed that more needed to be done to make sure buyers are protected against malpractices and made fully cognisant about the risks and benefits of OPSO. It was also suggested the next stage of the forthcoming leasehold reform legislation presented an opportunity to outlaw poor treatment of shared owners.

The Inquiry Panel was clear there is an urgent need for better independent financial advice, including information about the longer-term costs. It was also noted there is no readily available pool of independent advisers and that government, the GLA, providers and other agencies would need to work together to extend and improve the skills knowledge base.

The need for better information and advice is connected to the concerns the inquiry heard around consumer standards, notably over leasehold arrangements, steep rent increases and high service and repair charges. The evidence suggests that shared owners are not as well protected as they should be and that most of the standards and codes of conduct for shared owners are voluntary. The Inquiry Panel agreed that action is clearly needed here, including the case for introducing a more comprehensive and compulsory consumer code and tighter regulation of property agents to protect private sector shared owners.

The inquiry was mindful that the government's proposals to strengthen the regulation of the social housing sector in the Social Housing (Regulation) Act — alongside reforms to strengthen the Housing Ombudsman — could help improve consumer regulation in social housing. The key changes in the act to put consumer standards for Registered Providers on an equal footing with the economic standards will cover older people's shared ownership schemes and should be backed up by improved monitoring and enforcement.

Shared owners told the inquiry they were concerned about delays to resales and the prospect of selling their home at below market value. This issue was viewed as a barrier to expanding the market, something which the inquiry was told was made more complicated because estate agents often have little knowledge about retirement housing for older people.

While "staircasing up" in OPSO is uncommon, it was said that "staircasing down" could be a useful route to releasing equity. However, the inquiry was told that this was not always financially viable for providers. It was agreed the sector should seek to improve the resale market, perhaps by introducing a buy-back scheme and even by guaranteeing a fair sale price.

The Inquiry Panel heard evidence about financial savings to the NHS and care services from supporting all form of retirement housing for older people. It was said the joint DLUHC/DHSC Older People's Housing Taskforce must take note of this in its work on advancing greater cross-departmental and inter-agency collaboration.

The inquiry was clear the success of shared ownership for older people also depends on making positive connections with other policy drivers. Mention was made, for instance, of how reforms to the planning system could help identify suitable sites and improve design. The Inquiry Panel was concerned that Local Plans have a blind spot on the provision of appropriate retirement housing and that local authorities needed to do more to encourage the release of land for older people's specialist housing.

The inquiry was told the general lack of specialist housing for older people is having a disproportionate impact on already underserved groups, such as the LGBTQ+ community. Although the Inquiry Panel heard how some providers were successfully identifying and meeting the needs of underserved communities, it was agreed more could be done through the OPSO.

While government support for specialist housing products can make a positive difference to the lives of older people, shared ownership schemes can widen people's housing options and offer societal benefits. Although largely confined to homeowners and not suited to everyone, older people's shared ownership — along with other types of provision — can be part of the solution to the housing crisis. More, different and better quality homes for older people are desperately needed, including for existing older homeowners.

The inquiry has shown the market for OPSO and other schemes is under-developed and continues to face some difficult challenges, not least around grant subsidy, leases, consumer standards, public awareness, independent advice, charges and resales. These issues are not intractable but will need to be addressed by government, its agencies and by housing providers so the sector can scale-up and contribute more to meeting the housing needs of older people.

List of recommendations

The following is the full list of recommendations suggested by the inquiry.

Information and awareness

- The sector, with support from advice agencies and Homes England, should work to raise awareness of the product — including its longer-term costs and benefits — with stakeholders and directly with older people, their families and solicitors.
- Sector bodies like Associated Retirement Community Operators and the Retirement Housing Group, with support from Homes England and DLUHC, should provide clear information, including case studies on existing developments, to encourage investors and providers into the sector.
- The annual Shared Ownership Awareness Week series of events should give full attention to the Older People's Shared Ownership programme to help raise its profile.
- Government, agencies and housing providers should seek to ensure good advice can best be provided to all prospective purchasers.

Leases and consumer protection

- Information on the likely trajectory of service charges and repair costs should be provided to prospective shared owners to build confidence and so they are fully aware of future costs.
- Government, Homes England and the GLA should seek to draw on the principles of the Associated Retirement Community Operators Consumer Code and the Association of Retirement Housing Managers Code of Practice to create a more comprehensive and compulsory consumer code for the older people's shared ownership sector.
- Government should consult on the legal and regulatory options to strengthen the consumer rights of shared ownership for older people, particularly to protect against mis-selling.
- The government's forthcoming leasehold reform legislation should strengthen the rights of shared owners, as well as other leaseholders, to outlaw poor practices.
- The government should take forward the Regulation of Property Agents (RoPA) Working Group proposals on the regulation of property agents which would cover management of private sector shared ownership occupiers.

Resales and staircasing

- When re-selling shared ownership homes -particularly those supported by the OPSO scheme — housing providers should be expected to help homeowners manage the process.
- The government should support a market review to advise housing providers on the actions they should take to support the resale market, including the case for buy back schemes.
- To build consumer confidence, government and the sector should examine whether buy back schemes that ensure a fair price can be designed, with measures to ensure there are not long delays in the sales process.
- "Staircasing down" opportunities should be reviewed by providers and funders to determine how shared owners might be offered an equity release option.

OPSO issues

- Government should enhance the OPSO grant funding regime in order to make the programme more financially viable and attractive to providers.
- Homes England and the GLA should look at ways of ensuring that grant recovery when staircasing occurs does not exclude future shared owners with lower incomes and housing equity accessing the product.

- To improve affordability and fairness, and to increase demand, grants should enable the same 25 percent rental discount under OPSO for all shared owners regardless of the stake they have in the property.

Healthcare

- DHSC should recognise the financial benefits of support for housing for older people (including shared ownership) in savings to the NHS and care services.
- DHSC should encourage a greater tenure diversity in its Care and Support Specialised Housing Fund Prospectus.
- The government's Older People's Housing Taskforce should include analysis of the ways in which a major expansion of shared ownership for older people can be achieved.

Planning and design

- Government should place greater emphasis on requiring local planning authorities to undertake housing needs assessments for older people.
- DLUHC should seek to clearly define older people's housing needs to help ensure they are adequately included in Local Plans.
- Government should provide clearer and stronger planning guidance to ensure local plans adequately facilitate the delivery of different types of housing for older people.

Underserved markets

- DLUHC and housing providers should commission research into the development of underserved older people's housing markets.
- Housing providers and sector-wide organisations and agencies should form partnerships with community groups working with under-served groups to understand local needs and tailor their provision to meet these.

About the inquiry

In December 2021, the All-Party Parliamentary Group on Housing and Care, co-chaired by Lord Best and Peter Aldous MP, established an inquiry into: 'Making retirement living affordable: the role of shared ownership housing'.

To assist the inquiry an expert Inquiry Panel — 'Shared Ownership: Housing our Ageing Population Panel for Innovation (SO-HAPPI)' — was formed to provide information and advice on the issues. The members were:

- Lord Best (chair of the Inquiry Panel)
- Abigail Davies (Director at Housing Consultancy, Savills)
- Gary Day (Land Design & Planning Director, Churchill Retirement)
- John Galvin (Chief Executive, Elderly Accommodation Counsel)
- Anna Kear (Chief Executive, Tonic Housing)
- Bruce Moore (Chief Executive, Housing 21)
- Jeremy Porteus (Chief Executive, Housing Learning and Improvement Network)

The inquiry held four meetings and heard evidence from shared owners, Department for Levelling Up, Housing and Communities (DLUHC), Homes England, the Greater London Authority (GLA), housing providers and professionals and academics and experts. In addition, 19 written submissions were received in response to a call for evidence.

The inquiry is the latest in the series of APPG's 'Housing Our Ageing Population Panel for Innovation' (HAPPI) initiatives. All previous HAPPI reports are hosted on the Housing and Improvement Network (LIN) website at: **https://www.housinglin.org.uk/Topics/browse/Design-building/HAPPI/**

Housing 21 supported the inquiry and sponsored the inquiry's secretariat, which was provided by the Smith Institute.

The APPG on Housing and Care for Older People, established to promote discussion and set the agenda for developing better, more joined up housing care for older people, promising greater choices in later life, has the following officers: Lord Best and Peter Aldous MP (co-chairs) and Baroness Andrews, Baroness Barker, Lord Young of Cookham and Ruth Cadbury MP.
https://publications.parliament.uk/pa/cm/cmallparty/221130/housing-and-care-for-older-people.htm

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Copies of this report can be downloaded from the dedicated APPG Inquiry webpage of the Housing 21 website at **www.housing21.org.uk/about-us/appg-on-housing-and-care-for-older-people/**

This APPG Inquiry is supported by Housing 21

Housing 21 is a leading not for profit provider of Retirement Living and Extra Care for older people of modest means. It operates in 240 local authority areas across England, managing over 22,000 Retirement Living and Extra Care properties and providing over 38,000 hours of social care each week.

The organisation's roots lie with the Royal British Legion (RBL), which in 1921 began to house disabled ex-servicemen and widows and, later, older ex-servicemen and women. In 1964, it became a recognised housing association before separating from the Royal British Legion in 1993 to become Housing 21.

For more information visit **www.housing21.org.uk**