**APPG on Housing and Care for Older People Inquiry: ‘Shared Ownership Housing for an Ageing Population Panel for Innovation: (SO-HAPPI)’**

**Note of virtual Inquiry meeting: 8 February 2022**

**Chair’s welcome**

Lord Richard Best (RB) opened the meeting and gave apologies from Jeremy Porteus from Housing LIN. RB thanked the APPG co-chair Peter Aldous MP (PA) for joining the meeting. He also thanked Bruce Moore and Housing 21 for supporting the inquiry.

RB introduced the first two speakers: John Young and Dee Sheppard who are shared owners at Housing 21 developments and asked them to tell the inquiry about their experience of being shared owners.

**Witnesses (Q&A)**

**Housing 21 residents: Dee Shepperd and John Young**

John Young (JY) said that he retired 12 years ago. He had a normal end of terrace three bed, but the upkeep was not going to get easier. His wife is slightly disabled, and their house had steep stairs. They felt that they would need to move into a flat. They started to look around and found a Housing 21 shared ownership apartment in Southwest London. The scheme includes care services, which they might need in the future.

*“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.”*

When they moved they did have to downsize. They moved within the same area which meant they were close to family. JY said that he understood what shared ownership was before they bought and the differences with traditional products, including service charges.

*“It’s slightly different obviously, because going into shared ownership you have your service charges, which obviously we didn't have, but that's compensated by not having to pay out so many bills.”*

JY said that his wife is more disabled now. He said it was the right choice and noted the facilities for her mobility scooter were already there when they were needed.

*“We found it the right answer for the two of us.”*

JY was asked if there were any downsides. JY noted that they live independently but there was a danger that as different residents move to the building it feels more like a nursing home than a home with care. However, he said that this was no reason to move out and did not want to sound too negative.

*“The residents coming in make it feel a bit more like a nursing home than at home with care.”*

Dee Sheppard (DS) said that she moved into her property four years ago. Her husband’s health was deteriorating and he started to have falls. They were worried if this keeps happening there could be access issues. DS and her husband looked around and what they saw was often a lot smaller than where they are now.

*“We were very lucky to find this place and we've both been very happy.”*

DS said that her husband had sadly passed away but was very happy in their shared ownership home. DS agreed with JY that it can feel more like a nursing or rest home. DS said that of the 55 flats, 15 were leaseholders and the rest were tenants: she felt that there should be a better split. DS said that residents were now more dependent on care. The split meant that there was poor attendance at activities, which had not been helped by Covid. DS said care in the building is provided by Portsmouth Council and Age UK, but that schemes with Housing 21 care were better. DS noted the carers have less time and so do not tend to attend activities.

DS expressed concerns about passing the home on. She questioned whether she would be able to sell her property. DS discussed the difficulty selling and the potential loss of inheritance for the family. DS said that shared owners should be able to sell the home 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.”*

Peter Aldous (PA) asked whether shared ownership was rising, falling or staying the same? PA also asked if there was a specific sales mechanism for resales?

Abigail Davies (AD) from Savills asked what information JY and DS felt they needed when deciding to purchase a shared ownership property? How different it was from buying in the mainstream open market? And how they got comfortable with what they were getting and what their obligations were going to be?

DS said she worked in the care industry and was a warden/scheme manager so had insights into how it worked. DS said she was less aware about the service charge.

*“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?”*

JY said that they had information like the normal sale of a property. However, he mentioned that they were not given a lot of detail.

RB asked whether they regretted not digging deeper and acquiring a larger or 100% share? JY stated that they should have had more information about costs but did not regret having moved.

Bruce Moore (BM) from Housing 21 stated that their policy is to have shared ownership properties comprise at least 25% of homes but no more than 65% in a development. The percentage of shared owners do not tend to change after completion of a development as they seldom buy back properties, so the proportions are set from the outset. BM said that they are trying to develop shared ownership in retirement living which gives a range of choice around care, but this needs to be made explicit to those buying. BM noted that care providers can lose a contract after local authority tendering, which can cause discontent among some shared owners who do not want a change of carers. He also noted that estate agents often do not understand the extra value in extra care housing.

Gary Day (GD) from Churchill said that estate agents don’t understand the product and noted that this was actually an issue that is reflected in the population at large. People get confused between retirement homes and care homes. GD said that they had their own resale operation with internal estate agents.

GD asked JY and DS how much they understood about retirement housing and how that informed their decision. He also asked what proportion of the home they owned and how that factored into their decision to move from outright ownership?

DS said she fully understood what retirement housing was as she had been a warden. The main reason they moved was because of the declining health of her husband. DS said that the percentage share did not come high as a priority and the main concern was getting care when they needed it. They owned 75% of the property because it was the highest proportion they could buy and what the property was on sale for so the decision was out of their hands.

JY said that he felt that more information, including a code of practice could help.

*“I think we could've done with more information at the time. It would be perhaps an idea that there's some sort of code of practice or something like that.”*

JY said that they own 75% and had set aside money for if and when they needed to pay for care.

RB welcomed the other witnesses to the meeting: Josh Goodman, DLUHC, Shahi Islam and Miranda Foster, Homes England, and Mariana Schiller, GLA.

**Josh Goodman, Director of Social Housing, DLUHC**

Josh Goodman (JG) welcomed the inquiry and said that the government had a clear focus on supporting suitable housing for older people. He noted that the recent Levelling Up White Paper had announced an Older People Housing Taskforce. This would look at the ways to increase choice, quality and security of housing for older people (including regional disparities).

JG said that a considerable part of the £12bn Affordable Homes Programme (2021-26) is expected to be on shared ownership. Within the Programme is the new Older Persons Shared Ownership (OPSO) model, which is tweaked from the standard shared ownership model that in the initial 10 year period the provider would pay for major repairs. There were also changes for leaseholds, including extending the minimum lease terms to 990 years and limiting ground rents to a peppercorn. The government was also updating the service charge regime to improve transparency and accountability. He said there were plans to apply those to OPSO homes in the same way. The government is also examining and consulting on ways of extending commonhold, including how to include shared ownership.

JG said that there were three areas that would be useful for the inquiry to examine. The first was understanding the heterogeneity of needs of older people and what that means for the heterogeneity of the homes that might be provided. He said there is likely to be greater diversity here than for general needs housing.

*“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 their provision for that.”*

JG said a second area was understanding what the obstacles are: which were from the market or provider, and which were coming from government action or inaction.

JG said that this related to his third point, which was who needs to do what? He said the government sets the framework and the funding but the funding is competed for within the regulatory framework so it can be hard to understand what needs to change.

RB asked whether there was a specific amount or proportion of the Affordable Homes Programme allocated exclusively to older people and within that for older people’s shared ownership or was it just down to the bidding process?

JG said that when it was launched there was no quota for older people. Half of the Programme was for shared ownership and 10% for supported housing.

PA asked about data on shared ownership for older people and whether numbers were rising? PA also referenced the Mobile Homes Act and the aspiration to provide private sector advice and whether this could be possible for shared owners.

JG said that there have been complaints from campaign groups that people did not know what they were buying, but he was unsure how prevalent that was for older people’s shared ownership.

John Galvin (JG) from EAC noted the complexities of shared ownership and the important role for advice for retirement housing whether buying, renting or for shared ownership. JG said that the public funding for the EAC stopped four years ago. This had limited their capacity and therefore the Counsel had avoided publicising their services beyond what they could deliver. They are now marketing through local agencies, their website and independent charities.

Anna Kear (AK) form Tonic Housing Association asked JG about whether he was interested in understanding the diversity of what older people want or diversity of product? AK said they had undertaken research into older LGBT people because local authorities did not collect the information, which makes strategic planning very difficult.

JG said he was interested in both diversity of product and client group. He said that the older people housing taskforce was deliberately broad. It is looking at choice, quality and security for older people of all forms and meeting diversity of people through diversity of products.

AD said that the departments had a depth of knowledge about the general housing market and asked whether information of housing for older people was comparable?

JG said they were starting from a lower base but rapidly gearing up. He said as the taskforce evolves it will be looking for data that is needed. JG noted that this housing was more niche and harder to come by.

RB noted that Savills’ data suggested that in broad terms the potential shared ownership market for this segment of the market – those who are homeowners but cannot afford to purchase something more suitable for their needs – is close to half a million.

**Shahi Islam, Assistant Director, Affordable Housing Grants Team, Homes England and Miranda Foster, Senior manager for Affordable Housing Products, Homes England**

Shahi Islam (SI) said that the Homes England share of the Affordable Homes Programme was £7.4bn. He noted that they had a new funding and delivery model through strategic partnerships which would allocate £5bn to those partners - and that they have already identified 44,000 shared ownership properties.

SI said that OPSO makes up around 1,200 of those properties. He noted that grant funded OPSO properties were fairly static at 1,200-1,300 homes a year although he mentioned there may be some under reporting of OPSO. There are around 400 partners, around 270 are for shared ownership and 30 to 40 involved in the delivery OPSO.

*“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.”*

SI said that they are the owners of the operational policy framework (rather than overall policy), which includes setting up model leases, funding conditions and liaising with key sector members. They also support customers. They run the Help to Buy service, which is a service designed to support partners and sell properties.

SI said that another way Homes England are seeking to boost the sector is by engaging new entrants. The focus has tended to be on housing associations and local authorities but they are also looking at for profit, unregistered providers and how institutional investment feeds in.

SI said that a mono-tenure programme presented delivery challenges. Their partners told them if the programme is skewed towards one tenure it affects site viability so there is now a more even split between homeownership and rent.

Miranda Foster (MF) said that older people tend to downsize who already own their own home outright. However, there is an opportunity for older people to enter shared ownership with lower shares. This included those who had a pension pay out and those trapped in interest only mortgages. The other element is to enable people to staircase up to 75%. Changes meant people could buy 5% (rather than a minimum of 10%) stake and staircase by 1% per year for the first 15 years. MF noted that reaching 75% was important for not paying rent.

MF stressed the importance of information. She said that HE had created information packs for customers, providing clear information for providers and they had updated the government website.

*“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.”*

MF said this will enable customers to compare and contrast offers from different providers. These were developed with potential customers considering shared ownership and older people’s shared ownership. MF said the information is designed and written in a clear way for the customer at the time the home is advertised, and when the customer is looking to purchase they will get more personalised information. MF said it was a bit like the mortgage offer, which will provide information in the same way.

MF says that because they are using public subsidy they make sure they seek to minimise how much grant is needed so they can provide more homes. This means a principle of shared ownership is therefore that people buy as much as they can afford. However, this is interpreted differently for older people shared ownership so people have the option to hold capital back for care costs or adaptions.

*“We've made it very clear that the share purchase should be determined by the customer in conjunction with a professional qualified regulated financial advisor.”*

MF said that priority was delivering new homes so while there are some circumstances where the provider buys back shares the focus is on using capital for developing new properties.

MF said that Homes England and DLUHC are involved through Help to Buy agents. Both shared ownership and OPSO properties are listed through three agents (depending on the property location). They have launched a website which gives a range of options. MF said that older people may be less “digitally comfortable” and that this issue needed to be addressed.

BM asked about the resale process and whether the information pack will be required on the resale? BM also asked whether staircasing negatively would be considered as people may want to access capital for care needs and whether Homes England rules and provisions allowed for this?

MF stated that whether it was a first sale or resale they should be given the same information in a clear and consistent format. MF stated that mortgage advice firms offer guidance for free through the provider whether not a mortgage is being taken out.

SI said that stair casing down was technically allowed. The policy framework is around preventing homeless and other exceptional circumstances. SI said that the intention is that housing grant is primary used for new build.

PA said that a comprehensive regulatory framework was being put in place and asked how Homes England was ensuring that non-reputable firms were to be kept from entering the sector.

SI said grant conditions need to be met and they onboard partners as part of the grant process. Once they access grant they also have access to services and Help to Buy agents. SI said that they had strong and robust contracts which require meeting conditions, including protecting consumers.

AD asked whether there was now more focus on new entrants? SI said that existing partners can do more, within limits, but there had been a focus on new entrants since 2006. He said that part of this was around diversity of provision and managing delivery risk.

MF responded to the question on whether goals are aligned. MF said bringing in institutional investors is good where goals are aligned. MF said they take time to onboard new entrants and make sure: *“We understand each other in terms of our overarching principle that this needs to be fair and affordable for consumers.”* MF said that it was important to ensure that the offering works for those needing a profit but that it is done in an ethical way. She went on to say that regardless it was important to ensure there is robust regulation to protect consumers. This included reform of leaseholder arrangements.

**Mariana Schiller, Senior Policy Officer, GLA**

Mariana Schiller (MS) spoke about the GLA’s approach to shared ownership for older people. MS said that London was a relatively young city but still had increasing numbers of older people. MS noted that the majority of shared owners were households with no children where the named household member was aged between 25 and 44.

MS said that the GLA were interested in the strategic benefits of freeing up other stock. MS noted that often when selling older people move to similar sized properties in cheaper locations. However, shared ownership for older people could address this.

MS said there is often a lack of well deigned smaller properties for older people’s needs as well as the locations they want to be; close to family, friends, the community and shops.

MS noted the lack of awareness around the product and tensions between understanding the demand when there is not a large supply of properties, stating:

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

MS said that they were able to help unlock supply and noted that they had adopted flexibility around design to ensure specialist housing is developed. However, MS noted that specialist and supported housing can be difficult to deliver. She noted they are trying to understand more on design requirements and also the challenges around revenue funding.

MS also noted that following the building safety crisis there was a lack of trust. This included the amount of information prospective buyers get so they know what they are buying into. The GLA has key information documents and the Mayor has published a Service Charges Charter -<https://www.london.gov.uk/what-we-do/housing-and-land/service-charges-charter>. This is to ensure more transparency from providers, including for shared ownership properties. The charter includes challenge, redress and how to question things when they go wrong. MS noted that every partner receiving grant from the current affordable homes programme has to sign up to the charter. They are also encouraging providers of private leasehold properties to do so as well. MS said that it was a principles-based document and could be scaled up for the rest of the country.

GD picked up on the point about the challenges for delivery, noting a lot of policy is reactive. The point of HAPPI is that like other parts of Europe it is a proactive response to housing our ageing populations. GD said that being proactive involved identifying good sites close to town centres and allocating them in their development plans for housing for older people. GD said it would be a step forward if this could be achieved.

MS said that the London Plan does make specific mention of needing to identify sites for specialist housing. MS noted that this may not be enough and that the GLA does recognise difficulties with meeting design requirements for specialist housing.

BM noted high house prices in London even with shared ownership. BM noted that opportunity to buy small shares might be played out more in London. He said that as supply was limited there was not the heterogeneity of provision and products that was discussed earlier in the meeting.

RB noted that this was part of the inquiry’s mission to increase those choices and opportunity.

RB closed the meeting by thanking the speakers.

**Date of next meeting: 7 June at 3.30-5.00pm**