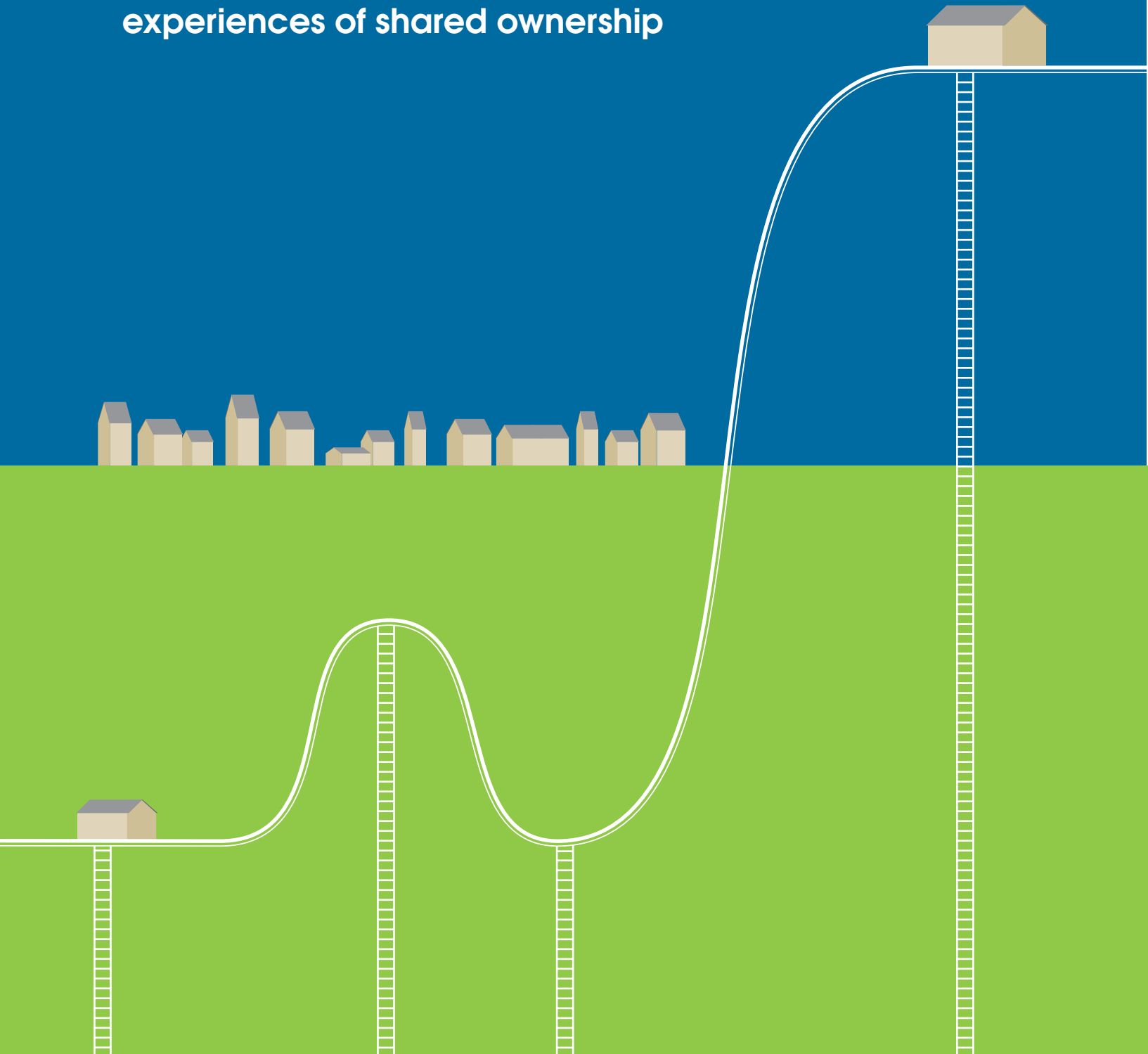


A fair share?

Understanding residents'
experiences of shared ownership



Client

Viridian Housing

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Foreword

Viridian Housing and shared ownership

Shared ownership is an easy way of getting onto the housing ladder for low and middle income households, and offers a simple route to outright home ownership. Or is it? We all know the cost of owning a home is moving beyond the reach of more and more sections of society. But what does this mean for shared ownership? As a housing product is it still doing the job we want it to? Or do we need to rethink how it helps people realise their housing ambitions?

These are the questions we have tried to answer through this research. Viridian Housing's Research and Innovation, and Shared Ownership teams commissioned ESRO, the award winning ethnographic research agency, to examine our shared ownership service and help us understand how we could do more to help customers realise their housing aspirations.

The broad aim of the research was to find out about the customers who live in our shared ownership properties. But it was about more than simply finding out about who these people are and what they thought about our service. We wanted a much more granular view. What are their housing needs and goals? What is their financial situation? What are the motivations and barriers to increasing the share they own of their home? What are their support requirements? And what's their experience of living in a Viridian property?

So why have Viridian done this? Well, firstly, because shared ownership is an important product. We have around 800 shared ownership properties—around half of which are located in London—and over the next 3 years we have plans in place to develop a further 375 properties. We are also actively developing our shared ownership offer for different customer groups, such as our award winning Halton Court development for residents over the age of 55.

Through this research Viridian wanted to understand how we can build on improvements we have made to our service in recent years. But we also wanted to look at our offer from new and different perspectives to give us a variety of vantage points from which to review what we know and come up with new ideas for how Viridian might improve.

We also want to share these insights and ideas with others in the sector. The depth and variety of the insights contained within this report have made us think more ambitiously about what Viridian's future shared ownership offer looks like, and we hope others will benefit from this research as well. Viridian are not going to implement all of the recommendations contained in this report, but we have now agreed an ambitious 3-year improvement programme for the service that will look at the products we offer and how we understand and cater for new buyers and existing residents.

So read on, enjoy, and reflect on our findings and emerging thinking. We hope this will provoke a wider discussion and as ever we welcome your feedback and comments.

Matt Champion,
Director of Operations at Viridian Housing

Policy context

Over the last five years, social housing organisations (including the National Housing Federation, Orbit, the Chartered Institute of Housing, and Gateway Housing as well as other policy leaders such as Shelter, the Joseph Rowntree Foundation and Resolution Foundation) have published research on how shared ownership might respond to the changing policy landscape. With a deepening housing crisis across the UK and increasing numbers of people struggling to get a foot on the housing ladder, shared ownership is often touted as a way forward for families who are priced out of the outright ownership market, but want more security than is offered by the private rented sector.

There were clear themes that ran across much of the research: the role of shared ownership in meeting housing need now and into the future; how the housing sector can support shared owners to staircase and move to full ownership; and ideas for changing the shared ownership *product* to help meet housing need. Whilst these are all extremely important issues which merit discussion, we felt that something was missing from the debate. Namely, an in-depth look at who shared ownership customers are, what they want from their shared ownership journey, and what the shared ownership *service* could potentially look like to help meet their housing aspirations.

This research goes beyond a traditional satisfaction survey and instead gives us an in-depth picture of the people who live in shared ownership properties, as well as a better understanding of their motivations and their experience of shared ownership. This new understanding of shared owners also provides the sector with a challenge to think differently about what kind of service shared owners want and expect from their landlord and how landlords can work better with and for their shared ownership customers.

The research

In 2014, Viridian Housing kicked off a programme of research into shared ownership. The project was specifically aimed at providing Viridian with a series of practical recommendations for improving and extending the current shared ownership service, but it was also designed to generate more widely applicable insights that could be shared with the sector as a whole.

The research was divided into three phases:

1. **Desk research**, led and coordinated by Viridian's own in-house Research & Innovation team, that involved collating the following: findings of previously published research into shared ownership, emerging trends data on shared owners, and the latest literature and thinking from relevant think-tanks
2. **Quantitative survey research**, carried out by ESRO (an independent research agency), with a large sample of over 300 of Viridian's current shared owner residents
3. **Qualitative in-depth research**, involving in-home interviews with a small sample of Viridian's own shared owner residents, again carried about by ESRO's research team

Both the resident survey and the resident interviews were designed deliberately to go beyond the collection of traditional 'feedback' on services, and into a more sophisticated exploration of the attitudes of shared owners toward the shared ownership model itself.¹ In this way, the research generated findings that look quite different to those that are more traditionally presented in the sector.

Viridian also hosted a roundtable event in central London that was attended by stakeholders and representatives from other leading housing associations, as well as other organisations from across the housing sector. Here, the findings of both the desk and primary research phases were presented as a series of challenges for the future. Participants were invited first to debate and discuss these challenges, sharing their own knowledge, experience and ideas, and then to explore the possibilities for new kinds of products and services in the shared ownership space.

¹ Copies of the research tools used are available upon request made to the Viridian Housing Research & Innovation team.

1. The future of shared ownership

1.1 Where are we now?

The issue of home ownership in the UK has been a perennial one for politicians and media commentators alike over the past few decades. With a recent financial crisis that left many feeling less well off than before, followed swiftly by yet another sharp rise in house prices, the issue has again risen to the forefront of national debate. All of the main political parties made housing policy a key feature of their policy platforms in the run up to the 2015 general election, each recognising the importance of that peculiarly British aspiration to own homes.

However, the housing landscape is now somewhat different to what it was in the run up to the general election in 1974 when Margaret Thatcher, then the Cabinet Minister for Education and Science, first proclaimed her vision for Britain as a 'nation of homeowners'. Today, we are as likely to hear about the rise of 'generation rent' or 'millennials' stuck living with their parents in order to save up for a deposit, as we are about 'aspiring homeowners'. House prices are moving out of the reach of an increasingly large section of the population, particularly in London and the South East, meaning that even for those on reasonable incomes and with good career prospects, the future is likely to mean lifelong renting rather than getting a foot on the rungs of the home ownership ladder.

In this context, it seems timely to re-consider the role of shared ownership in the housing market. Is it really a half-way house between owning and renting; a stepping stone from one to the other? Does it remain a good way to get on the road to full home ownership, for the aspiring owner? Or could it offer an entirely new option to those that belong to generation rent? Indeed, how will the next generation of shared owners see themselves—as renters, owners, or something different altogether? Do shared owners access the tenure because it offers more *housing stability* than the private rented sector? Or is it more attractive because it offers a more *affordable* alternative to the outright sales market?

In this report, which draws on the findings of a major new piece of primary research carried out in partnership between Viridian Housing and ESRO, all of these issues are explored in some detail. It is presented as a thought piece; meant to provoke discussion and invite further thinking and further research. In the conclusion, which builds on the findings showing that shared ownership increasingly brings together people with a multitude of different aspirations for living and housing, we set out a range of options to start the conversation about the different approaches providers could take. Some will be taken forward by Viridian; others will not. Across the sector as a whole however, we hope this paper will lay the groundwork for more nuanced and innovative services aimed at potential buyers and existing residents.

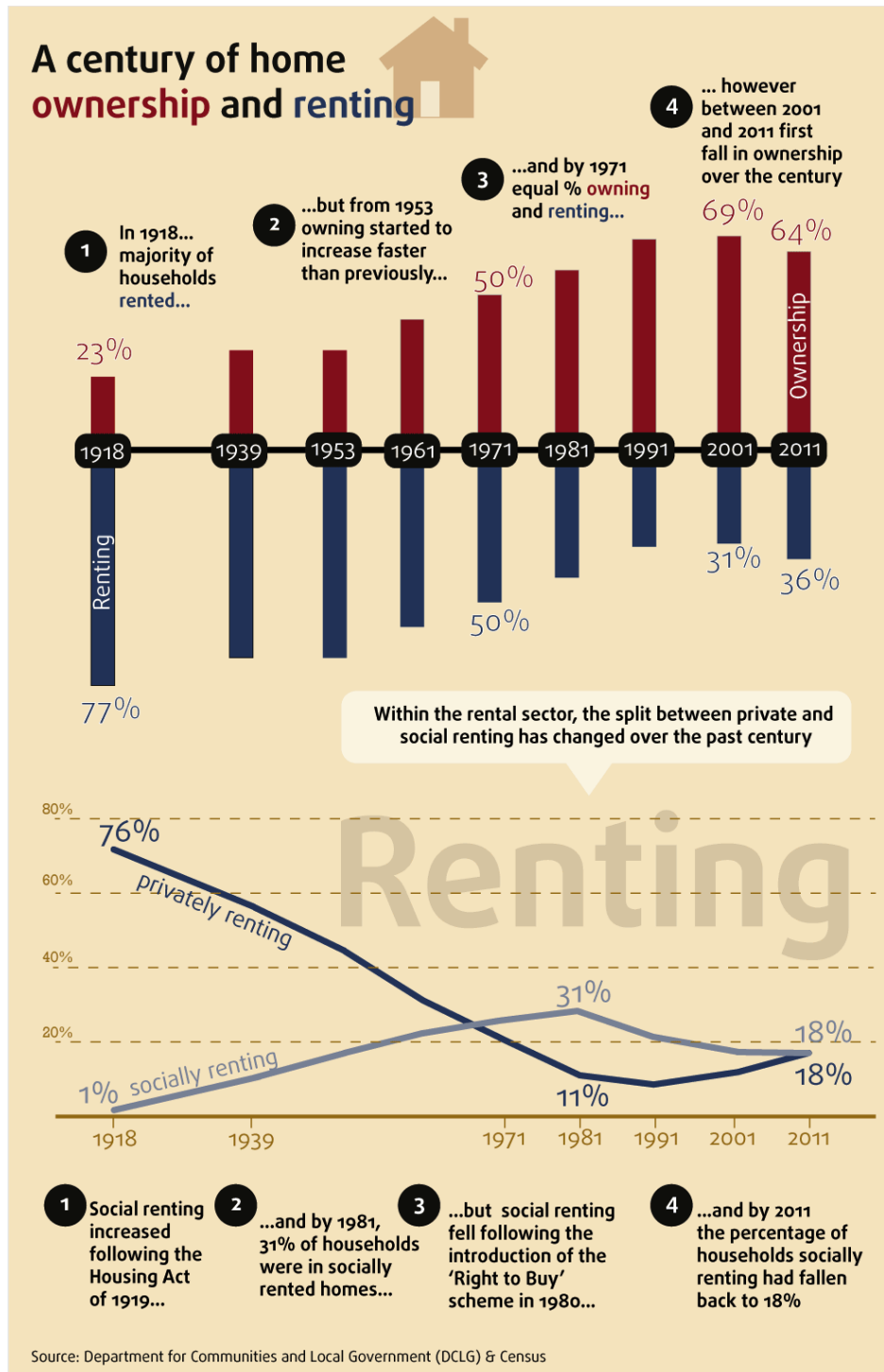
"Rise of generation rent as home ownership hits 25-year low"

Telegraph
headline, 2014

"Can't afford to buy a home? Try shared ownership instead"

BBC News,
April 2014

Figure 1: ONS infographic illustrating recent trends in home ownership, based on data from the 2011 census



1.2 Future shared ownership customers

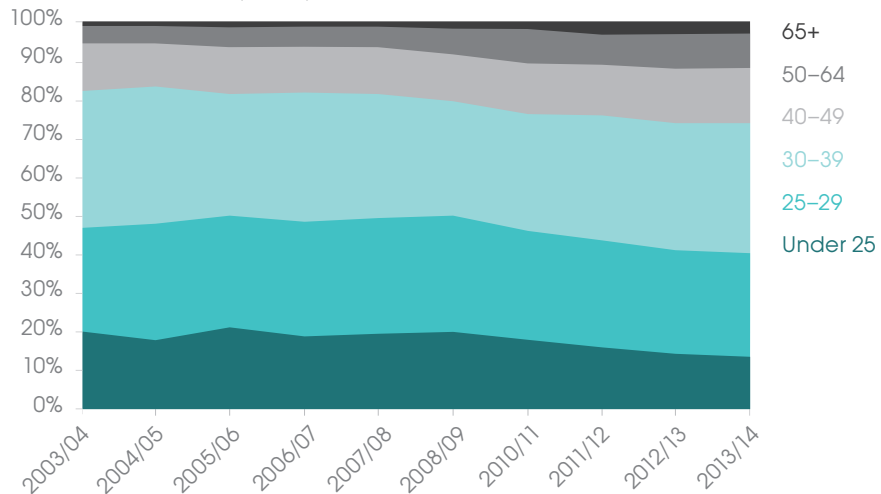
A look at recent trends suggests that the market for shared ownership is undergoing change. Analysing the demographics of those who have more recently become shared owners for example, suggests future buyers might be older and wealthier than those that have been traditionally associated with shared ownership schemes in the past. They may need to be too, since the same trends data suggests that they are likely to be paying more for their shared ownership properties.

Changing demographics and changing economics, are likely to mean a change in products and services. Providers of shared ownership will have to change, either leading the market with savvy innovations aimed at new kinds of buyers and residents, or responding to the changes in demand and expectations that new customers are likely to bring.

1.21 New buyers at new prices

One of the clearer trends to emerge from analysis of the CORE data² is that shared ownership buyers are getting older. The graph in figure 2 shows the population of shared ownership buyers split into different age groupings. In 2003, around 47% of shared ownership sales were to buyers aged under 30. In 2014, this proportion had dropped to 40%, with most of this decrease being accounted for by a rise in the proportion of buyers coming from the over 50s age bracket.

Figure 2: Proportion of shared ownership sales by age group of 'lead household member', since 2003 (CORE)



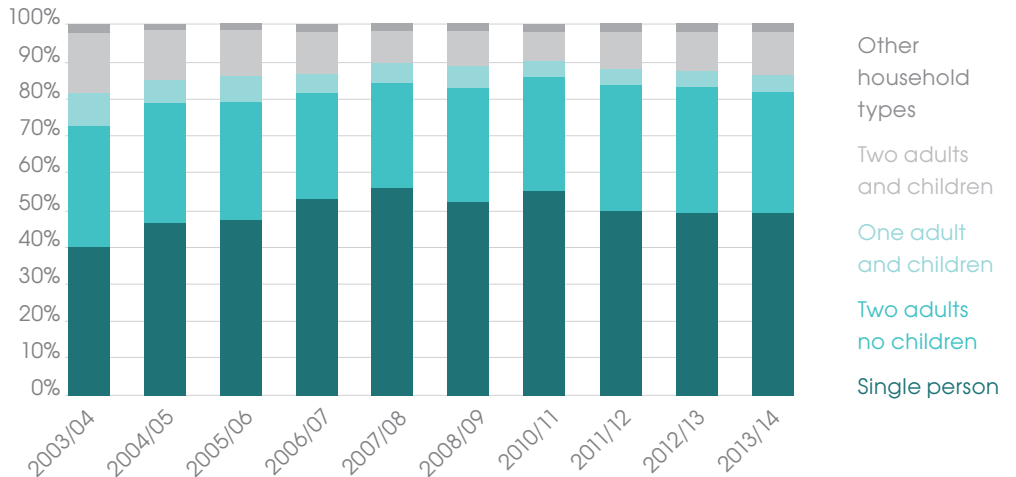
These trends could reflect changing living patterns more generally, such as increased rates of divorce leading to more new home buying among older singles, and the opening up of the shared ownership market to previously long-term renters. Interpretations like these have already been spotted in fact, and have provided the inspiration for new shared ownership products aimed at older buyers, not least the Government's own "help-to-buy" OPSO scheme (Older Persons Shared Ownership). But the figures may also of course simply point to the increasing costs of all parts of the housing market, meaning that people must save for longer before they are able to amass enough capital to consider purchasing a home (shared or otherwise).

² CORE (COntinuous REcording) is a national information source funded by the Department for Communities and Local Government that records information on the characteristics of both registered providers and local authority lettings and sales within social housing and shared ownership housing. The database is created by collating quarterly data submissions from housing providers on new sales and lettings.

CORE data is useful because it can provide clear indicators of trends in this part of the housing market, and it is particularly useful when it comes to understanding shared ownership, since the registered housing providers providing the data are able to account for almost all instances of new sales of shared ownership properties in the country.

In fact, this fact may also be contributing to the trend observed in the graph below which shows the marital and family status of new shared ownership households.

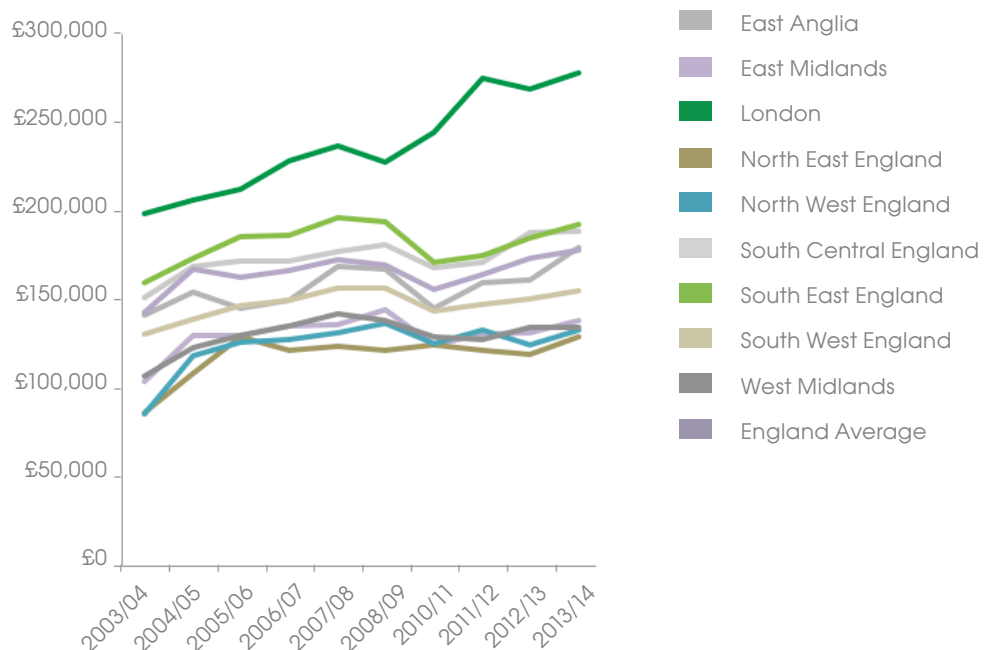
Figure 3: Proportion of shared ownership sales, by household type (CORE)



These bars show that the proportion of buyers with children is in decline. Whilst those with children have never played the greatest role in shared ownership sales, the trend nonetheless seems to suggest that it is singles and couples without children who are going to be the dominant shared ownership buyers in the future. In fact, the number of buyers with children has gone down from almost 1 in 4 in 2003, to nearer 1 in 7 in 2014. One interesting possible concomitant to this trend is the fact that younger couples moving in to shared ownership properties may find it harder to increase their share of ownership when/if they come to have children, a change in life circumstances that always delivers a financial shock, after all.

And alongside all of these trends is the increase in the cost of shared ownership itself. As house prices across the country have increased over the past decade (albeit at different rates) so too have the prices of shared ownership properties—and of course any share of them. And this has meant that, unsurprisingly, the incomes of shared ownership buyers (both as couples and singles) have also increased. In London, for example, where prices have risen the most, the average income of a single shared ownership buyer has increased from £26,187 in 2003 to £35,449 in 2014. Given that this comes at a time when, on average, wages have remained fairly static, the higher income profile of shared ownership buyers is likely to indicate a change in the types of people moving in to shared ownership, in terms of, for example, the kinds of employment background they have.

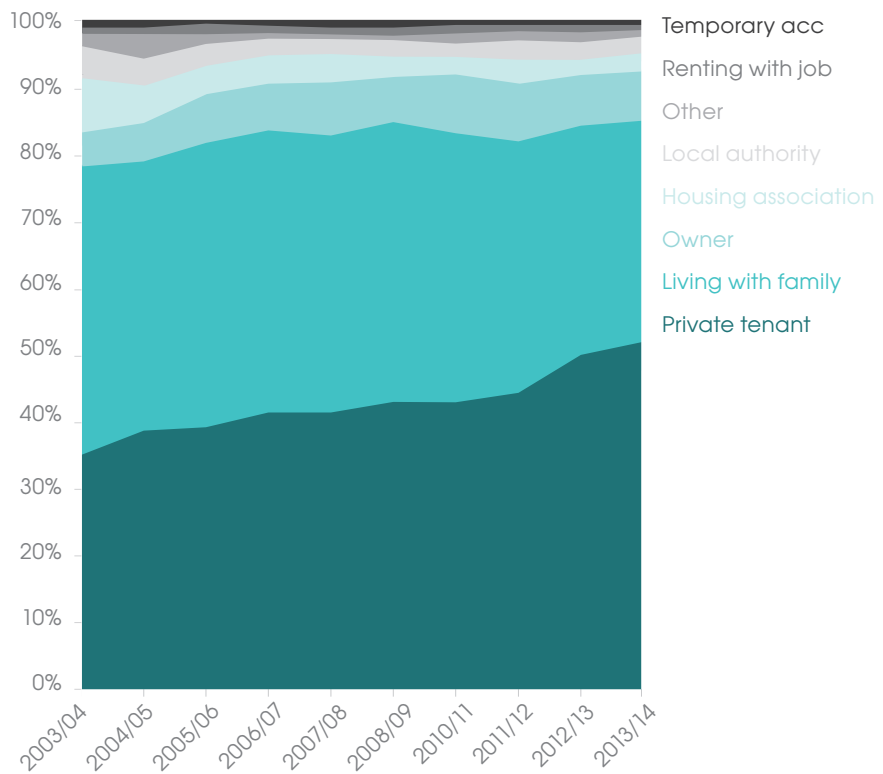
Figure 4: Average shared ownership sales prices from 2003 to 2014 (CORE)



If any more proof were needed of the direction of travel of the shared ownership market, one of the more interesting trends to be found in the CORE data is that which looks at the 'previous tenure' of shared ownership buyers. Since 2003 there has been a sharp rise in the proportion of shared ownership buyers coming from private rental accommodation (from 38% in 2003 to 52% in 2014). This rise appears to have been matched by a decline in the proportion of shared ownership buyers coming from social housing from 13% in 2003 down to only 5% in 2014 (see figure 5 below).

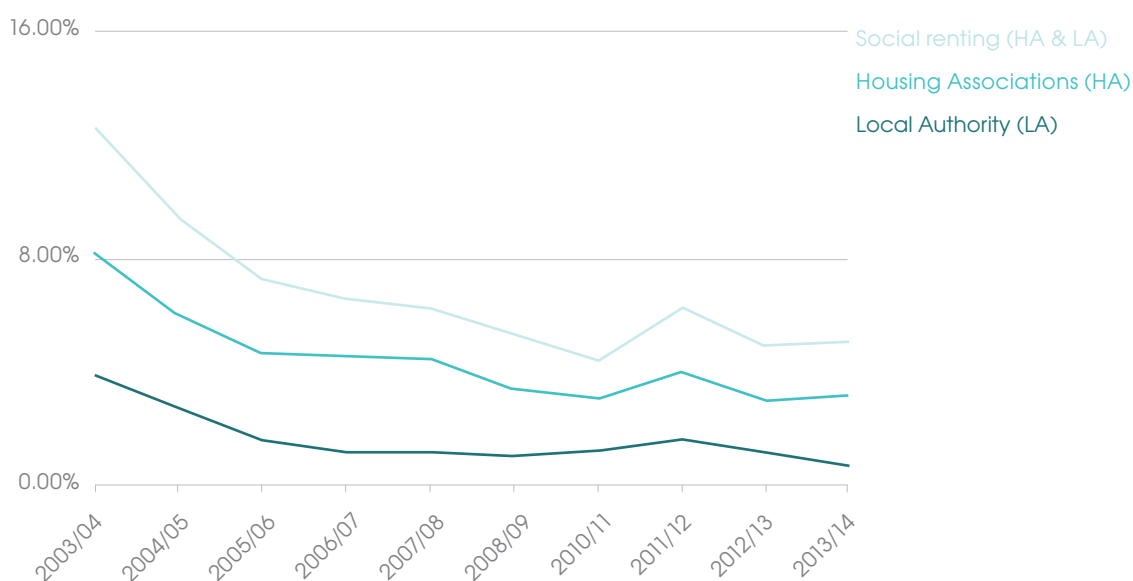
Perhaps all of this suggests that the role of shared ownership products in the housing market may be changing. Where once they may have been conceived as a route to home ownership for those on lower incomes, they are now perhaps a product for those on higher income trajectories who are nonetheless struggling to keep up with the rising price of home ownership, and have found a new point of entry in to the housing market.

Figure 5: Proportion of shared ownership sales, by previous tenure of buyer, since 2003 (CORE)



The following graph isolates the data on the proportion of shared ownership buyers coming from local authority or housing association housing, and shows the sharp decline in buyers coming from social renting backgrounds more starkly.

Figure 5a: Declining proportion of shared ownership buyers coming from social renting (CORE)



1.3 Summary

- There has been a significant increase in the number of shared ownership buyers over the age of 50.
- There has been a reduction in the proportion of under 30 year olds purchasing shared ownership homes (which perhaps suggests that recent recessions have had an effect on the ability of the under 30s to access shared ownership).
- The proportion of households with children taking up a shared ownership sale has decreased from one in four in 2003/04 to one in seven in 2013/14.
- The proportion of higher income shared ownership customers has risen over time, alongside the rise in property prices.
- The proportion of shared ownership buyers coming from socially rented accommodation has declined since 2003.

All of this suggests that shared ownership products are beginning to appeal to new kinds of buyers perhaps with new aspirations and new kinds of resources. And these trends in the buyer population, of course, will begin to change the shape of the shared ownership *resident* population over time.

As a result, in the future we are likely to see innovation in the shared ownership marketplace, both in terms of the products offered, and in terms of the ways that buyers and residents are understood and catered for. Changes and innovations will either be driven by fast-moving and innovative housing providers who recognise the changes early, or simply as a response to the needs and demands of new kinds of buyers and residents.

2. Helping shared owners achieve their housing aspirations

2.1 The staircasing aspiration

Where once shared ownership might have been conceived of as a way for those not able to own their own homes to get a foot on the housing ladder, and provide a pathway to full ownership, the nature of the housing market and the financial realities of increasing costs of gaining equity in homes, have meant that shared owners are now characterised by a wide variety of different aspirations. For providers of shared ownership products and services, this may mean that helping people to achieve their dreams will involve a more nuanced understanding of aspiration.

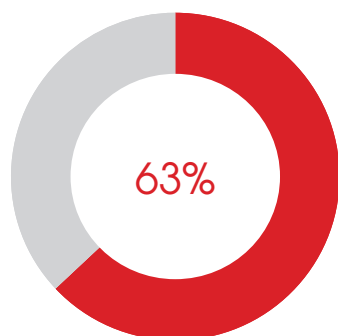
Our survey specifically explored the aspirations of over 300 of Viridian's current shared owner residents from across the UK. They were asked both about their aspirations at the time they purchased the property, and their aspirations now.

The results that related to the idea of 'staircasing' in particular, were very interesting. Increasing the share of ownership in their property is a process known as 'staircasing'. Essentially it means that a shared owner who initially owns a certain proportion of their property, can increase their equity, thereby increasing the proportion of the property that they own. We asked: "Thinking about when you bought your shared ownership property, to what extent would you agree or disagree with the following: *I / We wanted to gradually increase my / our share of ownership in a property.*"

63% of respondents agreed with this statement, suggesting that they had every intention of increasing their share of ownership in the property, at the time that they bought it.

We then asked whether they *had* staircased, were *currently* going through the process of staircasing, and/or whether they thought that they might staircase in the future. Surprisingly, only 43% now felt that they were likely to initiate the process of staircasing within the next 5 years, and only a further 4% said they were likely to do so beyond that time frame. This makes a total of only 47% of current shared owners who now think that they are likely to increase their share of ownership in the property. Part of this fall in proportion from the initial 63% can of course be explained by the fact that some shared owners had already staircased, but there were others for whom the aspiration to staircase and increase their share of ownership in their property seemed to have fallen away.

We may assume that this might happen; the ebbs and flows of life change people's priorities and aspirations after all. But there does seem to be more to the story. And changes in aspirations seem to have happened not just due to changes in personal circumstances, but due to external factors too.



Proportion of Viridian's shared owners who wanted to 'staircase' at the time of purchase

2.11 What happens to the ladder?

The questions of what the shared ownership product now means to current and potential shared owners and whether it is still the staircasing product it was intended to be, are interesting ones. The idea that shared ownership offers a good way of getting on the housing ladder for example, still seems to resonate strongly, with 85% of our sample of our current shared owners agreeing that it was. And this is good news for the architects of the idea. As long as the aspiration to get on the housing ladder remains, so it seems that shared ownership will provide a perceived means to getting on to it, especially for those who may not be able to afford to do so any other way.

But there is another aspect to the housing ladder metaphor, and that is to do with 'climbing'. Staircasing is of course the mechanism by which shared owners can increase the extent to which they can be thought of as owners, with the supposed ultimate plan being to use staircasing as a means not just to owning but also to *climbing* the housing ladder. But here, in relation to climbing the housing ladder, our shared owners were less certain. Only 60% agreed with the idea that shared ownership was a good way of 'moving up' the housing ladder.

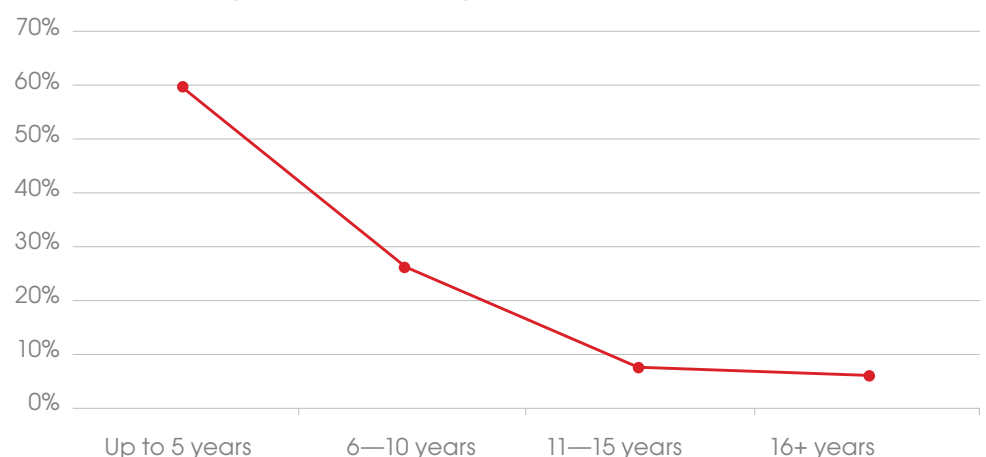
As we found in answer to the questions about staircasing aspiration, there seems to be a cohort of shared owners for whom the initial promise of shared ownership as a means to upward momentum on the housing ladder falls away over time. In fact, 77 people in the sample (24%) seemed to feel this way, saying first that they thought that shared ownership was a good way of *getting on* the housing ladder, but subsequently that it was not a good way of *moving up* the housing ladder.

And the longer that shared owners had been living in their property, the more cynical they seemed to have become. Among those who had been living in their property for more than

5 years, only 54% now thought that shared ownership was a good way of moving up the housing ladder, and this figure included some of those who had actually staircased already.

Since time is so clearly a factor in declining aspirations to staircase, and declining hope of moving up the housing ladder, it is worth considering in more detail. The graph below (figure 6) shows the proportion of shared owners that were planning to staircase within the next 5 years by the length of time they had been living in their property. It shows a dramatic difference in the staircasing ambitions between those who had been living in their shared ownership property for only a short time, and those who had been shared owners for a lot longer.

Figure 6: Proportion of shared owners planning to staircase within the next 5 years, by how long they had been living in their property



Changing life circumstances (such as the extra costs and reduced incomes brought about by starting a family) almost certainly play a part in this decline in aspiration to staircase. Similarly the lack of pay inflation since the financial crash in 2008 is also likely to have affected people's plans to staircase. It has also been suggested within the industry that some shared owners are unaware of the complexity of the agreements that they are entering into when they take on a shared ownership property, and that the relatively complicated process of staircasing is something that takes them by surprise.

However, the strong negative correlation between the lengths of time shared owners had been living in their property and the aspiration to staircase in the future is, as was discussed in the initial section of this paper, probably more a reflection of rising house prices (and therefore the increased costs of obtaining more equity in a property) set against a background of a relative stagnation of incomes over the past few years. This seemed more likely than just individual changes of attitude toward home ownership within families and households, or a generic fear of form-filling and bureaucracy.

This is borne out somewhat by the answers given by our current shared owners to a question about what the main barriers to staircasing were. The most commonly cited barriers from a list of options were (in order):

1. Saving up enough money
2. Legal fees and other fees associated with staircasing, such as stamp duty
3. Getting banks to lend
4. The costs associated with re-mortgaging
5. Increases in house prices

'Dealing with the housing association' and other answers that involved working out the complicated bureaucracy and rules of staircasing only came sixth and seventh on the list. In other words, all of the most commonly cited barriers to staircasing were financial and not bureaucratic. In fact, whilst 35% of respondents did indicate that they felt staircasing was not a simple process, almost twice this proportion indicated that they felt that it was 'too expensive' to staircase.

2.2 The dream of home ownership

In the section above, we explored some of the reasons why some shared owners may find themselves unable to staircase or move up the housing ladder in the current market conditions suggested by trends and survey data. However, this does not necessarily mean that the aspiration to full home ownership disappears. At least not for all.

In fact, 143 respondents in our survey felt that they were likely to move home in the next 5 years. And of these, 110 said that they were planning to move to a property that they either owned outright, or that they owned with a mortgage. So despite the difficulties of saving up money, and the challenge of staircasing, a significant number (more than a third) of our sampled residents were still aspiring, at least, to jump from the stepping stone of shared ownership to full home ownership.

During interviews with residents who were planning on moving to home ownership, we discovered, unsurprisingly, that in the majority of the cases, the move would involve selling their shared ownership property, and moving to a different area where house prices were lower. In this sense, shared ownership can be seen as playing a different kind of intermediary role in the housing market. Rather than simply providing a stepping-stone to full ownership in financial terms, it may also be providing a solution in terms of location. One of our interviewees in particular brought this point home. An older professional man, with a secure income of which a reasonable amount was disposable, described how he had previously owned his own home in the south west of England, but had sold up and moved to a shared ownership property in London to follow an employment opportunity.

Taken at face value, this story seems to contradict the traditional model of shared ownership; of renters moving 'up' to home ownership. But read in another way, the story is simply one in which equity was being moved around different kinds of housing products to enable living in different parts of the country. In fact, as our interviewee had shrewdly noticed, although only a part owner, his equity was now worth more (as a result of moving to an area where house prices had risen astronomically) than it would have been had it remained in his previous property.

The idea that shared ownership could be a strategic option in terms of location, as well as affordability, gives added interest to one of our survey figures, that 86% of our current shared owners agreed that shared ownership offered them the only means to owning a property in the area that they wanted to live in. We are now invited to ask the question of whether shared owners are not only considering 'affordability', but also considering shared ownership as a means to live in certain places whilst also retaining or building equity in a home. These types of consideration, of course, are not much different to the kinds of considerations that full homeowners (aspiring or current) will make.

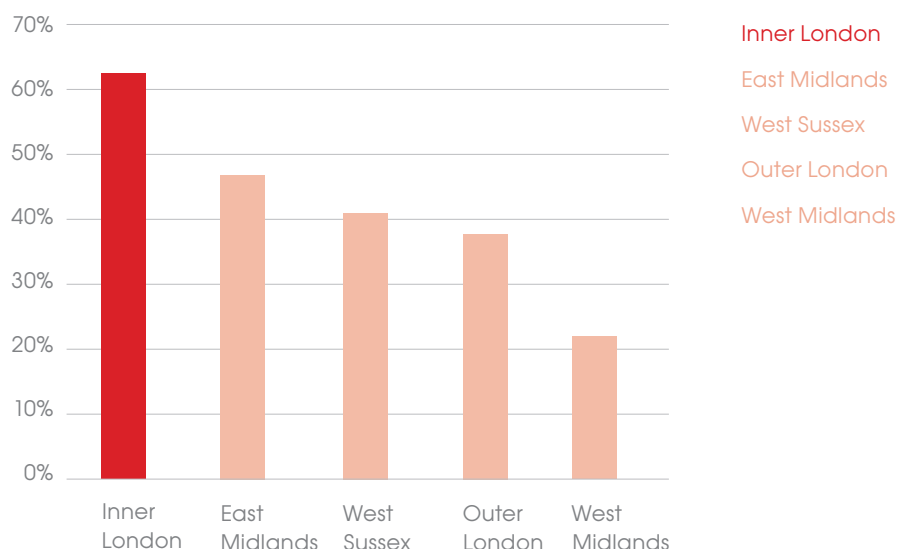
Of course, aspiring to full ownership and using shared ownership as a stepping stone to it is not an option for all. The story we described above, and figures we have already illustrated suggest that such considerations are still very dependent on a person's finances, and the nature of the housing and employment markets in different regions. In fact, looking at the results of our survey more closely, we found that there were certain clear patterns that could be identified around positive attitudes to staircasing and aspirations to home ownership that pointed to certain kinds of shared owners living in specific places.

2.2.1 The aspiring shared owner

We asked residents whether they felt that their shared ownership properties would be easy or difficult to sell in the current market. This question is important since the issue of the complex rules around selling shared ownership properties has been the subject of discussion both within the industry and in national media and blog articles describing the benefits and pitfalls of shared ownership. Of course, the current demand for affordable housing has been much discussed in national media and political rhetoric, so the question of how shared owners perceive the demand for their own property in this context is interesting. In fact, the ambiguity was reflected almost exactly by our respondents in that precisely 50% felt that selling their property would be easy, with the remainder divided between uncertainty and thinking it would be difficult.

The chart below (figure 7) outlines the proportions of respondents who thought that their property would be *easy to sell*, broken down into the different regions included in our sample.

Figure 7: Proportion of Viridian’s shared owners who thought their properties would be ‘easy to sell’ in the current market, by region

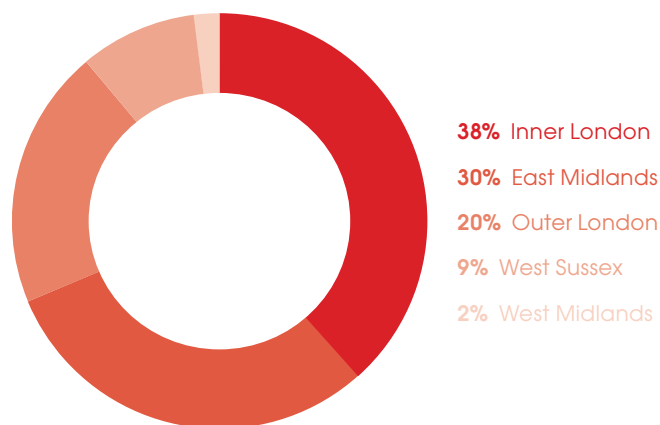


The chart clearly shows that shared owners in London were considerably more confident in the saleability of their shared ownership properties in the current market, particularly those in inner London (defined according to those who lived in boroughs traditionally called the ‘inner London boroughs’). The dramatic differences between the various regions almost certainly reflect differences in local housing markets, since the process for all would be the same. But, remembering those who had suggested that they would like to move from shared ownership properties to homes that they owned with a mortgage or outright, it would seem that those living in central London would be at an advantage.

And these were not the only figures that suggested that Londoners were (or felt they were) in a better position to staircase or move to full ownership. Among our sample, there were 33 respondents who had already staircased up to full ownership; of these, 26 (79%) lived in inner London.

Furthermore, of those that said that they were planning to staircase in the next 5 years, it was London residents again that made up by far the largest part (see figure 8 below).

Figure 8: Those planning to staircase in the next 5 years, broken down by region

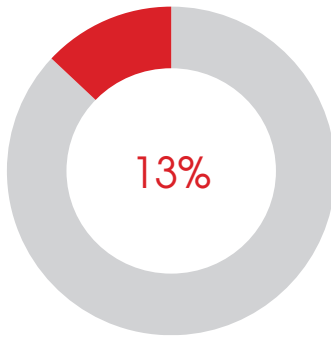


Aside from this apparent London bias among those with staircasing and home ownership aspirations, other demographic markers were also apparent. We have already discussed the fact that newer shared owners were more likely to still have their staircasing and home-ownership aspirations, for example. But it is worth noting that this did not necessarily correlate with being *young*. The vast majority of those planning to staircase were older than 25 (and therefore presumably moving into the time of their life when earnings would be higher). With regard to the question of whether shared ownership offered a means to climbing the housing ladder, the importance of finance again became apparent, with 79% of those who felt that shared ownership was a good means to climbing the housing ladder describing their

financial situation as 'alright' or 'comfortable', as opposed to only 58% among those who felt it was not. And just to further the point about the availability of disposable income being a key driving factor in aspiration to home ownership, among those who were planning to staircase in the next 5 years, 73% did not have children living at home (slightly higher than the figure for the sample overall).

What we see then, is that shared ownership offers a means to full ownership more readily to some than others. The archetypical 'aspiring shared owner' (where 'aspiring' refers only to the notion of full home ownership) is a relatively recent buyer, living in London, with no dependents and a reasonable disposable income; though of course, any one of these factors could contribute to home-owning aspiration.

2.3 Generation rent



The proportion of Viridian's shared owners who said that they had no intention to increase their share of ownership, even at the time of purchase

So far, we have looked at staircasing and homeownership aspirations, and why they might live or die in the different stories of shared ownership. In this last section, we will briefly look at the idea that some shared owners may not be considering home-ownership, or even increasing equity, at all. In fact, they may never have considered it.

It would be fair to say, that very little attention has been paid to the idea of the 'non-aspirant' shared owner, either in the media or in the rhetoric of shared ownership sales. In fact, there is no commonly recognised shared ownership narrative that encompasses such people at all. So do they even exist?

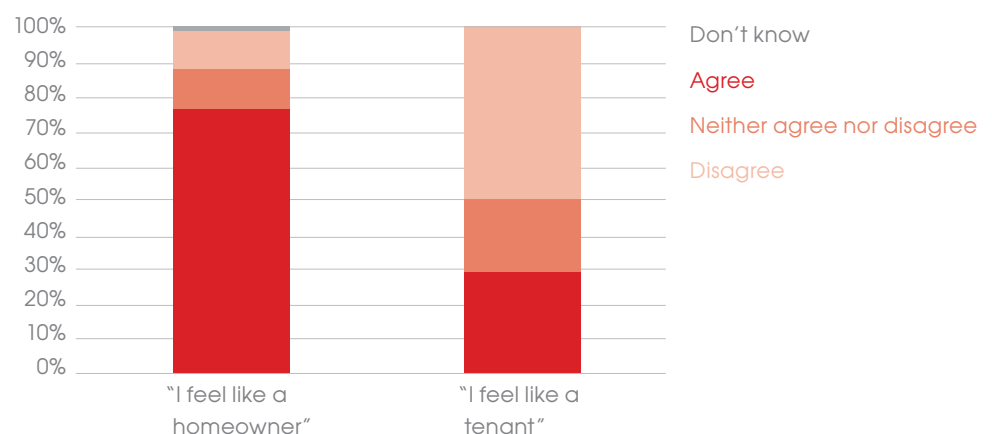
In answer to the question we asked about whether our shared owners had planned on increasing their share of ownership in the property at the time they bought it, 13% said that, even then, they had no intention of doing so. Furthermore, 23% said that they found the whole idea of staircasing 'unattractive'. Of course the barriers to staircasing that we have already mentioned will have put some people off, but for others it seems there might simply be no desire to look towards full home ownership (via staircasing or otherwise).

It might be tempting to dismiss these findings as simply being down to the vagaries of providing respondents with a survey that gives them the means to provide these kinds of answers, and to suggest that the number of people who did originally intend to staircase is the more interesting. Our data actually suggests that there is more to it than that.

2.3.1 Renters and owners

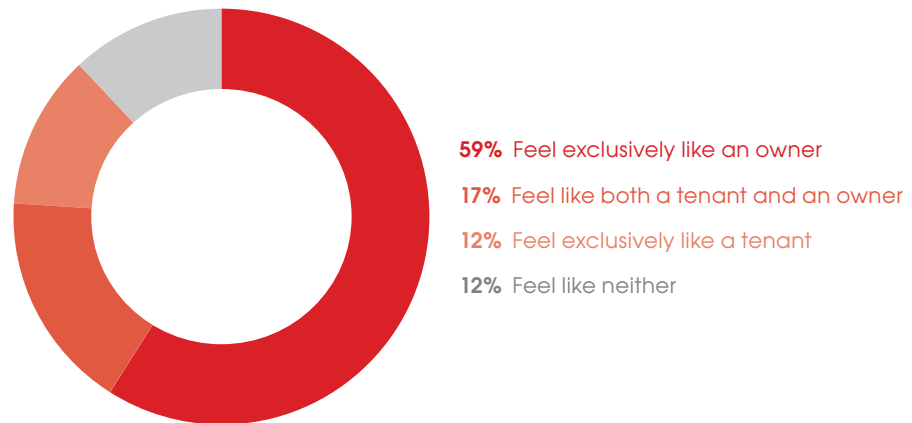
We asked all of the survey respondents whether they felt like a 'tenant' and whether they felt like a 'home owner'. Since shared ownership involves paying both rent and a mortgage, we were interested in how people might feel about this question. Recognising that in the case of shared ownership, feeling like a renter and feeling like a homeowner may not be mutually exclusive, we asked them to agree or disagree with each of the following statements separately: "I feel like a home owner", "I feel like a tenant". The results are illustrated in the chart below (figure 9).

Figure 9: Feeling like a homeowner and feeling like a tenant



The first thing to note is that a considerable majority of our shared owners did feel like home owners. But it is also noteworthy that a good proportion (29%) also felt like tenants. We will return to these numbers in section 3 of this paper, but for now, we want to draw attention to a more interesting analysis. Figure 10 illustrates the same numbers but further analysed to show those people that said they felt like a home owner AND NOT like a tenant, or felt like a tenant AND NOT like a home owner, didn't feel like either, or felt like both.

Figure 10: Feeling exclusively like a tenant or home owner



What this analysis showed is that, rather in line with the proportion of shared owners who said that they had never had any intention of increasing their share of ownership in their property, 12% of our current shared owners felt that they were tenants, rather than home owners. At this point, the sample size becomes too small to do any further analysis, but there are indications that these shared owner 'renter tenants' tended to be more recent purchasers and were younger. In other words, what we might be seeing is 'generation rent' encroaching on the shared ownership market, and taking advantage of the shared ownership product as a permanent rental option, rather than a means to full ownership. In the next section we discuss this in far greater detail.

2.4 Summary

What all of the foregoing analysis seems to tell us is that among current shared owners, there are a variety of different attitudes toward housing. Some can see a clear path toward home ownership, others perhaps see themselves as just another kind of tenant, and yet others seem caught between the two.

It might once have been thought that helping people to realise their housing dreams through shared ownership was simply a question of giving them a means of getting on the housing ladder, and the opportunity to progress thereafter. The picture turns out to be complicated, even among current long-term shared owners, and providers of shared ownership products and services may already have to reconsider the universal model around staircasing and ladders.

In the final section (section 4) of this paper, we will discuss the kinds of questions and challenges all of these data raise in more depth. In the next however, we want to explore in more detail this phenomenon of shared owners lying at different ends of a housing aspiration spectrum.

3. Focusing on the shared ownership customer experience

3.1 'Renter plus' and 'Owner partner'

In the previous section, we used the data we had collected from our survey of current shared owner residents to introduce the idea of a spectrum of shared ownership that spanned the gap between those with few aspirations to staircase and move on to full home ownership, and those who wanted to staircase to full ownership, or move on to homes that they owned.

The problem with this quantitative evidence, whilst it clearly demonstrates a pattern, is that it tells us little about the everyday experiences of shared owners who lie at different points along the spectrum. Fortunately, our research did not have to rely solely on the data from surveys, and we are able to draw on a rich set of qualitative case-studies, built from interviews with current shared owners, that allows us to put some more flesh on the bones of real experiences, and shared owners' different expectations and needs.

In terms of shared ownership product development aimed at new shared owners, the trends data that we initially presented can provide a jumping off point, but in terms of developing the *services* that are provided to resident shared owners, we need to look in more detail at the lived experience of current services.

3.11 Shared owner mindsets

We were fortunate during our research with shared owners to come across a number of different characters and households that represented many of the different cohorts analysed in the previous section of this report. We were so struck by the differences between them, in terms of their attitudes towards, and experiences of, being a shared owner, that we found value in building a set of archetypes that could lie across a spectrum of shared ownership 'mindsets'.

Figure 11: The spectrum of shared owner mindsets



The spectrum includes two categories that lie *outside* of the shared ownership experience, namely: 'Renting' and 'Home ownership'. We have included these merely to demonstrate the space that shared ownership exists in, and to emphasise the fluidity, from the residents' point of view, between shared ownership and other kinds of tenancy or living arrangement.

'Renter plus'

Perhaps the newest idea to emerge in the spectrum is the idea of the 'renter plus'. Essentially this describes those people who see their shared ownership experience as a step up from renting, but are a long way from seeing themselves as truly 'home owners'. One example of this kind of mindset was given by one of our younger respondents, who described the ability to put posters on his walls without having to ask permission as being better than his previous experience of tenancy, but who still expected the kind of landlord services that a renter might expect, and had no plans to save and staircase.

'Renting owner'

This category describes those whose experience lies some way between renting and owning their property. They are conscious of the benefits and disadvantages of both, but unclear perhaps, as to exactly where they stand at any given moment. The most obvious example of this ambiguous moment would be when the property requires repairs. Questions abound. Do they, as owners, pay for the repairs on their own? If so, why, given that they are only part owners? And can they arrange repairs on their own? If not, why not, given that they may have to pay for them?

'Owner partner'

These are the shared owners who see themselves primarily as home owners, and who certainly aspire to full home ownership either through staircasing or through a move to another property that they own. However, they also recognise the caveats around their current status as 'owners', and the constraints that their *shared* owner status places on them. A good example

of this was provided by a respondent who was looking to sell his property. He had lived in the property for many years, and had really made the flat a home for his wife and daughter. He was now looking forward to using the equity he had accrued in his shared ownership property to move to a new and bigger home elsewhere that he would own with a mortgage; but he had become acutely aware that he was neither able to get the property valued for himself, nor able to put his house on the unfettered (and locally extremely buoyant) housing market.

3.12 Understanding the needs and expectations of shared owners

There are two important points to understand about these different shared owner mindsets. First, people are not necessarily fixed to only one mindset. Life circumstances, such as changes to finances or to household composition (the arrival of a new baby or a new partner, for example), can change the way people feel about their status as shared owners. Further, the way that a shared ownership provider (in this case a housing association) treats them, can have a powerful influence on the way in which shared owners will perceive themselves, and therefore the mindset they will adopt. Second, and crucially for those who deliver services to shared owner residents, the mindsets give rise to different sets of expectations and needs.

In other words there is not a single 'shared owner' customer, or customer experience. There are several, and our spectrum offers only one way of navigating them.

'Renter plus': needs and expectations

The key to understanding the 'renter plus' is to recognise that this is not necessarily someone who may be looking for, or aspiring to, an 'ownership' experience. Instead they are looking for a housing situation in which they have slightly more security and slightly more freedom than they would as tenants in a purely rental property. However, they are very likely to still see themselves as tenants, with an external landlord who ultimately 'owns' the property, and who is both responsible for (and the ultimate benefactor of) good maintenance and management of that property.

For the 'renter plus', the overriding sense is that they still have a landlord who should be *doing things for them*. They have a stake, but no more, in a property that they *rent*. This stake buys them certain minor freedoms, and a measure of housing stability, but does not confer huge responsibility. Essentially, they want to see the benefits of having a good landlord, who maintains communal spaces well, who steps in to make repairs swiftly and who takes the ultimate responsibility for the upkeep of the property. Since a large part of their outgoings is likely to be made up of rent and service charges, the 'renter plus' sees these expectations as justified.

Ryan, 29, South London

- Property: 1 bedroom flat
- Bought: 25% share
- Current: 25% share
- Length of time: 5 years in property
- Family: Girlfriend, living apart
- Previous tenure: Living with parents

Prior to moving into this current property, Ryan was living with his parents, having moved back after university. He was very keen to move out, and made the leap after seeing the new build block of flats while driving past with his mum. He enquired and found out it was shared ownership and he purchased a 25% share in his current flat.

Ryan's flat is definitely his 'bachelor pad' with football posters and Banksy prints framed in pride of place. He loves having the freedom to put things on the wall and make it feel like his 'own' home. When things go wrong around the flat, Ryan really wants to be able to rely on his housing association to get things fixed, and would pay extra for this service. At the moment, he knows he's lucky that his dad is happy to come round and help.

Ryan is not particularly motivated to staircase and spends his disposable income on trips abroad, music festivals and live football. He feels he'd be more likely to sell up and move abroad, or potentially go into shared private renting with a friend.

I do wish that at some point, they'd be like the landlord they are. Well they are for 75% of the house. I would love to know that they've got my back a bit.

'Owner partner': needs and expectations

Skipping further to the right hand side of the spectrum, the 'owner partner' sees themselves as being in quite a different kind of situation to the 'renter plus'. We had originally labelled 'owner partners' 'owner minus' but didn't like the negative connotation that this had. Nonetheless there is some of the sentiment of that original term, 'owner minus', that accurately describes the situation 'owner partners' find themselves in.

Essentially, they see themselves as home owners, but home owners who lack certain freedoms, especially around key decisions, that a full owner would have. These were outlined variously by our interviewees, and included: not having a full and free hand over the spending of the service charge; no negotiating powers when it came to rent increases; not being allowed to appoint their own contractors to carry out change to maintenance and repairs; and, not being allowed to value and sell their properties on the open market.

These expressed frustrations should immediately highlight the difference between the 'owner partners' and the 'renter plus'. 'Owner partners' *do* feel responsible for their property, and want, if anything, more control and more responsibility. Given this, and in exchange for taking full responsibility, in those instances where there are inherent ambiguities over the relationship between the shared ownership provider and the shared owner, such as dividing the spoils of rising property prices or home improvements, changing and adapting the property, or the right to sub-let etc. the 'owner partners' are looking for *partnership* and *negotiation*, rather than rules and regulation. They want their housing providers to be *partners*, not *bureaucrats* (hence the moniker we have given them).

It is also worth noting that 'owner partners' are more likely to be looking for opportunities to increase their share of ownership, and move on to become full home owners, whether or not current finances allow.

Charlie, 40, and Kate, 39, Daventry

- Property: 3 bedroom house
- Bought: 50% share
- Current: 50% share
- Length of time: 2 years in property
- Family: 2 children
- Previous tenure: Shared ownership

Charlie and his wife Kate live with their 2 sons in a shared ownership property in the Daventry, of which they own 50%. They've lived in the house for 2 years, before which they lived nearby in another shared ownership property with a 40% share. The couple aspire to be homeowners and feel a sense of achievement from 'staircasing across' properties by purchasing a greater share when they moved.

The couple are entirely focused on creating a homely and stable environment for their sons, and absolutely want to feel like homeowners. Sarah is an avid gardener and would love to do lots of planting for the garden, and Charlie's ambition is to get chickens and a dog for the boys, but they feel restricted on what they can do due to rules surrounding shared ownership. Charlie is hoping to build an extension on the back of the house and feels frustrated by the fact that he needs to go through a formal permission process with his Housing Association.

Ultimately Charlie & Kate are determined to become outright owners.

If I haven't bought 100% of this house by the time I'm 45, I'll be really disappointed. I'm giving myself a deadline now. I just really want it to happen.

'Renter owner': needs and expectations

'Renter owners', of course, lie somewhere between the 'renter plus' and the 'owner partner'. The overwhelming sense we got from interviewees we described as 'renter owners' was one of uncertainty. At times they felt like home owners; they had mortgages like home owners, decorated and upgraded like home owners, could plan financially much like home owners - and yet they could also feel like tenants. They expressed jealousy of other 'tenants' when repair vans went to them first, complained of repairs and upgrades taking too long, whilst not wanting to take full responsibility for such things themselves.

This group could be quite difficult to pin down. Some would describe the benefits of having a landlord, others the drawbacks. Some would describe the benefits of being a home owner and having equity in their property, others would describe the drawbacks of being a home owner, and the *burden* of responsibility. Their answers very much depended on the contexts they were describing: selling, living, managing outgoing, needing repairs.

In the next section, we describe how the behaviour and service provision of the shared ownership provider can influence the mindset that shared owners will have. It is worth remembering that this will apply particularly to the 'renter owners', and goes a long way to explaining why they feel differently about themselves at different moments. On the other hand, they are also a group that could potentially be influenced, encouraged and helped to achieve their ideal housing situation, if handled properly.

Bill, 48, and Jane, 45, West London

- Property: 2 bedroom flat
- Bought: 55% share
- Current: 55% share
- Length of time: 10 years in property
- Family: 1 child
- Previous tenure: Private rental

Bill and Jane bought a 55% share almost 10 years ago when their daughter was young, but now feel like they've outgrown it as she's got older. The family plan to sell up soon and buy 100% of a property in a cheaper area of London.

Bill has been frustrated by his ongoing conflicts with his Housing Association regarding leaks in the roof of the building—not fully understanding whose responsibility the repairs fell too. When eventually the Housing Association sent people to conduct repairs, Bill was not satisfied with the results but felt unable to take things into his own hands and hire his own contractors.

As a majority owner at 55%, Bill feels like out of the two parties he should maintain more control, for example when it comes to selling the property. However he is confused by the process, especially surrounding the Housing Association needing to conduct their own valuations.

I just don't really know where I stand with them. It's hard to tell. For some things, I know they fall to me to sort out and I'm fine with that. And then there's this weird 'no man's land' in the middle. I feel like I'm quite often in 'no man's land'.

“We are not social renters”

Without wishing to raise any unpalatable discussions about housing snobbery, one thing that was made quite clear to us by a few of our shared owner interviewees was that they felt the housing association sometimes treated them the same way as they treated their social tenants. The shared owners were keen to point out that not only did they pay full rent themselves, but that they were also part-owners of their property. As such, they did not expect to be waiting in queues for repairs, for example, behind social tenants. Nor did they need reminders about paying rent, or offers of debt advice.³

In other words, shared owners, whether ‘renter plus’ or ‘owner partner’ did not want to be communicated with, or serviced, in the same way as social renters, but rather more closely to owners, or in a category of their own.

3.13 The role of the housing provider in shaping mindsets

Interviews with shared owners made it very clear that mindsets were often fixed in the context of the ways in which they were treated by the housing association—in both positive and negative ways

This is a powerful finding. It suggests that a housing provider could have a real influence on the ways in which shared owners feel about their housing status, and in turn, the kinds of actions they are likely to take with regard to property maintenance or staircasing and selling.

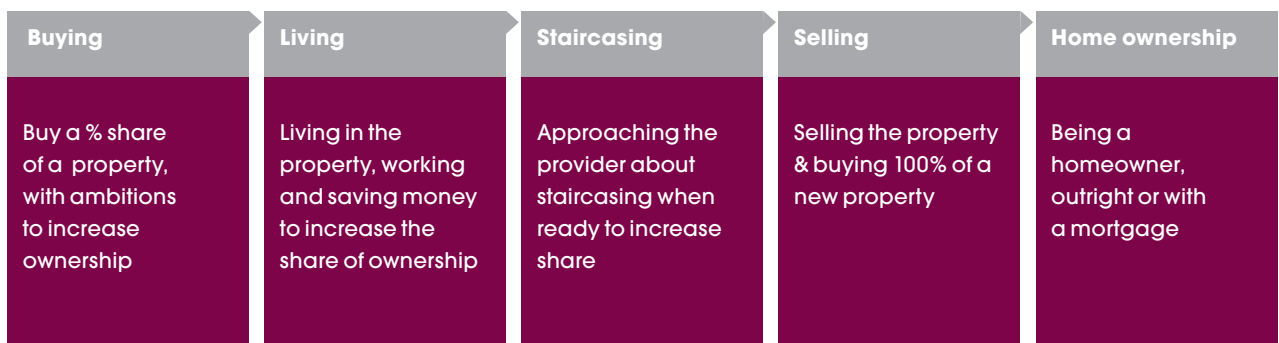
To give an example, one of our respondents spoke at some length about the battles she had had trying to get a sign placed on the entrance to a communal property. Others described the need to consult when making changes they felt they had every right to make, without consultation. In these instances, the tone of the communications with the housing provider had made the residents feel less like owners, and more like tenants. In contrast, we spoke to those who had taken advantage of the shared ownership product to give themselves a strong financial base from which to make future housing decisions. Living alongside other home owners, active participation in residents’ committees, making recommendations on the spending of the service charge etc. encouraged some of these shared owners to feel more like home owners.

What this all means is that the suite of services that a housing provider provides, and the tone and manner in which they are delivered, could have a significant influence on the future choices and decisions shared owners make, especially with regard to aspirations to staircase and/or move on to full home ownership.

3.2 The shared ownership journey

Shared ownership is often presented, either formally, or in the rhetoric of sales and marketing communications, as being part of a journey or pathway that has certain prescribed stages. In its ideal form this involves: buying a share in a property, living and saving in the property, staircasing the share in the property, selling the property, and finally to home ownership.

Figure 12: The ‘ideal’ shared ownership journey



³ Of course, some of our respondents, both in the survey and during interviews were very much in need of debt advice. Here we are only trying to articulate a mindset that meant that set shared owners often set themselves apart from social renters, and that they wanted this reflected in the communications they received.

It is a good narrative and one which fits well both with the original intentions of the shared ownership idea, and also with a national narrative around aspiring to home ownership. The only problem is that it doesn't fit very well with the journeys people actually take, nor with the new ways in which people are beginning to think about shared ownership in the current market.

Whilst housing is likely to remain a very important, paramount even, issue in people's lives, home ownership may not. For example, the buyer of a shared ownership property may start out as a youngish single man, thinking about his progression up the housing ladder. But that young man could soon become part of a couple. The household income could then rise as the partner moves in. And then fall when a child is born. The new family might inherit wealth! Or the breadwinner might be made redundant. They may want to move to increase their space to accommodate a second child! Or they may feel they are already in their lifelong home. When savings become enough to potentially staircase, they may decide to invest in their housing! Or they may decide a wedding, a cruise, or a car would give a greater return on investment.

In other words, the ideal shared ownership journey does not exist in a vacuum. It must sit alongside changing priorities and financial circumstances. It must compete against other interests and demands, and shared owners may dip in and out of the narrative as and when they can, or when it is relevant to them.

Relating these shared ownership journeys back to the mindsets is useful. It becomes perfectly obvious that increases in income, savings or capital could push people more toward the idea of being or becoming 'owner partners', whilst lifestyles or circumstances that may prevent someone from saving, or from having the time or capital available to take full responsibility for their housing, may push them more towards wanting to be a 'renter plus'. On the other hand, wanting to change or adapt their property to meet changing family needs may throw them into the ambiguity of the 'renter owner' mindset, and a desire to reap the benefits of both.

3.3 Trapdoors and windows: Snakes and Ladders

One way or the other, shared ownership is going to involve a journey for the shared owner. It is a long-term arrangement and investment. And over the course of what is, for most, many years lived as a shared owner, life circumstances are going to change. During our interviews with shared owners, we established timelines that began with the moment at which they became shared owners, and asked about changes to income and household, financial and emotional shocks, and their relationship with their housing provider over the time since.

What became clear was that in these journeys, there were moments of 'opportunity' in which things were looking up, finances were healthy, positive plans were being made etc. And more specifically, there were windows of opportunity around their housing situation; moments at which investments could be made, for example, or longer term plans put in place to match aspirations. And there were also moments of decline, or at which opportunities decreased. During these moments, aspirations to home ownership, or the time to think about investment in the housing ladder often fell away, through trapdoors created by financial shock, changed priorities, different choices etc. Sometimes the trapdoors could lead to lengthy periods during which 'housing' dropped down a long list headed by joblessness, emotional turmoil, or the increased burden of the cost of a growing family.

For housing associations, recognising those windows of opportunity and providing help and support to people who are at the right time and place, for example, take positive steps toward investment in their housing by staircasing or selling, would be invaluable. Similarly, recognising when their residents might be at a low ebb (especially financially) could also help shared owners to have more windows of opportunity and to fall through fewer trapdoors in the future.

In fact, housing providers could go even further, and recognise that sometimes they even have a role in determining whether residents find themselves faced with windows or trapdoors, and place rather more ladders (help to move upwards) than snakes (bureaucracies and demands) in their path.

Figure 13: Windows and trapdoors: Snakes and ladders

The shared owner		Housing provider	
<p>Windows</p> <p>The moments in the lives of shared owners that present opportunities to increase their investment in housing</p>	<p>Trapdoors</p> <p>The moments of trouble in people's lives that take them far away from any idea of investing in housing or re-joining the idealised shared ownership journey.</p>	<p>Ladders</p> <p>The support and help housing providers can give to shared owners, in the form of advice, products, services, or innovative ideas</p>	<p>Snakes</p> <p>The difficulties sometimes caused by housing providers that mean residents have less time or fewer opportunities to think positively about housing e.g. increases in rent or poor service</p>

Windows

In terms of shared ownership, there were clear moments in shared owners lives, that show up in both the quantitative and qualitative findings of our research, that presented windows of opportunity in terms of staircasing and moving toward full home ownership, or of investing in and improving their shared ownership homes. Often these moments occurred while shared owners were younger, unburdened with the financial responsibilities of family. Other opportunities came about when they received promotions or pay rises, when partners moved in (raising household income), or when they received financial windfalls (such as inheritance, or parental contributions). However, despite this, we spoke to relatively few shared owners who felt that they had been made fully aware of the significance of such moments in terms of the opportunities they provided for their shared ownership situation. Few had had active advice letting them know the potential advantages of staircasing, saving or putting plans in place for the long term that they may not be able to implement later.

There is, perhaps, a potential benefit for housing associations in understanding the significance of such moments in people's lives, and developing communications, services and/or products that capitalise on them.

In section 4 of this paper, we discuss precisely this, the kinds of products and services that might be developed in order to boost shared owner's opportunities to staircase or move toward home ownership. In fact, we also suggest that by innovating in the right way, it may also be possible to give people more windows of opportunity by allowing people to save or invest incrementally, such that windfalls, or the impact of other financial upturns, are greater in the future.

Trapdoors

As we have already discussed, our survey explored shared owners' current feelings about their financial situation. However, we also asked questions about debt and the need for help with debt problems. Whilst our figures did not suggest that shared owners are a 'particularly' indebted group, they nonetheless showed that shared owners can and do run into financial problems. 12% of our sample, for example, said they were 'worried' about their current level of debt. 9% said that they found making their rent payments difficult each month. And 15% had accessed debt advice services before.

Housing providers perhaps have an opportunity to innovate here too, providing services or products that help to ease the impacts of financial hardship, or lessen the likelihood of financial shock. At the simplest end, providing debt advice and links to debt services is a must. But there may be other ways of considering how shared owners in particular could be helped. For example, our survey indicated that shared owners who were finding finances difficult were more likely to make mortgage payments before rent payments. This has two effects: 1) It means they can incur the wrath of their housing provider and potentially go into debt that will be more damaging for them later; and 2) It can mean that their financial problems remain hidden for longer, as they may see themselves wrongly as in a 'fight' with a housing provider over a more *negotiable* outgoing than if they did not pay their mortgage.

Of course, being punitive about failed rent payments will have a far greater impact on those who are struggling financially than on those who are merely negligent or forgetful. Early identification of those in need, and the provision of early help, seems to be an obvious area for housing providers to think about. The problem here is that other shared owners may not want to be 'tarnished' with the debt brush, and may not want to receive communications asking them if they need debt advice or financial help.

Avoiding snakes

Being punitive about rent with those in financial difficulties is an extreme 'snake' that a housing provider might put in the way of any renting resident, not just shared owners. However other 'snakes' may be less obvious, and they apply specifically to shared owners.

Imagine for a moment, that you are a shared owner who is considering staircasing. You go online and you discover there are some unexpected costs, that there are numerous forms to fill in, and that the whole process is going to take some time. Furthermore, you discover that the financial reward is not going to be as significant as you had at first thought. These are 'snakes' too. They can be avoided or worked through, but nonetheless may come as a shock. And there are another set that appear when a shared owner tries to sell their property, related to the complicated rules around valuation and the property's position in the market. They are snakes in the sense that they provide a disincentive to take full advantage of a moment of opportunity.

They turn people off of action. Some of our interviewees even very clearly stated that they were a barrier to making, what they sometimes described as, 'the best financial decision'. In other words, they may have been actually contributing to *bad* financial decisions.

Of course we recognise that some of these bureaucratic barriers come as a result of the complicated legal position that shared ownership products occupy. But this should not mean that housing providers could not consider ways to get round them, mitigate them, bypass them or simply provide better alternatives. We will leave these considerations for the time being, until section 4.

David, 36, and Rebecca, 38, Milton Keynes

- Property: 2 bedroom house
- Bought: 50% share
- Current: 50% share
- Length of time: 8 years in property
- Family: 2 children
- Previous tenure: Private rental

David, 36, bought a 50% share of a 2 bedroom shared ownership property in Milton Keynes 8 years ago. At the time he was a bachelor with a steady income, and felt it was time to invest his money and get out of private renting. For a while, his finances were stretched paying the rent and mortgage on his modest salary, and his hopes of staircasing and moving up the ladder seemed distant.

After 2 years, David's girlfriend Rebecca moved in to the property. With her additional income, the couple found the monthly payments more than manageable, and even started to be able to save each month while allowing occasional luxuries such as dinners out and weekends away.

A year and a half after Rebecca moved in, the couple had their first baby. Rebecca was on maternity leave for 6 months after which she went back to her job as an NHS receptionist part time. After a year back at work, Rebecca found out she was pregnant with their second child.

The income shock caused by the costs of a young family meant their monthly budgets saw the prioritisation of nursery fees and school uniforms; as their family grew, David and Rebecca saw their savings dwindle.

I can't really think about staircasing now, not with the kids. And it's not the end of the world if it doesn't happen to be honest. I guess we didn't really ever think about it after Rebecca moved in. It just never crossed our minds, but that's when it would have been most possible. It seems a bit silly to have missed that now.

3.4 Knowing your residents

Throughout sections 2 and 3 of the report, we have highlighted the differences between shared owners, and moments in the shared ownership journey. We have also made the suggestion that providing different services and different products, and that thinking innovatively about different shared owners, could reap rewards in terms of staving off troubles and providing mutually beneficial opportunities.

But of course all of this depends on being able to develop ways of 'knowing your residents' in the first place. This will involve good engagement both at community and individual level. It may even be possible to create a relationship between shared owner and housing provider that makes it possible and safe for shared owners to communicate exactly those moments at which they would be most open to support to staircase for example, or exactly the kinds of responsibilities and services they would like to receive, as a tenant 'renter plus' or as an 'owner partner'. And most importantly of course, good communication and a trusting relationship may also encourage those in financial difficulty to reveal their problems early on, and create a mutually beneficial situation in which housing providers can intervene early on to stop problems escalating.

Digital platforms make instant communications easier, but some energy will be needed to find language that does not alienate or offend different kinds of shared owner, and provides them with the appropriate means to share their ideas, views and feedback. The rewards for doing so however, are potentially very great. Shared owners don't necessarily make up the majority of a housing provider's customers, but they are a particularly dynamic group, living in a model that is inherently adaptable to changing life circumstances, and, it seems, to the market conditions around it. Shared ownership may well become one of the favoured solutions to the problem of increasing housing prices and the division between 'generation rent' and 'aspiring homeowners'. If so, learning early that shared owners come in different shapes and sizes and may require different services and products will put housing providers in a better position to take full advantage of the capabilities and financial assets of a new generation of shared owners.

4. Conclusion: What's next for shared ownership?

4.1 The challenges

The research presented in this paper is only a first step. It is somewhat unique in its attempt to try and explore beyond traditional questions about service feedback, and even beyond the generic financial questions that have characterised national surveys of shared owners, with a large sample of current shared owners. This means that there are questions we have identified that remain unanswered. What proportion of shared owners (now and in the future) will see themselves as lifelong 'renter plus' for example? What is the specific impact of rising house prices on shared owners' aspirations to home ownership? Are there precise ways of measuring this? What will the impact of having an ageing resident population of shared owners mean for the ways in which people treat their equity and investment in the properties?

But more interesting still than these kinds of 'measurable' questions are the questions thrown up by the challenges of different kinds of shared owners in different kinds of circumstances. In fact, the findings we have presented could be laid out as a series of challenges to the sector, in terms of the products and services it delivers right now. We list some below. No doubt there are many more that could be raised:

- How can shared owners be recognised (through communications or products) as a set of residents with separate expectations and needs from other kinds of resident populations (such as owners or social renters)?
- How can offers and services differentiate between people with very different needs and expectations?
- Indeed, how can housing providers go about communicating with, and understanding, the very different kinds of needs and expectations that shared owners may have? Are there opportunities to create multiple types of shared ownership 'package'? How do housing associations best identify the right moments to encourage people to staircase?
- How might the balance of rights and responsibilities between shared owners and housing associations be re-imagined? Are there opportunities for shared owners to take more control of their homes and housing services?
- What opportunities are there to work within rules and requirements but make things easier/simpler for residents? Specifically—buying, staircasing, improving and selling...
- How can (and should) housing associations best encourage all different types of household to staircase?
- How should housing associations balance the social purpose of shared ownership against the potential commercial gains? Does it serve housing needs or housing aspirations?

All of these challenges were raised during consultation and discussion with various housing associations and other organisations from across the housing industry. A roundtable was convened at which the findings of our research were presented and potential innovations were discussed. Some of the ideas amounted to no more than a realisation that mistakes were currently being made across the sector in terms of basic service provision to shared owners. Others, however, seemed to provide the seeds for further exploration; platforms perhaps for more concerted innovative product and service development.

4.2 Platforms for the future

The ideas we present below should not be seen as the finished article. They remain ideas or opportunities meant for consideration and development. Each one addresses one of the challenges or thematic areas that have emerged from the analysis of the research findings. Just as Viridian will not be implementing all of the recommendations set out in the paper, not every option will be right for other shared ownership landlords. However, we would hope that they provoke, spark debate, and encourage discussion. It may well be that some of them are already under development, that others will never work or that they are simply uninteresting. Discovering this is part and parcel of a process of trying to think in new ways, and we would hope that readers come with the objective of building on and adding to ideas rather than merely dismissing or critiquing.

4.21 Shared owner mindsets

Multi-tiered shared ownership 'rent' packages

Is it possible to create a suite of shared ownership products that recognise the different needs and expectations of different shared owners, from the 'renter plus' to the 'owner partner'? For example, a 'low rent' package for 'owner partners' that leaves them more responsible for home maintenance, and a 'higher rent' package aimed at the 'renter plus' that removes responsibilities for home maintenance, and ensures swift or priority service provision?

Premium loyalty packages

Rewarding long term, reliable, shared owners with the ability to take control of various aspects of their property, such as the appointment of sub-contractors. Such a scheme may also offer additional benefits associated with home ownership and renting such as, discounted home related products, broadband repairs, contents insurance, garden services or even interior design services.

A 'shared owner' brand

A recognisably different look and feel for communications and products aimed at shared owners that distinguishes them from other residents.

4.22 Recognising financial difficulty

Down-staircasing

For those in financial trouble, is there a way for housing providers to offer to buy back a share of the property, and/or innovate a 0% shared ownership situation (for this specific eventuality) that could provide a route back to shared ownership or a safe exit plan? The now-defunct Mortgage Rescue scheme used to provide financial support from the Government to households before their home was repossessed. Developing such a down-staircasing product would not only provide households with much needed support, but could also involve the potential for such share buy-backs to actually generate revenue (in the long term) for housing providers, and therefore to offer leniency to the shared owner in financial trouble.

Flexible responses to 'arrears'

Recognising that early intervention is better than later punishment, could arrears be 'noticed' and/or correlated with other things known about the resident, such that financial help or advice is provided early to those that need it?

4.23 Shared ownership processes

Partner promotion

Recognising the ability of housing providers to influence shared owner mindsets, housing providers could actively seek to promote the 'partner' mindset by developing products and services that encourage this idea. For example this might include: a 2-yearly 'financial diagnosis' to assess the viability of staircasing; unprompted estimates of the financial advantages of staircasing; dedicated shared ownership 'managers' that remain a single point of contact; and, an expert guide to the unique shared ownership financial journey.

Shared owner sales

Partnering with estate agents to allow shared owners greater freedom to control the sales process for their own property. This would be quite a big departure from existing sales processes and housing providers would no longer have first rights to market a property. As such a streamlined purchase process, involving fully briefed estate agents could encourage a lot more dynamism in the shared ownership market.

Sub-letting safety valve

Sub-letting is currently a tricky question for providers of shared ownership housing—although some providers do offer it on a case-by-case basis. However, could sub-letting be more widely introduced as part of a package of 'emergency options' for those in temporary financial difficulty, allowing shared owners to temporarily take advantage of a new income stream?

4.24 Preparing for future shared owner demands

Here, suggestions involve some radical rethinking of the shared ownership product. Not all of the suggestions could be realised by housing providers alone. Nonetheless they provide food for thought around what the future of shared ownership *could* look like. After all, we know that the face of the shared owner is already changing. Should not the thinking behind the product itself keep up?

New infrastructure for shared ownership

Thinking about the policy structure that surrounds shared ownership properties, is there some mileage in thinking anew about:

- Removing restrictions on building sizes and green belt developments
- A renewed focus on providing affordable housing, selling at prices that reflect cost, but not necessarily full market rate
- Placing limits on rent increases, built in from the start
- Exploring the opportunities of making shared ownership a ‘tenure for life’ product, recognising the fact that the competition for shared ownership is as much rental housing, rather than outright sales

‘Tapered rent’

The research has shown the profile of people living in shared ownership properties is getting older, and that they are spending more time living in these properties. Viridian, like other housing providers, has also developed a shared ownership product that is specifically aimed at older residents over the age of 55. Is there scope then to do more to support shared ownership residents as they get older, particularly with some of the longer term financial pressures they will face as their incomes reduce?

A tapered rental product could be one way of addressing this. Under such a scheme people would make higher rental payments in the early years of their tenancy. These would then gradually reduce as they get older. From the customer’s perspective this will mean they pay less as their income reduces. From a housing provider’s perspective however, rent payments would effectively even out over the longer term so there would not be a fall in their long term revenue projection.

‘Long-stay equity’

Rather than staircase in stages, are there alternative ways of helping someone gradually build equity in their property? A long-term equity product—which we are aware has been looked at by other housing providers—could do just that. Long-stay households would pay an additional amount of rent and in return expect to increase their share in the property on an annual basis. This would remove the need to save or prioritise staircasing when the time is right, and instead offer a secure, long term and affordable equity-building product.

4.3 Concluding note

Our aim at the start of this journey was to examine Viridian's shared ownership offer and assess how we could help more customers realise their housing aspirations. We now not only have a much more nuanced perspective of the issues facing shared housing providers and the residents who live in these properties; but we hope to have also surfaced a variety of ideas and opportunities that will provoke wider debate and action across the sector.

Moving forward, there are a few final things to consider. Firstly, it is important not to lose sight of the customer, who they are and how they are changing, as learning from them will continue to open up new ideas and opportunities to innovate and improve. Secondly, if some of the ideas set out here are to move 'off the page and into the real world', further explorative research and development will be necessary. Housing providers should also seek out opportunities to work in partnership together, to share ideas and resources, and ultimately deliver impact at a meaningful scale.

Shared ownership is a very exciting product and one that is tailor-made to help meet the housing demands we know will arise in the future. Although the social housing sector at times may be quite slow moving, it is also a space that is receptive to new ideas and presents lots of opportunities to trial new approaches. It should not be scared of innovation and trying new things.

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