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## New model for Shared Ownership: technical consultation Response of The Housing Forum

### Our Consultation Response

#### **Q1: What steps could we take to prevent shared owners from being exposed to unfair lending terms?**

A reduced stake of 10% is a marginal product for most lenders. There could be reduced customer choice. The Government needs to engage with banks at the highest level to encourage more competitive shared ownership products.

A standard set of requirements / conditions for loans and promotion of the most affordable ways to buy could be beneficial.

A financial assessment with an independent financial adviser will have several benefits for prospective shared owners.

#### **Q2: How will a smaller initial stake impact the relationship between lenders and providers and are there any steps we need to take to address this?**

Initial stake at 10% could have impact in lower value areas; in lower value areas, 10% can be below the minimum loan requirement.

Transaction processes for both lender and provider will need to be very straightforward to provide an effective and value for money service.

#### **Q3: Do you agree that HPI valuations should be valid for 3 months, if no, then how long should they be valid?**

3 months. This is consistent with the time period of RICS valuations.

#### **Q8: Do you have any further views on how best to implement the 1% gradual staircasing model?**

Purchasers should receive as much information as possible about the process and how it works with a Plain English Guide and simple application form which also makes cost and risk implications clear.

Gradual staircasing could be quicker and cheaper if managed in house without third party involvement. Land Registry could be informed of changes in ownership at five-year intervals, or when selling, to save costs.

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Clear guidance on best practice in accounting and monitoring the gradual staircase model should be provided.

**Q9: Should any of the specified repairs, inside the home, not be within scope for this policy?**

Scope of repairs is fine

**Q11: Are there any further repairs, inside the home, that should be within scope for this policy?**

Clarity is essential; distinguishing between a defect covered by a new homes warranty, matters covered by home insurance and an essential repair in the repair free period.

**Q12: Do you agree with the maximum costs (£500) that can be claimed by a shared owner for essential repairs inside of the home? If no, then what should the maximum be?**

Capped at £500

**Q14: Do you agree with the maximum roll over period (1 year) for unused repairs expenditure? If not, then what should the roll over period be?**

Repair expenditure should be used within the given 12 month period.

**Q15: What process should be put in place to enable shared owners to reclaim eligible repair expenditure from their landlord and resolve disputes?**

The process should be clear, comprehensive and well publicised. It should include what is covered in the ten-year repair free period, what is required to make a claim and how to claim, timescales and resolution processes.

This can be supported through an electronic portal

**Q16: What steps should be taken to ensure claims are genuine?**

A clear schedule of what is and is not included

Photographic evidence.

Landlords could provide shared owners with a preferred list of service providers to complete the repairs.

**Q17: Do you agree that we should apply the same transitional arrangements to Shared Ownership as the one proposed for First Homes?**

Yes – same transitional arrangements for shared ownership as proposed for First Homes

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**Q19: Are there any further delivery issues we should consider ahead of implementing this approach?**

There will be additional administration falling on housing associations to invest in improved technology and verify repairs claims.

If sites have been secured before a certain date this should also be factored into the transitional arrangements if the new model for shared ownership makes the development unviable.

Sites with well advanced planning applications, where significant work has already been undertaken should continue to deliver the tenures set out in that application by reference to the planning application validation date.

The proposed model may impact on the viability of schemes and result in fewer affordable homes in the 2021-2026 AHP.

A broader impact assessment should be carried out on the effect of this model.

**This Consultation Response is submitted on behalf of organisation The Housing Forum.**

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