Shared Ownership 2.1

Towards a fourth mainstream tenure - taking stock

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Executive Summary

Almost two years on from the Chartered Institute of Housing's (CIH) and Orbit's well received and influential report, what is the current picture for shared ownership, and are we on the way to making it the fourth mainstream tenure?

Commissioning exclusive polling from Ipsos MORI, and drawing on market analysis from Rightmove and Savills, as well as expert advice, we have taken a fresh look; this time focusing more on the consumer.

Key findings:

- There is a large demand for shared ownership, with 85,000 approvals reported year-on-year, and the housing sector is responding and committed to further growth.
- The customer base is expanding but it still targets those who would otherwise struggle to access ownership.
- There is growing customer awareness of the product with 51 per cent being able to identify the correct description of the product, but more can be done to increase understanding of the detail, benefits and opportunities, particularly with younger people.
- The sector is committed to improving the product and customer experience, and is demonstrating this by working with CIH to develop a charter setting out a common set of standards.
- On the whole, it is an affordable product and meets the needs of a customer group that otherwise would not manage to get on the property ladder.
- Modelling demonstrates that it will remain affordable even with future potential interest rate rises.
- Shared ownership can work and there is market capacity for 60,000 units per year.
- There is growing lender appetite for shared ownership, particularly as issues around data capture robustness are starting to be addressed.

The polling undertaken for this report reiterated the high levels of aspiration to home ownership amongst the public, particularly in younger households. However, it also demonstrates a robust and growing awareness of shared ownership as a possible route into ownership. Whilst there is still some work to be done to translate awareness into more detailed knowledge and ultimately take-up, levels of interest in shared ownership are already high, as evidenced in applications to housing associations and enquiries into resales on the property portal, Rightmove.

Assumptions about the limits of shared ownership, e.g. in terms of property type and location, were reflected in the customer research, but the step-up in supply committed by housing associations will increase these options. The sector's positive action with CIH to develop a charter will set high standards for organisations, to deliver a quality shared ownership product and experience for customers. These measures, and the overall affordability of the tenure that Orbit's modelling demonstrates, mean it will remain a valuable and important route into home ownership for many.

As well as demand, there is capacity under current market conditions for more shared ownership, as Savills' analysis here highlights, especially in those areas of high house prices. The availability of and access to finance, both for providers to develop and households to purchase, is expanding as lenders and the housing sector work together to bridge the data gap that was identified in our first report. Increasingly, the picture of shared ownership moving into the mainstream, is getting brighter.

"It's pleasing to see that research in the report shows that awareness of shared ownership is high and growing.

"People are increasingly recognising it as a great alternative to either renting, which is the most expensive form of tenure in terms of monthly spend as a proportion of income, or traditional home ownership. In fact, although shared ownership is popular right across the UK, it is particularly effective in areas where the gap between house prices and salaries is high and growing.

"A key priority over the coming years is for the housing community to continue working closely with lenders to ensure the rapidly-maturing mortgage market for shared ownership carries on growing so everyone who is eligible to access this type of tenure has the opportunity and support to do so."

Amy Nettleton, head of sales and marketing, Aster Group and chair of the National Housing Group (NHG)

Introduction

Nearly two years ago, CIH and Orbit launched our report, Shared ownership 2.0: towards a fourth mainstream tenure. In it, we argued that the shared ownership model could help many more households into home ownership than it currently supports. With the right policy interventions, we argued that we could double the number of new shared ownership homes, from 15,000 to 30,000 a year by 2021, which would provide 13 per cent of the new homes we need.

We made a series of recommendations for government, local authorities, lenders and the sector itself, to drive forward that growth and improvement. The report certainly had an impact, and chimed with government's reinvigorated focus on reversing the decline in home ownership, particularly amongst younger households caught in the private rented sector – Generation Rent. They set challenging ambitions for increased growth in the sector, investing £4.1bn to deliver 135,000 new shared ownership homes by 2021 in the Shared Ownership and Affordable Homes programme.[1]

This second report takes stock of where we are now, a year later, by examining which recommendations have been taken up by government, the housing sector, and other key players such as lenders. It also takes a snap shot of how well shared ownership is understood and considered useful by the public.

What a difference two years can make

In our report, we called for government to support shared ownership as a mainstream product, and to maintain the then-current levels of grant funding. Government's response exceeded that, with a clear focus on shared ownership in the Homes and Communities Agency's programme. The investment of £4.1bn and the ambition for delivery of 135,000 shared ownership homes over the course of the programme is a challenging target for the sector, but one that it is keen to rise to meet.

Another key step towards making shared ownership mainstream was reflected in measures government has taken to remove some of the restrictions that limited access for many who would otherwise benefit from the product, including:

- Raising the income levels to enable access to greater numbers of households – up to £90,000 in London and £80,000 elsewhere.
- Enabling movement within the tenure by removing any disqualification of existing shared owners to apply for another shared ownership home.
- Removing the restriction that limited the size of property a household could buy to only one bedroom additional to their assessed 'needs'.

These measures have done much to make shared ownership operate more like an open market, rather than a specialist product.

We also asked government to support the branding and marketing of shared ownership to a greater degree, bringing it into line with their clear commitment to other home ownership initiatives, such as Help to Buy. As a result, shared ownership is now under the government's Help to Buy banner and included in its programme of promotion (however, encouragingly the survey of members of the public demonstrated a good level of existing awareness of the brand – see page 4).

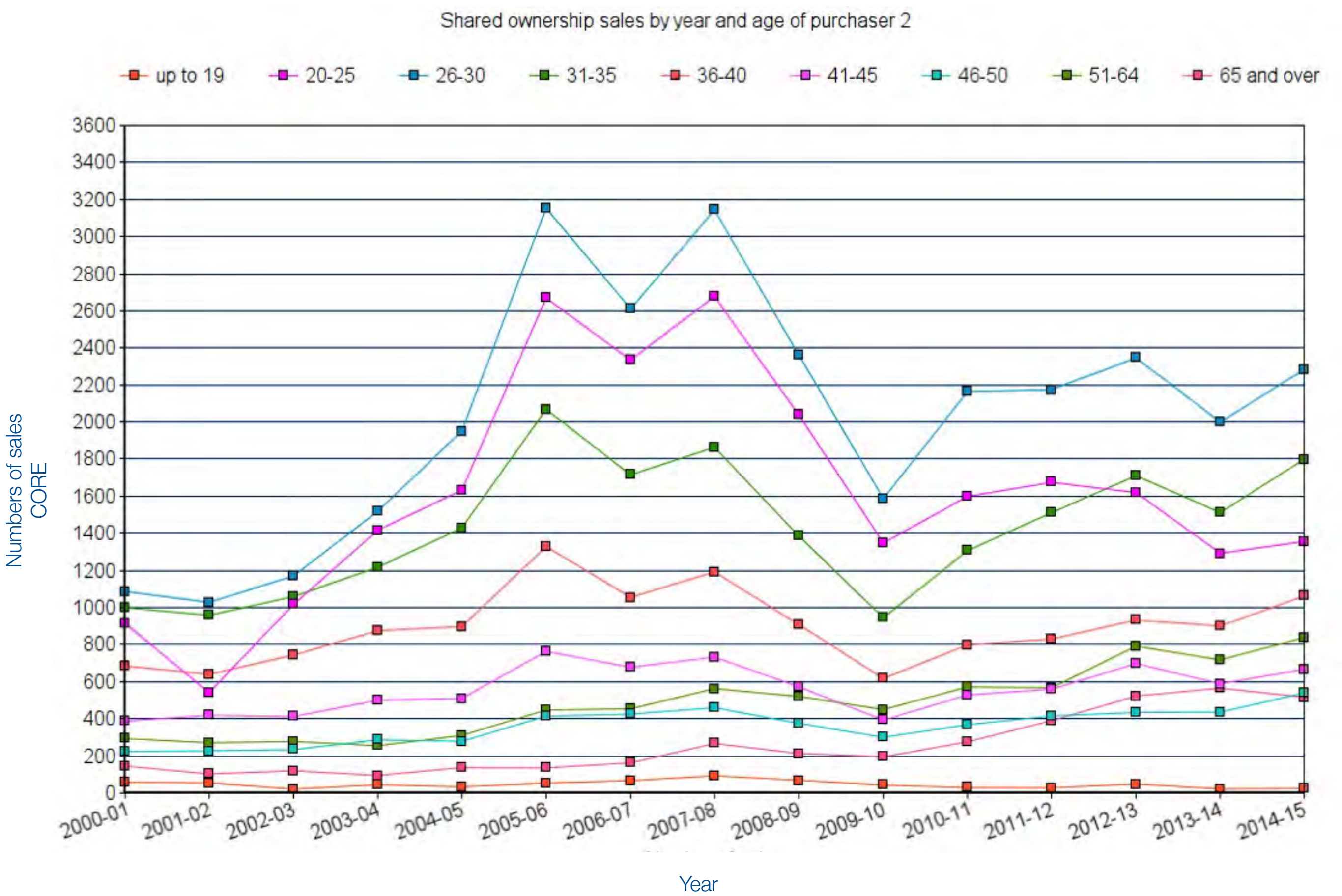
The first report also set challenges for providers and for lenders around data (improving confidence for investors and lenders) and improving the customer experience of shared ownership – in this report we look at what steps have been taken forward on these critical measures.

[1] In the Autumn Statement, government announced further funding for housing through a national productivity investment fund, and that greater flexibility would be given to the use of the existing HCA funding, to address the need for affordable homes to rent and own.

Where are we now?

The customer for shared ownership

The greatest number of shared ownership sales has generally been amongst householders in their mid 20s to 30s. As house prices have increased, sales are gradually moving towards the higher end of that age bracket. The latest data from NHG shows that nationally, the average age for a shared owner currently is 33, with an average income of £33,558. The average equity share purchased initially is 43 per cent.[2]



Consumer awareness

For this report, Ipsos MORI was commissioned to undertake an online survey of 2,216 UK adults aged between 16-75, to gauge the level of awareness and understanding of shared ownership.

The survey, conducted in November 2016, explored what people knew about shared ownership and the level of interest in it as a route to home ownership.

Interest in buying a home

Of those surveyed who were not already home owners, 58 per cent were interested in home ownership. This rose to 83 per cent of those aged 18-24 and 70 per cent of those aged 25-34. Those with higher incomes, but not yet home owners, also identified a strong interest in buying a home; 81 per cent of the 119 respondents on household incomes over £35,000 a year. Only 47 per cent of those on incomes under £20,000 indicated this interest. 71 per cent of those in private rented housing were interested in buying a home, compared to 45 per cent in social rented housing.

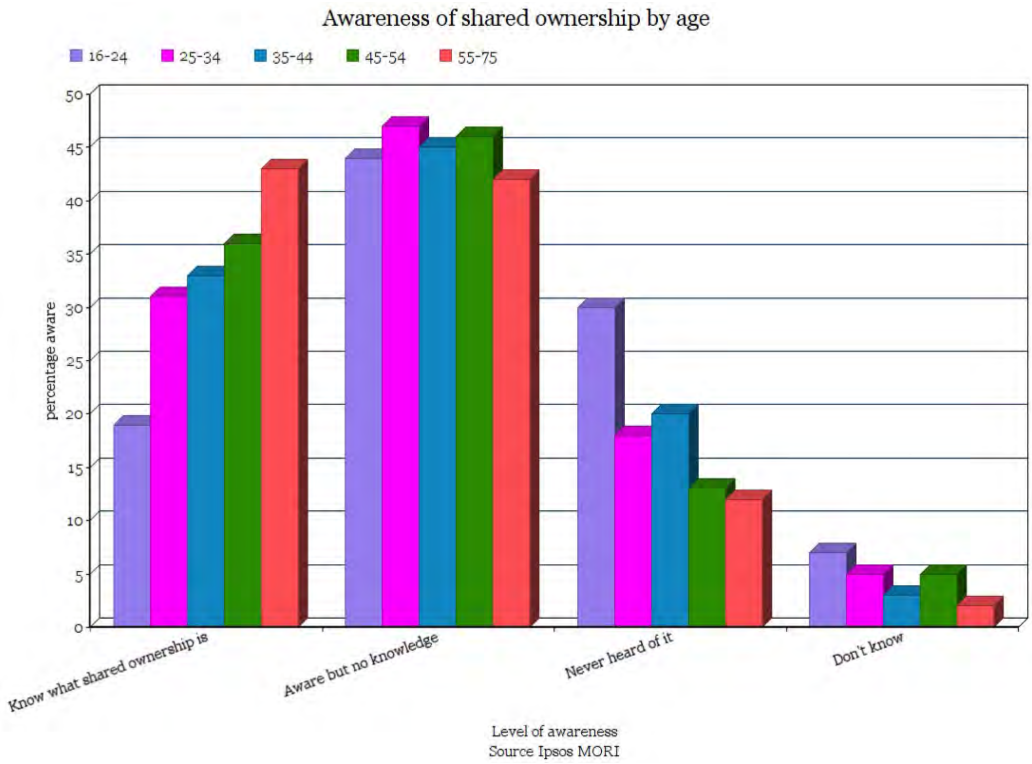
[2] This is an England-wide average.

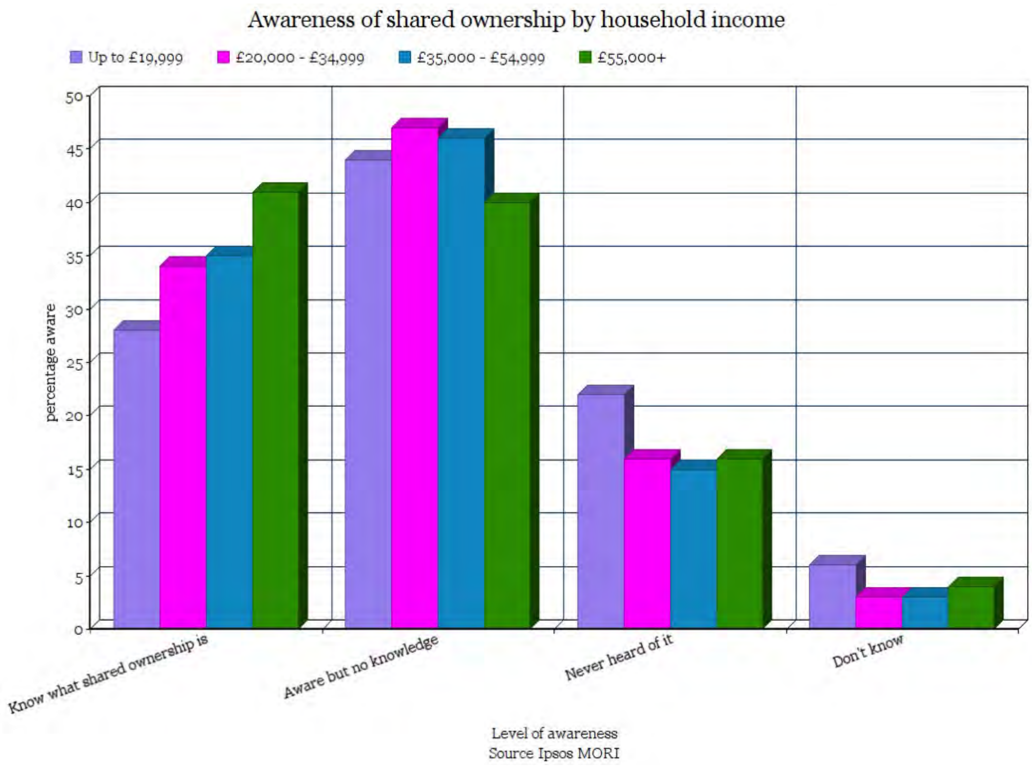
Awareness of shared ownership and other home ownership schemes

Encouragingly, there was a good level of awareness of the shared ownership brand, stronger than other home ownership assistance products. When questioned about schemes to help people into home ownership, 34 per cent indicated they knew about shared ownership compared to 28 per cent who knew about Help to Buy equity loan. 32 per cent knew about Right to Buy/ Right to Acquire; 24 per cent about Help to Buy mortgage guarantee.

44 per cent had heard of shared ownership but didn't know details, but only 18 per cent had not heard of it at all, the lowest across all the home ownership schemes including Right to Buy.

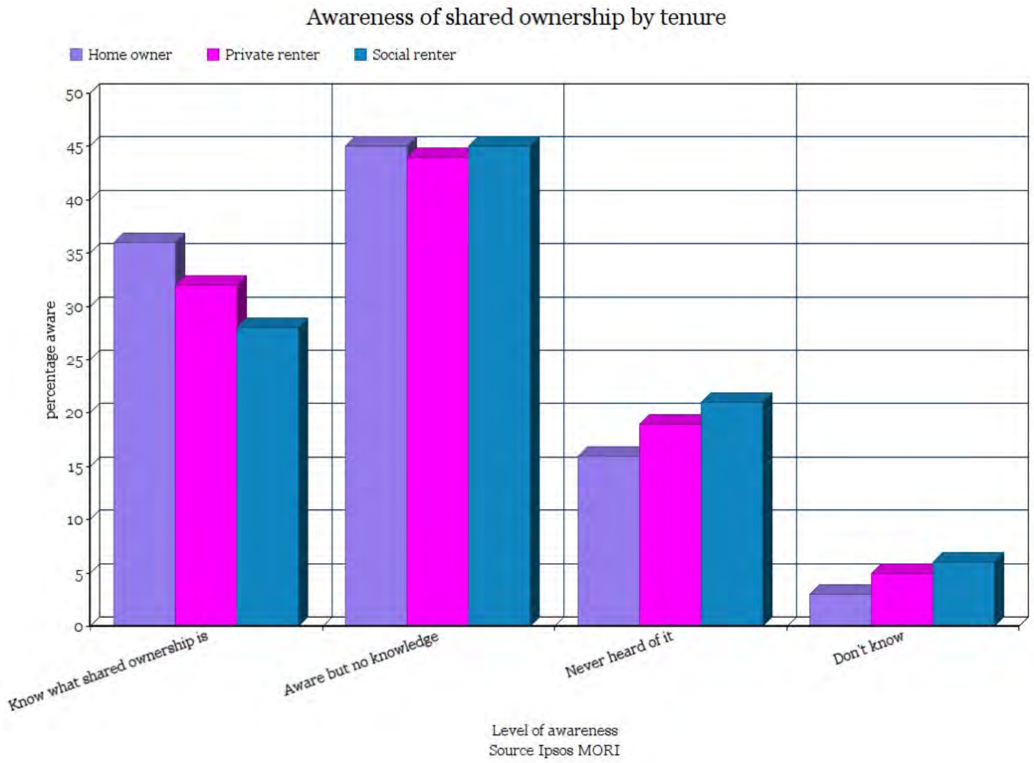
Most of those surveyed across all age ranges had heard of shared ownership but didn't know details – consistently between 42 and 47 per cent. However, knowledge of the scheme in more detail increased with age – 43 per cent of those between 55 and 75 compared to 19 per cent of those 16-24. So targeting messages to increase understanding amongst younger age groups, the largest groups for shared ownership sales, is likely to drive increased interest and demand.





Knowledge of shared ownership also increased as income levels rose; 41 per cent with incomes over £55,000 knew about shared ownership compared to 28 per cent of those with incomes under £20,000. This was mirrored in awareness of the Help to Buy equity loan as well, although generally awareness of Help to Buy was slightly lower across all income levels.

32 per cent of those in private rented housing knew about shared ownership, compared to 27 per cent aware of Help to Buy equity loan; for those in social rented homes the percentages were 28 and 20 respectively.

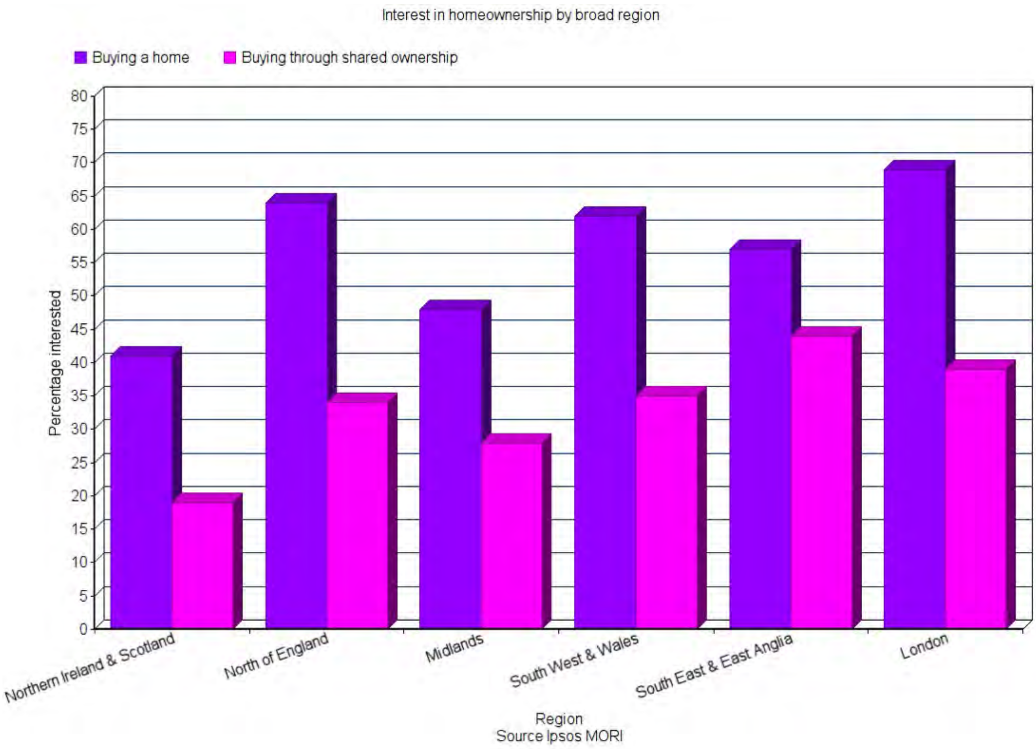


Although many indicated that they had either heard of shared ownership but didn't know the details, or didn't know of the scheme at all, 51 per cent identified the correct description of the scheme from a list that also included five false descriptions. 40 per cent knew that housing associations were providers of shared ownership.[3]

Interest in buying through shared ownership

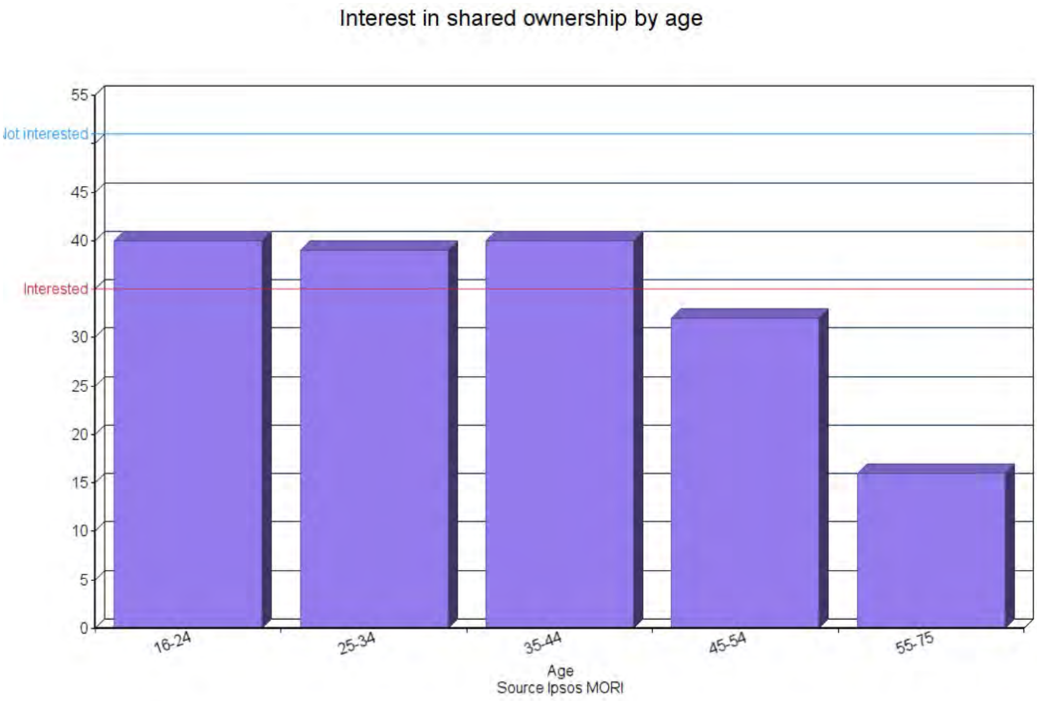
35 per cent of respondents indicated an interest in buying a home through shared ownership. Those regions with the higher house prices overall showed a higher level of interest than some regions with lower house prices: 39 per cent in greater London (129 respondents), 47 per cent in South East (96) and 40 per cent in the East of England (60), compared to 17 per cent in Scotland (71).

[3] The positive picture here is echoed in CML's recent report into tenure aspirations, Home ownership or bust, which showed that 45 per cent of those polled thought that shared ownership is a good idea compared to 31 per cent viewing shared equity positively



Interest in buying through shared ownership increased with income levels. 27 per cent of those with incomes under £20,000 were interested, compared to 39 per cent of those with incomes between £20,000 to £34,000, 53 per cent of those with incomes of £35,000 or more.

Interest levels were also higher amongst younger age bands; 40 per cent for those aged 16-24 and 35-44, and 39 per cent of those aged 25-34.



43 per cent of those in private rented housing indicated an interest in buying a home through shared ownership compared to 26 per cent in social housing.

Concerns

Where people indicated they would be interested in purchase through shared ownership, the most common factor that would dissuade them was a concern that there would be limited choice of properties (41 per cent of the 374 respondents not interested in shared ownership) or location (37 per cent).

> *"The best thing about my property is knowing that it is mine and I am investing in something for my little girl in the future.*
>
> *I will definitely be looking at buying more shares in the property in a few years, this was one of the main benefits of choosing the shared ownership scheme".*
>
> *Robyn and her daughter, shared owner in the Midlands*

Improving the customer experience

The survey reveals reasonable awareness of shared ownership, but more work is needed to increase understanding of the details, and promote shared ownership as a good product.

Our original report challenged the sector to respond to some of the historical criticisms of shared ownership:

- Being consistent about the brand and marketing.
- Being clear and transparent about the rights and responsibilities of each party involved (shared owner, provider and lender).
- Being innovative and finding ways to support households to increase their opportunities for staircasing, moving in the tenure and addressing issues of affordability (service charges, repairs etc).

A key recommendation was to develop a charter or code of practice to set standards with and for the sector, providing a framework to which existing and new shared ownership providers can work to drive improvements in service delivery and customer experience.

Several leading providers of shared ownership, including members of the NHG, are working with CIH to develop a charter for shared ownership which will cover the customer experience end-to-end, and ensure that all parts of the business, from board members to finance teams, are geared up to understand what is required to deliver a high quality shared ownership portfolio.

CIH charters provide a broad framework for organisations focused on outcomes, not processes, enabling organisations to develop their service in ways appropriate to themselves, but to be clear on what customers and stakeholders can expect. It will signpost to existing guidance, tools and protocols that have been developed across the sector that support that transparency of approach, such as the HCA's shared ownership joint guidance for England, and the joint CML/ NHF/ HCA/ BSA guidance on handling arrears and possession sales of shared ownership properties. The charter will be launched at CIH Home Ownership and Leasehold Management conference in March 2017.

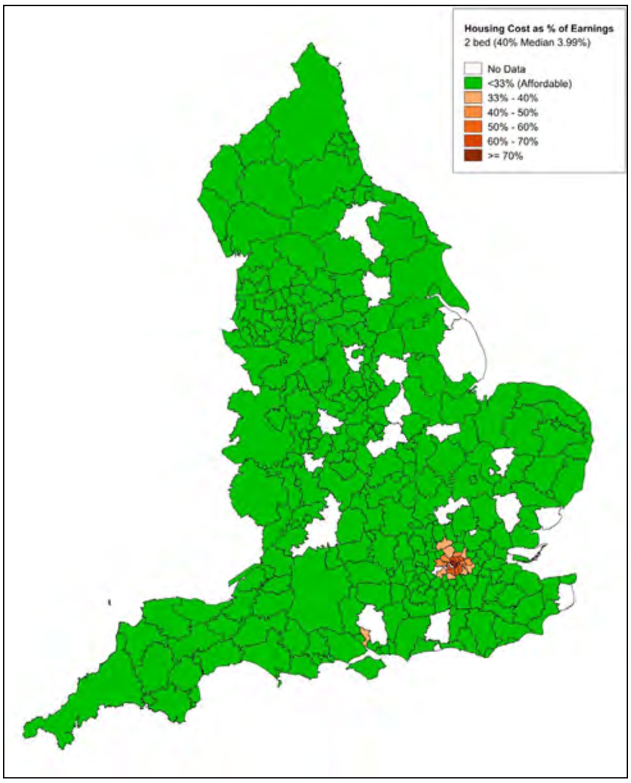
Shared ownership – an affordable product

Analysis by Orbit for this report has considered how affordable shared ownership is in today's housing market for households on median and lower quartile earnings compared to outright ownership[4], as well as the cost of shared ownership relative to private sector rents.

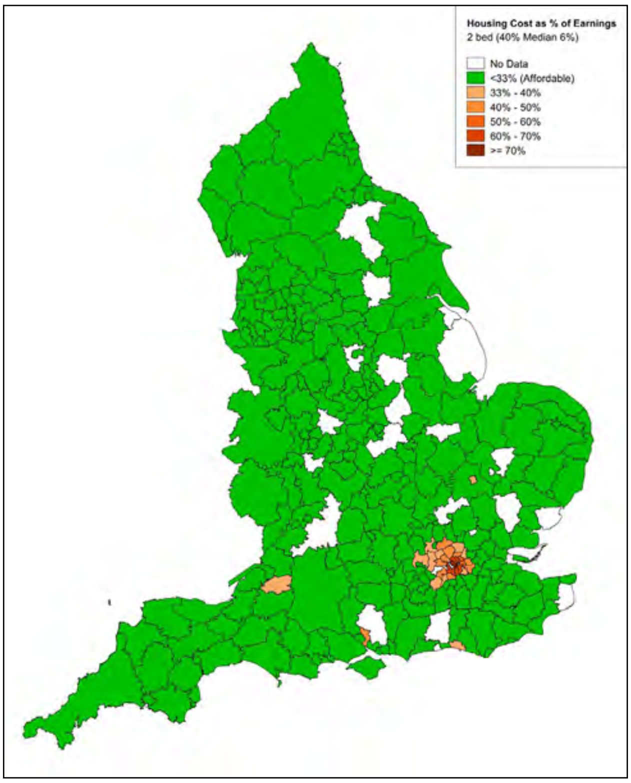
Underlying assumptions of analysis

- 35% is used as the maximum proportion of household income spent on housing costs, which is a widely used affordability yardstick.
- Affordability is purely based on housing costs at day-one and doesn't take into account index-linked rent increases on the unsold equity.
- The analysis assumes a two-person household, with one full-time and one part-time earner. Correspondingly, we have applied a multiplier of 1.5 to both median and lower quartile incomes.[5]
- The mortgage term is 25 years with a LTV of 90%. In the case of shared ownership, we have assumed a 40% equity share and rent (excluding service charges) set at 2.75% of the unsold equity. The analysis was run with two different interest rates, namely 3.99% and 6%. Shared ownership mortgages carry higher rates than for outright sale, with 3.99% fairly typical. There are of course lower rates available, but it was important to provide a realistic picture of affordability. Using a rate of 6% was to stress test affordability. For ease of comparison, the same interest rates were used for outright sale.
- The analysis was based on the average price for a two bedroom property in a given local authority in England.

Map 1: 2 bed, 40% share, LTV 90%, 3.99% interest rate, 25yrs loan, median income 1.5 earner households



Map 2: 2 bed 40% share, LTV 90%, 6% interest rate, 25yrs loan, median income 1.5 earner households

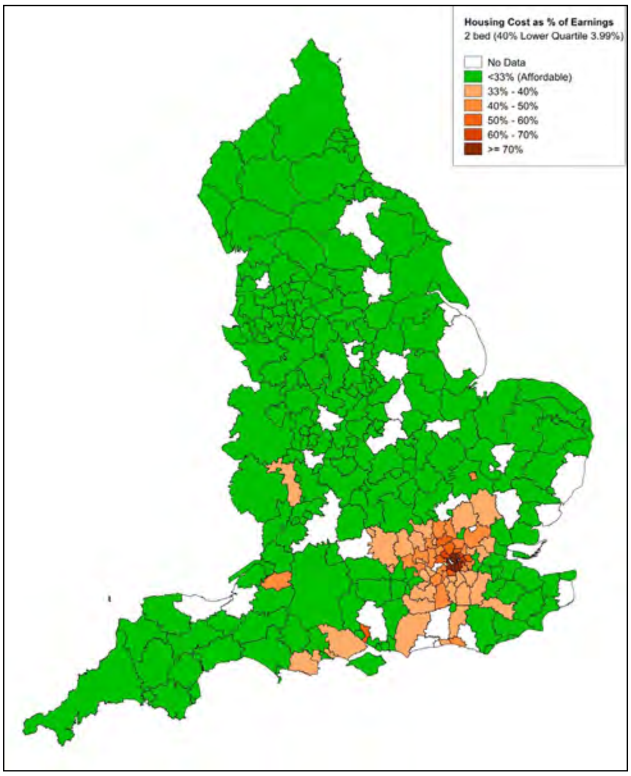


Map 1 shows that shared ownership with a 40% initial share and a mortgage interest rate of 3.99% on day one is affordable in 94% of English local authorities for households on a median income. Even at an interest rate of 6% the picture changes only slightly (92% - Map 2). Not surprising, affordability pressure persists for median earners in and around London.

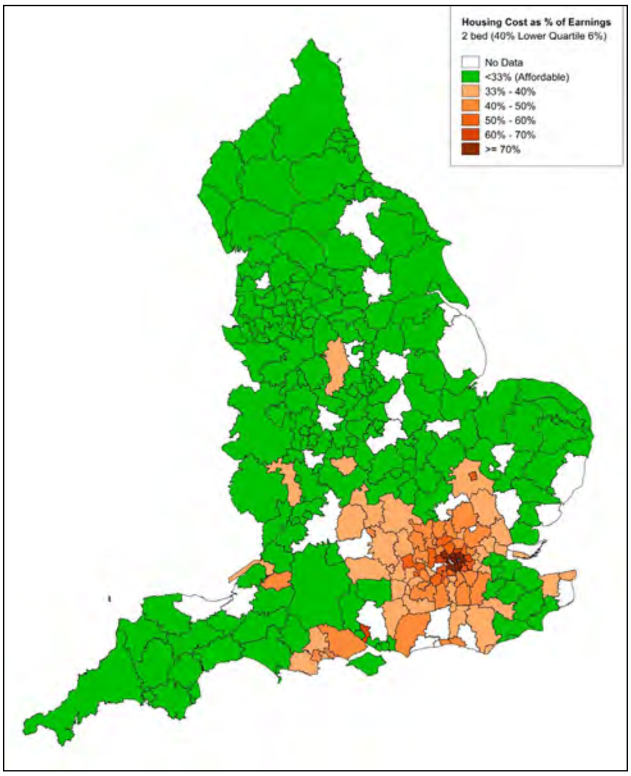
[4] We use a similar methodology put forward in Shelter (2013) Homes for forgotten families: Towards a mainstream shared ownership market. Available at: https://england.shelter.org.uk/__data/assets/pdf_file/0014/702023/Shelter_-_Homes_for_forgotten_families.pdf

[5] Income is based on data from the Annual Survey of Hours and Earnings – ONS (2015) Annual Survey of Hours and Earnings: Provisional Results – Table 8.7a – Gross (£) - For full-time employee jobs: United Kingdom, 2015. Available at: http://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/bulletins/annualsurveyofhoursandearnings/2015provisionalresults

Map 3: 2 bed, 40% share, LTV 90%, 3.99% interest rate, 25yrs loan, lower-quartile income 1.5 earner households

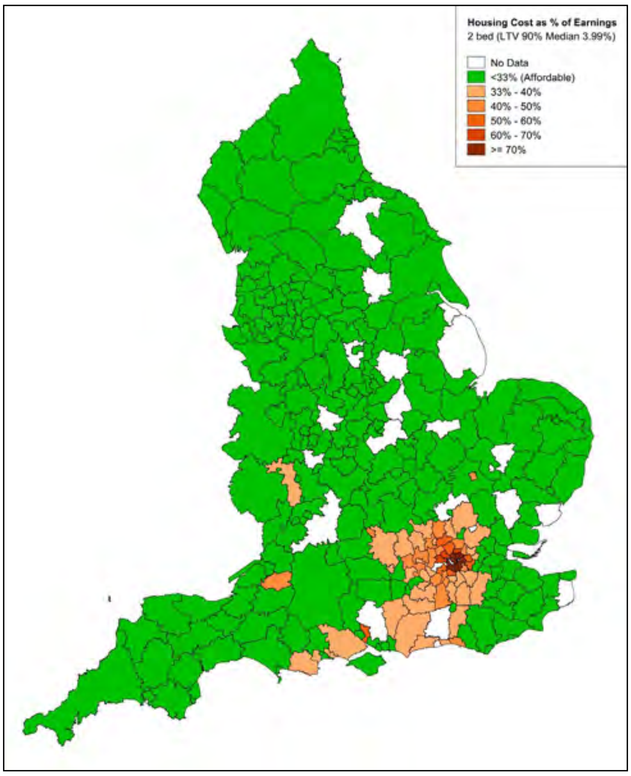


Map 4: 2 bed, 40% share, LTV 90%, 6% interest rate, 25yrs loan, lower-quartile income 1.5 earner households

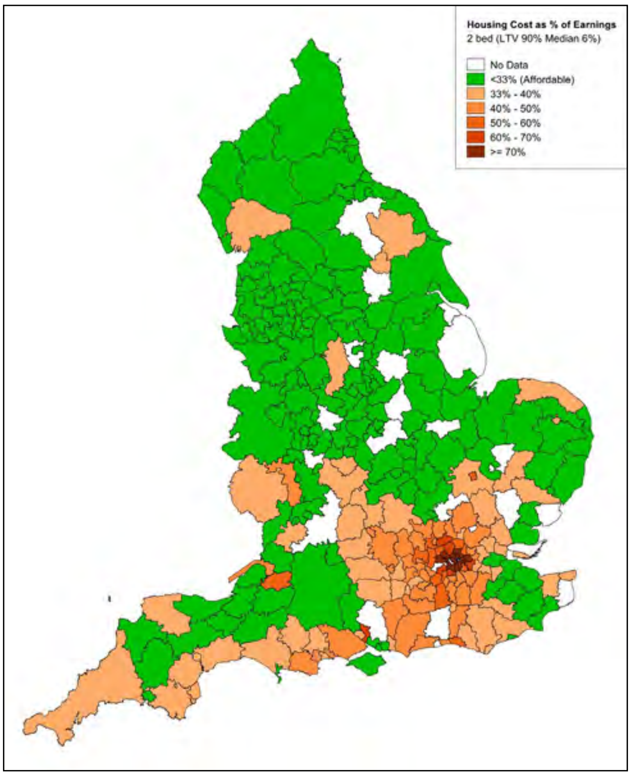


Map 3 and 4 illustrate the position for those on lower-quartile income. It can be seen that it is still an affordable option across four-fifths of LAs (81%) at an interest rate of 3.99%. The proportion drops to 71% at an interest rate of 6%. As expected inner and outer- London, as well as large parts of the South East are unaffordable in this scenario.

Compared to outright sale, shared ownership is the more affordable tenure. While outright sale at an interest rate of 3.99% is still affordable to median income households in four-fifths of LAs (81%), the proportion drops to 63% at the higher interest rate of 6% (Maps 5 and 6 respectively).



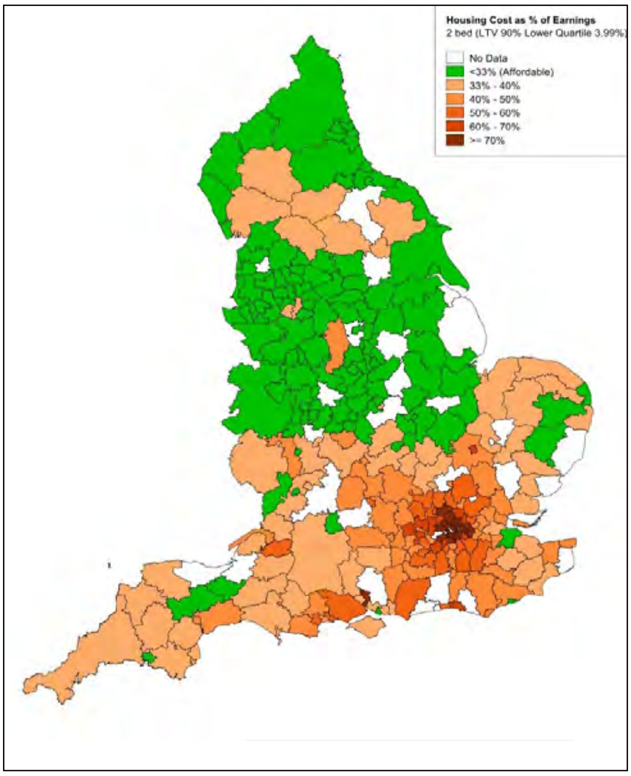
Map 5: 2 bed, LTV 90%, 3.99% interest rate, 25yrs loan, median income 1.5 earner households



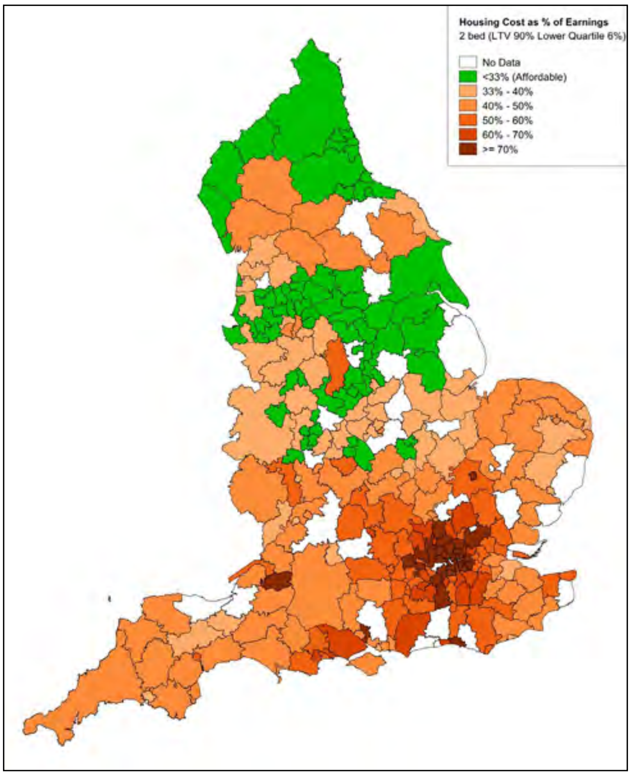
Map 6: 2 bed, LTV 90%, 6% interest rate, 25yrs loan, median income 1.5 earner households

However, for lower-quartile earners the picture looks rather bleak. Outright sale on a 3.99% mortgage is affordable in only half of all English LAs. This drops by almost a third to 34% at an interest rate of 6% (Maps 7 and 8 respectively).

Map 7: 2 bed, LTV 90%, 3.99% interest rate, 25yrs loan, lower-quartile income 1.5 earner households



Map 8: 2 bed, LTV 90%, 6% interest rate, 25yrs loan, lower-quartile income 1.5 earner households



The analysis presented here can only be indicative. Different assumptions in terms of equity share purchased, deposit and interest rates would have painted a different picture, portraying affordability more favourably or vice versa. Indeed, the unique feature of shared ownership is that it can be tailored much more towards the (financial) circumstances of the individual, compared to other home ownership products. This can be seen in the pricing points of different government-backed housing schemes. In 2015, shared ownership whole property sale prices were second highest across all regions after 'Help to Buy equity loan' and above 'Help to Buy mortgage guarantee, which can be attributed to the ability of buying small shares and therefore stretching affordability.[6] Perhaps it is not surprising then that shared ownership topped sales prices for government-backed schemes in London.[7] It is also worth pointing out that government–backed home ownership schemes show low-levels of overlap with a high degree of market segmentation and thus supporting the target group.[8]

The analysis is also somewhat simplistic as it doesn't, for instance, take into account actual market capacity for delivering shared ownership. As research by Savills has shown (see page 12) it is the more affordable parts of the country where take-up of shared ownership has been much lower due to the fact that full home ownership options are attainable for a larger group of households. However, cost of living pressures as a result of various macroeconomic factors in the medium term will make it even more difficult for many on more moderate incomes to access full home ownership, with shared ownership remaining the most feasible option.

Over half of private renters (56%) aspire to become homeowners within the next two years, rising to 71% when looking ahead over a 10-year period.[9] We also know that the private rented sector acts as the main 'feeder tenure' for shared ownership (running at more than 50 per cent). In this context we wanted to see how costs of shared ownership and renting privately compare across English LAs. We used the same assumptions as with the analysis above in terms of shared ownership mortgage terms. We based the analysis on average rents in a given LA. Maps 9 and 10 show the results.

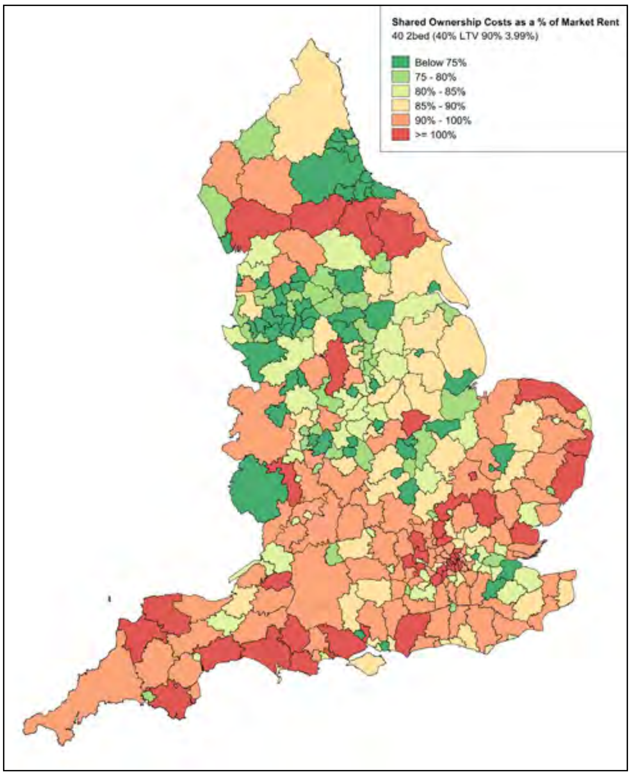
[6] CML (2016b) Government Housing Schemes: Accident or Design? Available at https://www.cml.org.uk/news/press-releases/new-research-shows-government-home-ownership-schemes-do-meet/

[7] Ibid.

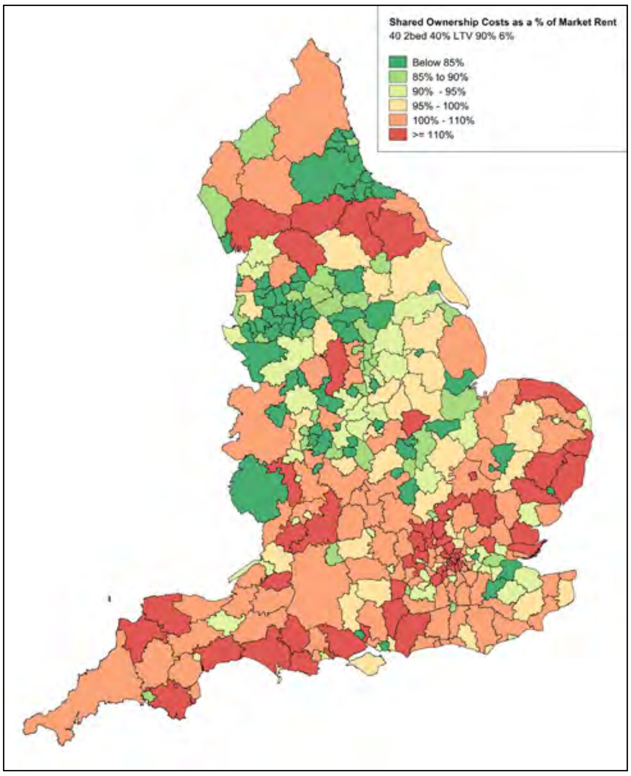
[8] Ibid.

[9] CML (2016a) op. cit.

Map 9



Map 10



When comparing the day-one costs of a two bed shared ownership property with a 3.99% mortgage to market rent, we find that it is cheaper in the majority of local authorities (87% - Map 9). With an interest rate of 6%, it is still less expensive across more than half of all LAs (58% - Map 10). This indicates that there is a potentially large untapped market waiting. Encouragingly, the Ipsos MORI survey commissioned for this report shows that awareness amongst private renters of shared ownership who are interested in purchasing in the future runs at 60%.[10]

As mentioned above, the analysis is based on day-one costs, so doesn't take into account the index-linked rent increase of the unsold equity or price growth in the PRS. However, we would argue that shared ownership will remain cheaper compared to renting privately in the long-term. Firstly, private sector rents tend to rise more quickly relative to mortgage interest rates, unless of course we enter double digits territory as in the late 1980s / early 1990s. Secondly, any interest rises are likely to be passed on to tenants by buy-to-let landlords as they seek to recoup the extra costs.

[10] Ipsos MORI online omnibus November 2016, for CIH/ Orbit.

Current and future demand

Housing need continues to grow

Table 2.2.1 **English 2012-based household projections**

	2012	2017	2022	2027	2032	2037
Households	22,305	23,396	24,505	25,578	26,605	27,548
Change (thousands)	–	1,091	2,200	3,273	4,300	5,243
Change (%)	–	4.9	9.9	14.7	19.3	23.5
Population	52,536	54,430	56,308	58,033	59,548	60,913
Change (thousands)	–	1,894	3,772	5,497	7,012	8,377
Change (%)	–	3.6	7.2	10.5	13.3	15.9
Household headship rate	2.36	2.33	2.30	2.27	2.24	2.21
Household/population growth	–	+ 35.7	+ 37.4	+ 40.2	+ 44.4	+ 47.4

Source: UK Housing review 2016

The growth in the population, and specifically in household formation continues, and the need for more housing is still acute. Alan Holmans estimated that, in the long term to 2031, between 240,000 and 245,000 more homes were required to meet newly arising demand and need (not addressing previous shortfalls in housing development).

Based on long term trends he identified that nearly one-third of that would need to be at below market prices and rents, with 68 per cent at market rates (open market ownership and private rent). Although 60 per cent of all new supply is required in the four southern regions, he identified significant housing investment required in all regions.

Home ownership remains an aspiration for many

The appetite for home ownership is unabated, with 75 per cent of UK adults aspiring to own within two years and 80 per cent hoping to do so in 10 years time.[11] For many would-be homeowners on moderate incomes, shared ownership often provides the only means of realising this ambition. It is also much more affordable compared to open market purchase and, in many instances, private rent - as analysis undertaken by Orbit for this report demonstrates (see pages 8-11).

The housing sector's response

The snapshot of numbers in the tenure at any one time does not adequately illustrate the scale of delivery overall, as properties are 'lost' through full staircasing and on resales at 100 per cent, but CORE figures reveal that, since 2001, there have been a total of 102,848 shared ownership homes developed.

Data from the NHG indicates a clear ambition in the sector to step up to the challenge of increasing delivery. At the second quarter 2016 there were over 54,000 shared ownership homes, with more than 14,000 in the development pipeline. The associations in the group also registered their ambition to build 20,000 more.

Is there a market for more shared ownership? The view from Savills

Savills' analysis suggests that there is potential capacity to absorb at least 60,000 additional shared ownership units per annum in current market conditions. Whilst there is some level of demand for shared ownership everywhere, demand for the greatest volume of new units is in markets where affordability is most stretched and demand is highest, as shown in the map below.

This is largely in the south of England, where housing affordability is a greater challenge and the wider range of pricing in the market makes it easier to differentiate shared ownership from other products.

In many higher value parts of London, the challenge is to make shared ownership affordable to people below the maximum income levels for shared ownership. This often requires the sale of very small initial shares and reducing the rent on the remainder below the standard 2.75per cent. This makes it difficult to deliver financially viable shared ownership homes in the very highest value markets.

[11] CML (2016a) Home-ownership or bust? Consumer research into tenure aspirations. As above

Supply and demand
Past delivery of shared ownership has been supply constrained. The greatest concentrations of shared ownership stock are located in places where there has been a high level of housing delivery over the last 10 to 15 years. These include Milton Keynes, South Cambridgeshire, Tower Hamlets and Southwark. This stock has been largely delivered through planning gain arrangements.

The indications are that this supply has fallen short of demand. According to evidence given by the National Housing Federation to the Lyons Review, housing associations approve around 85,000 applications for shared ownership each year.

Transaction gap
Housing market turnover fell after the credit crunch, as a consequence of reduced mortgage availability and tighter regulation around affordability. This, and revised regulation of the mortgage market, has left many people unable to buy their own home. The greatest effect was on lower value parts of the market and households with limited equity for buying a home.

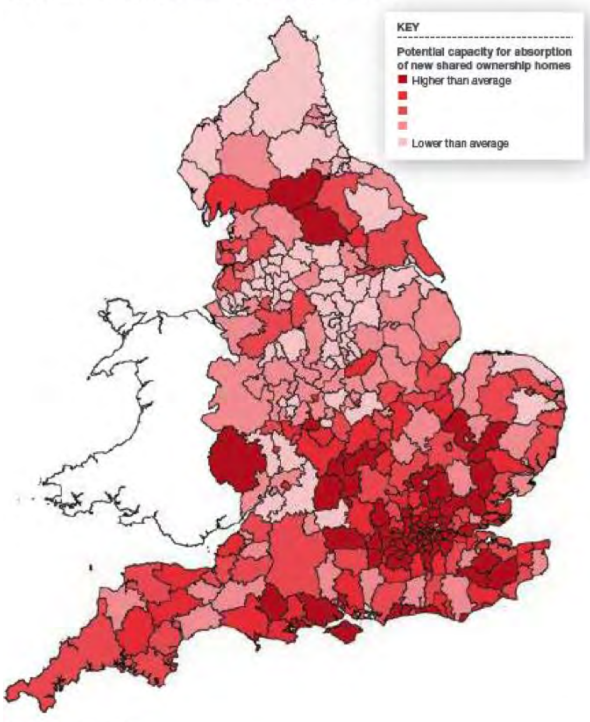
Across England and excluding Help to Buy, there were approximately 360,000 fewer transactions per annum in 2014 and 2015 compared to the five years leading up to 2007. Over the last two years, shared ownership has delivered additional housing for nearly 3 per cent of the demand not met by the unassisted for-sale market. Help to Buy has filled a further 8 per cent of the gap.

The extent to which the gap has been filled by shared ownership does vary widely across the country, reaching over 35 per cent in markets as diverse as Tower Hamlets in London and Wychavon in Worcestershire. In other districts, no new shared ownership homes were delivered over this period.

Market capacity
A clear target for the expansion of shared ownership is to unlock this potential demand. This could be achieved through shared ownership providing a greater availability of home ownership at levels of affordability not currently seen in the market. In more affordable markets, the evidence of shared ownership take-up is relatively low: up to 15 per cent in parts of Leicestershire and only 5 per cent in parts of Nottinghamshire, Staffordshire and areas of the north.

Shared ownership has satisfied more of the potential demand in places where affordability is the biggest barrier to accessing home ownership. This includes Hackney, Horsham and Cambridge, where more than 30 per cent of the gap has been filled.

There is demand for shared ownership across the country, but the volume of demand varies by location



Source: Savills using DCLG data

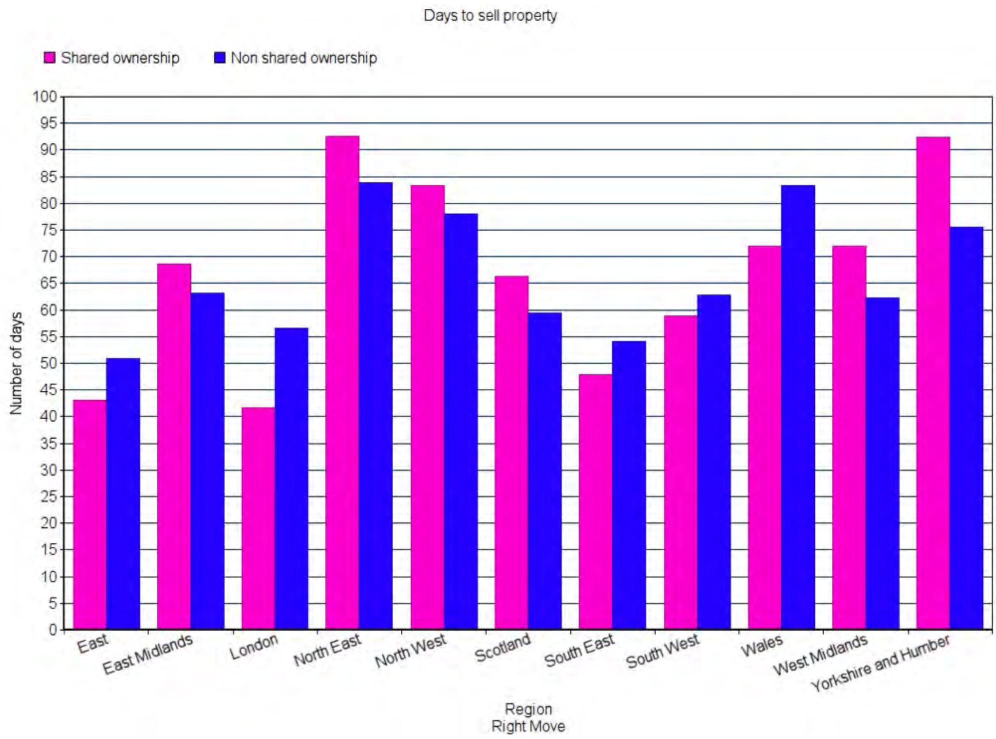
Levels of demand

Housing associations report significant oversubscription for every shared ownership property they build, particularly in southern regions and London, reflected in the 85,000 approved applications as noted above.

Increasingly organisations are using web-based sales sites to market shared ownership, particularly on resale, and length of time on the market is also an indicator of interest in and demand for shared ownership.

In 2016, Rightmove has had 11,862 new shared ownership listings to-date. On average, the time on the market (from first listed date to being marked as unavailable - sold subject to contract or under offer) was comparable to non-shared ownership properties overall – 62.5 days compared to 63.2 for non shared ownership.

In regions with high house prices the length of time could be even shorter; 41 days compared to 56 in London. In Yorkshire and the Humber, however, the picture is reversed with shared ownership properties being listed 92 days compared to 75. The large variation in numbers of listings for non shared ownership as opposed to shared ownership properties impacts the figures, but it is nevertheless an indicator of level of demand for the product.



Increasing confidence; expanding investment

A critical factor for expanding delivery of shared ownership is to increase the confidence of lenders and investors in it as a valuable product, both to support organisations developing it and to expand the availability for mortgages for people seeking to buy.

The first report identified a number of gaps in the picture to support that increased confidence and investment, notably around the journey for shared owners post initial sale, on measures including level and frequency of arrears, stages of staircasing (when, level of equity increase), resales etc.

Work through the NHG and in conjunction with CML has started the process of wider data capture to address that. NHG has developed a framework for data capture from its members identifying at each quarter:

- Sales and resales numbers (including sales retained as shared ownership and those sold out at 100 per cent).
- Total stock held as shared ownership currently, plus numbers in pipeline development, and overall development ambitions.
- Length of time before sale; average percentage purchased; numbers fully and partially staircasing.
- Numbers in arrears, level of arrears and numbers of repossessions.

CML's recent report, Shared ownership: ugly sister or Cinderella?, drawing on lenders' and NHG data, demonstrated that in particular the arrears numbers and levels, and repossessions were comparable (and therefore at similar risk level) to other first time buyers purchasing through the open market. Overall it found shared ownership to be an established part of the ownership market which was working well from the perspective of lenders, and it made a number of recommendations focused in particular on supporting organisations looking to lend to shared owners as the tenure expands.[12]

In conclusion

Two years on from our original report, there is still much to do to make shared ownership a mainstream tenure. But the ambition of government and the housing sector to do so is clear, and significant progress has been made, including:

- Increasing government funding.
- Increasing the profile, bringing it in line with promotion of other government schemes to assist in home ownership.
- Addressing the issue of eligibility criteria which limited the scope and customer base for the product.
- Identifying and collecting data across providers and lenders to provide a fuller picture of the tenure, and increase confidence in the tenure.
- Bringing in more lenders and investors to increase funding for development and purchase of shared ownership homes.
- Developing a charter to establish what a good shared ownership service looks like, including consistent messages and approaches for customers.

[12] A second report is now available: Shared ownership: 10 steps to taking the Cinderella tenure to the ball

Appendix

The survey was carried out by Ipsos MORI on behalf of Orbit Group and the Chartered Institute of Housing, using Ipsos MORI's online omnibus.

The research took place between Friday 25th and Tuesday 29th November, 2016 with a nationally representative quota sample of 2,216 UK adults 16-75. Quotas were set on age, gender and region with the sample balanced further according to working status and social grade.

Data was weighted (by age, gender, region, working status, social grade and household tenure) to the known population profile.

Sample sub groups.

The following subgroups are referred to in this release. The unweighted base for each sub-group is specified in the table below:

	N =
All UK adults 16-75	2,216
16-24	326
25-34	405
35-44	413
45-54	424
55-75	648
Household income	
Up to £19,999 per year	573
£20,000 - £34,999	607
£35,000 - £54,999	483
£55,000 +	265
£35,000 +	748
Household Tenure	
Home owners	1,421
Private renters	350
Social renters	371
All UK adults who do not currently live in a home that is owned/being bought on a mortgage	721
16-24, non-home-owners	127
25-34, non-home-owners	182
35-44, non-home-owners	169
45-54, non-home-owners	122
55-75, non-home-owners	121
Household income of non-homeowners	
Up to £19,999 per year	331
£20,000 - £34,999	195
£35,000 - £54,999	83
£55,000 +	36
£35,000 +	119