

# Rural Services APPG

**All-Party Parliamentary Group on Rural Services**  
**17<sup>th</sup> November 2015, 12:00pm**  
**Room M, Portcullis House, Bridge Street, London, SW1A 2LW**

## **PRESENT**

Graham Stuart MP  
Sam Halls – Office of Graham Stuart MP  
Simon Gibson – Office of Michael Tomlinson MP  
James Sibley – Office of Rishi Sunak

## **Secretariat**

Graham Biggs – RSN  
Andy Dean – RSN

## **Others in Attendance**

Martin Collett – English Rural Housing Association  
Charlie Riley – Housing Plus  
Ursula Bennion – Trent & Dove Housing  
Sue Chalkley – Hastoe Housing Group  
Professor David Head – Lincolnshire Rural Housing Association  
John Howes – Lincolnshire Rural Housing Association  
Monica Burns – National Housing Federation  
Alison Thompson – English Rural Housing Association  
Councillor Cecilia Motley – Rural Services Network

### **1. Notes of previous Meeting**

The notes of the previous meeting were noted.

### **2. Delivering increased home ownership in rural communities through Shared Ownership and related models**

Martin Collett explained that the Rural Housing Alliance brings together 40 specialist rural housing providers. The Alliance is supported by the Rural Services Network and also works closely with the National Housing Federation.

Martin explained that the shared ownership model had been in existence for over 30 years and had proved a valuable tool in many communities to deliver low cost home

ownership. The model is fully in line with government aspirations to increase home ownership and can potentially work very effectively alongside other products such as Help to Buy and new Starter Home proposals. However, the shared ownership model has become problematic recently with a rapidly declining reputation amongst both potential purchasers and lenders.

Martin pointed out that Housing Associations are required to include shared ownership within their HCA programmes, even where no grant is involved, and that an inflexible approach was restricting Associations' ability to tailor the product to local needs and the local market.

Charlie Riley then outlined that mortgage availability for shared ownership properties was proving very difficult as a result of both lender and borrower uncertainty. Just 4 shared ownership lenders exist beyond very local levels with shared ownership seen as complex and problematic in relation to normal mortgage processes.

During discussion a range of points were raised. Shared ownership is a valuable option for people in urban and rural settings with incomes too high to qualify for social rented properties but insufficient to purchase a home on the open market. This will include those for whom the 80% purchase price of new Starter Homes remains too high to afford. It was suggested that within a rural context, where house prices are generally higher than urban areas, shared ownership had been a particular success in the past in some instances constituting 30% of Association stock. In the context of small rural communities, the availability of shared ownership properties for those on appropriate income levels was an important contributor to allowing working people to remain in the community and contribute to the local economy. Once these people move to larger communities where starter home and other options may exist, experience suggests that they are highly unlikely to return.

Some lenders consider shared ownership a higher risk with higher default rates. However, the evidence available suggests that these risks are in fact lower and, in any event, in most cases Housing Associations would be keen to buy back the shared ownership portion of the property in such circumstances thus actually reducing the risk still further.

As Help to Buy and Starter Homes are actively promoted, Alliance members expressed the fear that shared ownership would recede still further from view with lenders and borrowers increasingly disregarding this option. It was suggested that this would be a missed opportunity to contribute more directly to increased home ownership aspirations. It was further suggested that coordinated publicity and

improved understanding was essential to maximise the opportunities which the shared ownership product provides.

At the conclusion of the meeting, the following actions were agreed:

- Shared Ownership issues will be fed in by Alliance members to the recently established Equity Stakes Task Force.
- The National Housing Federation and the RSN would seek to devise a two page briefing note setting out the availability of the various affordable home products to individuals according to income level. This would clearly identify the role for shared ownership and be utilised to brief MPs and others as appropriate.

The meeting closed at 1.00 p.m.