



Ministry of Housing,  
Communities &  
Local Government

# Innovation in Affordable Home Ownership

A call for proposals for Private Shared Ownership



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If you have any enquiries regarding this document/publication, complete the form at <http://forms.communities.gov.uk/> or write to us at:

Ministry of Housing, Communities and Local Government  
Fry Building  
2 Marsham Street  
London  
SW1P 4DF  
Telephone: 030 3444 0000

For all our latest news and updates follow us on Twitter: <https://twitter.com/mhclg>

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# A call for proposals on Private Shared Ownership

## Case for change

The Government is committed to building a housing market which works for everyone. We recognise that for too many people homeownership is unaffordable. Addressing this affordability challenge requires building the homes our country needs. That is why we intend to deliver 300,000 homes per year, the largest annual increase in housing supply since the 1970s.

We are also taking action now to help people meet their aspirations to own a home of their own. Since 2010, over 481,000 households have been helped to purchase a home through government backed schemes including Help to Buy and Right to Buy. This includes over 60,000 new Shared Ownership properties. Building on this, the 2017 Autumn Budget announced a new stamp duty land tax relief benefitting 95% of first time buyers who pay it – over 121,500 have been helped so far. However, we know we must do more.

Shared Ownership is already helping a significant number of people and at present there are around 180,000 shared owners in England. The model enables individuals who do not have the means to buy a home outright to buy a share of the home. As we work towards creating a housing market that works for everyone we believe Shared Ownership has an important role to play in creating a modern, diverse and thriving housing market.

The government is committed to supporting innovation in the housing market, in particular improving and expanding the existing Shared Ownership offer so more people can be supported to realise their dreams and purchase a home of their own. This comprises two main strands of work:

- improving the existing Shared Ownership offer;
- developing Private Shared Ownership and other innovative routes into homeownership.

The first of these is being taken forward through the government's Green Paper, A New Deal for Social Housing and related consultation. The Green Paper sets out how the Government is committed to improving the experience of people in social housing, including Shared Ownership. The Green Paper consultation gives everyone the opportunity to submit views on our proposals including introducing more flexible and smaller staircasing in Shared Ownership. The Green Paper consultation is open until 6<sup>th</sup> November 2018.

The Green Paper, A New Deal for Social Housing is available here:

<https://www.gov.uk/government/consultations/a-new-deal-for-social-housing>.

You can respond to the Green Paper consultation here:

[https://www.surveymonkey.co.uk/r/A\\_new\\_deal\\_for\\_social\\_housing](https://www.surveymonkey.co.uk/r/A_new_deal_for_social_housing).

The remainder of this call for proposals is focused upon supporting innovation in Shared Ownership and other innovative routes into homeownership.

# Outline of requirements

We are seeking proposals from private investors, delivery organisations or partnerships between them. These proposals should provide new routes into homeownership by leveraging both private sector funding and capacity to deliver. The government offer is to either act as a co-funder of these proposals (investing on a loan or other recoverable basis) or to act as a facilitator removing regulatory or other barriers.

We would welcome proposals in three categories:

- Private Shared Ownership which should be primarily privately funded;
- other private affordable home ownership products which should be primarily privately funded;
- other innovative routes into homeownership which do not require government investment but may require the removal of regulatory or other barriers.

Proposals should not rely on government grant funding, government guarantees or developer section 106 contributions ('planning obligations').

## Private Shared Ownership proposals

We are particularly interested in Private Shared Ownership proposals where we believe government loan funding will play an important part in removing the risk and financial uncertainty created by staircasing.

Proposals requiring government loan funding (or other recoverable investment) will need to match or exceed the terms of the standard Shared Ownership lease, particularly in terms of consumer protection. In order to ensure that households have a meaningful opportunity to progress to full home ownership, the proposals must meet the following requirements:

- rent levels for the product should not be set above 3% value of the share of the property not owned by the consumer;
- households must have the right to staircase on demand in line with grant funded Shared Ownership products;
- if the model relies upon consumers taking out a commercial mortgage then the mortgage protection clause must be maintained as it is vital to ensure lenders can offer mortgages on these products;
- the proposal should be targeted towards households earning under £80k in income (£90k in London) to mitigate the risks of a challenge on state aid grounds.

Our recent Green Paper, 'A new deal for social housing', announced that we want to address the issues around staircasing in the existing shared ownership offer – we want to explore ways to enable shared owners to staircase in smaller increments at a price set at point of purchase. Proposals for funding which draw upon these ideas and improve upon the terms of the standard Shared Ownership lease will be particularly welcomed.

The government will look particularly favourably upon proposals which provide households with a right to sell the property back to investors, enhanced staircasing flexibility, or a right to staircase at the original purchase price.

## Other affordable home ownership proposals

We are also interested in proposals for loan funding (or other recoverable investment) to deliver other affordable homeownership products as defined by the National Planning Policy Framework (NPPF). These could include, but are not limited to, rent to buy products, providing the rent does not exceed 80% of the local market rent.

## Innovative approaches not requiring government funding

We are also keen to support people into homeownership through products which are outside of the definition of affordable home ownership products set out in the National Planning Policy Framework (NPPF). While such products are unlikely to be suitable for government funding, we are keen to engage with investors to understand where regulatory rules or other barriers may be inhibiting the development of innovative products and ask that this is highlighted within your proposals.

We believe that models in this area may be particularly beneficial for households paying high rental payments which are sufficient to cover the costs of a mortgage, but are currently unable to access a sufficient mortgage to move into homeownership.

## Supporting housing supply

We welcome proposals to help households purchase either new build or existing homes. However, while we recognise that existing new build focused offers may not always be the most appropriate way to help households into homeownership, it is important to note that proposals that deliver additional housing supply may have a stronger case in terms of value for money.

## Consumer protection

We also recognise that many proposals in this space may not fit neatly within existing regulatory frameworks. Therefore, proposals should provide robust consumer protection mechanisms which go above and beyond existing statutory protections in order to secure government support. These should include, but are not limited to, independent redress and clear protections against mis-selling.

## Next steps

Please complete and return the proposal template and any supporting documents before **1 February 2019** to [privatesharedownership@communities.gov.uk](mailto:privatesharedownership@communities.gov.uk). If you wish us to consider your proposal as commercially confidential then please highlight this within your response and set out the rationale for this. We will treat your response accordingly, subject to any applicable legal requirements.

Please contact the above email address if you have any further questions about the process.

The government will assess these proposals for initial viability and provide further next steps in due course. If you wish us to consider your proposal as commercially confidential then please highlight this within your response. Nothing in this document commits the government to funding any schemes. Any expenditure of government funds will need to align with the principles of managing public money and meet all applicable legal requirements.

# About this discussion paper

This discussion paper has been planned to adhere to the consultation principles issued by the Cabinet Office.

Information provided in response to this consultation, including personal data, may be published or disclosed in accordance with the access to information regimes (these are primarily the Freedom of Information Act 2000 (FOIA), the Data Protection Act 2018 (DPA), the EU General Data Protection Regulation, and the Environmental Information Regulations 2004).

If you want the information that you provide to be treated as confidential, please be aware that, as a public authority, the Department is bound by the Freedom of Information Act and may therefore be obliged to disclose all or some of the information you provide. In view of this it would be helpful if you could explain to us why you regard the information you have provided as confidential. If we receive a request for disclosure of the information we will take full account of your explanation, but we cannot give an assurance that confidentiality can be maintained in all circumstances. An automatic confidentiality disclaimer generated by your IT system will not, of itself, be regarded as binding on the Department.

The Ministry of Housing, Communities and Local Government will process your personal data in accordance with the law and in the majority of circumstances this will mean that your personal data will not be disclosed to third parties. A full privacy notice is included at Annex A.

# Annex A: Personal Data

The following is to explain your rights and give you the information you are entitled to under the Data Protection Act 2018.

Note that this section only refers to your personal data (your name address and anything that could be used to identify you personally) not the content of your response to the discussion paper.

## **1. The identity of the data controller and contact details of our Data Protection Officer**

The Ministry of Housing, Communities and Local Government (MHCLG) is the data controller. The Data Protection Officer can be contacted at:  
[dataprotection@communities.gsi.gov.uk](mailto:dataprotection@communities.gsi.gov.uk)

## **2. Why we are collecting your personal data**

Your personal data is being collected as part of the discussion process, so that we can contact you regarding any response you make and for statistical purposes. We may also use it to contact you about related matters.

## **3. Our legal basis for processing your personal data**

The Data Protection Act 2018 states that, as a government department, MHCLG may process personal data as necessary for the effective performance of a task carried out in the public interest. i.e. a discussion paper.

## **3. With whom we will be sharing your personal data**

We do not intend to share the data outside MHCLG without your explicit consent.

## **4. For how long we will keep your personal data, or criteria used to determine the retention period**

Your personal data will be held for two years from the publication of this discussion paper to enable discussion of next steps regarding proposals.

## **5. Your rights, e.g. access, rectification, erasure**

The data we are collecting is your personal data, and you have considerable say over what happens to it. You have the right:

- a. to see what data we have about you
- b. to ask us to stop using your data, but keep it on record
- c. to ask to have all or some of your data deleted or corrected
- d. to lodge a complaint with the independent Information Commissioner (ICO) if you think we are not handling your data fairly or in accordance with the law. You can contact the ICO at <https://ico.org.uk/>, or telephone 0303 123 1113.

**6. Your personal data will not be sent overseas.**

**7. Your personal data will not be used for any automated decision making.**

**8. Your personal data will be stored in a secure government IT system.**