



Government response to the Levelling Up,
Housing and Communities Select Committee report
on shared ownership

Presented to Parliament by the Secretary of State for Levelling
Up, Housing and Communities by Command of His Majesty

May 2024

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Any enquiries regarding this publication should be sent to us at

Department for Levelling Up, Housing and Communities
Fry Building, 2 Marsham Street
London SW1P 4DF
Tel: 0303 444 0000

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Contents

Value for money and affordability	4
Affordable and Social Housing Objectives	9
Shared ownership leases	10
Risk of a two-tier market.....	13
Repairs, maintenance and fees.....	14
Selling shares and building safety	16

Value for money and affordability

Conclusion 1: Shared ownership products can often become unaffordable over time due to having to pay for 100% of repairs and maintenance costs despite only owning a proportion of the property. This is exacerbated by the fact that these service charges can increase over time, along with other costs such as rent. The 10 year repairs period only mitigates repairs and maintenance costs for those on the 'new' lease, and not those in properties delivered under the 2016–2023 Affordable Homes Programme. This, combined with the numerous and often unnecessarily expensive charges involved in the process of staircasing, makes it very difficult for many shared owners to complete their objective of staircasing to 100% and achieving their aspiration of full homeownership.

Recommendation 1: *The Government should as a matter of urgency explore the implications of changing the terms of shared ownership leases delivered under current and previous iterations of the Affordable Homes Programme so that shared owners only ever have to pay service charges for repairs and maintenance proportionate to the size of share they own.*

Response:

1. The Government launched its new model of shared ownership in April 2021, alongside the start of our £11.5bn 2021-26 Affordable Homes Programme (AHP). As noted by the Committee, the new model contains a ten-year 'initial repair period', during which registered providers of social housing (registered providers) are responsible for supporting shared owners with the cost of repairs and maintenance to new build homes. The ten-year timeframe acts as a bridging period, allowing shared owners scope to adjust to their obligations as leasehold homeowners. It is also designed to enable them to put additional money aside for staircasing, if this is something they wish to engage in.
2. Following the launch of the new model of shared ownership, we have continued to look for ways to improve the scheme. The Government recognises concerns about service charges and is delivering improvements through the Leasehold and Freehold Reform Bill that will benefit shared owners and other leaseholders. These include: introducing a standardised service charge demand form; mandating the provision of an annual report, setting out key information of importance to leaseholders; requiring freeholders to disclose proactively to leaseholders details of the building insurance policy that was purchased; and ensuring service charge accounts are provided within six months of the end of the previous accounting period that it covers, regardless of the lease terms. This will increase transparency and make it easier for shared owners to challenge poor practice regarding service charges.
3. The Bill also improves shared owners' access to redress where they consider that a service charge has been wrongly incurred or is excessively high. For example, variable service charges are subject to specific legal requirements. These are that variable service charges must be reasonable and that, where costs relate to work or services, the work or services must be completed to a reasonable standard. Where necessary, shared owners may make an application to the First-tier Tribunal (Property Chamber) for a determination on the reasonableness of their variable service charges.

4. We know that shared owners may be liable currently to cover their landlord's legal costs as part of any application to the First-tier Tribunal, and that this may act as a deterrent to some applications. The Bill will address this imbalance by scrapping the presumption that leaseholders, including shared owners, pay their landlord's legal costs when taking disputes to the First-tier Tribunal.
5. The Committee's specific recommendation comes with some considerable trade-offs, that would affect the delivery of all forms of affordable housing. Currently, shared ownership is designed to allow households to purchase a leasehold interest in a home at less than its full market value. That leasehold interest involves the usual legal obligations, including full liability for the costs of maintaining the home, and the need to pay service charges for any communal works and services that benefit the shared owner.
6. We recognise that there are valid arguments for designing shared ownership in such a way as to make liability for service charges proportionate to the share owned by the leaseholder at any given time. Whilst this would reduce costs for shared owners, it is highly likely that increased subsidy per home (whether from grant or Section 106) would be required to make such an arrangement financially sustainable. This would mean that fewer shared ownership homes could be delivered for a given amount of subsidy or require funding to be diverted from delivering other types of affordable housing, including homes for Social Rent.
7. In addition, the 2021-26 AHP is premised on delivery of the new model of shared ownership, including the implementation of the initial repair period, with grant funding allocated on this basis. At this stage in the Programme's administration, almost all available grant funding has been allocated. If implemented, the Committee's recommendation would overturn this arrangement, causing significant disruption not only to the delivery of new shared ownership homes, but also to the delivery of other much needed forms of rented social housing, with registered providers often bidding for grant funding to deliver mixed tenure schemes. To protect its viability, the Government will not consider major changes to the makeup of the affordable housing delivered through the AHP, prior to the conclusion of the current Programme in April 2026.
8. The Government believes that the Committee's recommendation could only be applied to existing shared ownership leases through primary legislation. In the time remaining in the current Parliament, the Government's focus is on delivering two major pieces of legislation that will be of significant benefit to shared owners: the Leasehold and Freehold Reform Bill and the Renters (Reform) Bill.

Recommendation 2: *Rent to Buy may represent a better value for money product than shared ownership, but there is insufficient evidence to come to a firm judgement on this at present. Both Rent to Buy and Shared Ownership as affordable home ownership schemes need to be better understood in terms of their affordability and how far they enable 100% homeownership. The Government must as a matter of urgency begin collecting evidence, in liaison with mortgage lenders and providers, in order to assess the viability and affordability of Rent to Buy relative to shared ownership. It must also collect and publish data around staircasing trends over time within shared ownership. These data should then inform the proportion of shared ownership and Rent to Buy homes allocated within the next iteration of the Affordable Homes Programme.*

Response:

9. As outlined to the Committee in Baroness Penn's letter of 24 January 2024, almost all Rent to Buy homes funded through the AHP are purchased on a shared ownership basis, and exclusively so in London (the Greater London Authority's version of Rent to Buy is known as the 'London Living Rent'). Baroness Penn's letter also explained that as forms of 'low-cost home ownership', the benefit-cost ratios (the method by which value for money is established) for Rent to Buy and shared ownership are extremely similar. There are of course different forms of Rent to Buy available on the open market. As these schemes are privately funded and operated, it would not be appropriate for the Government to assess their functionality, efficiency, and/or value for money.
10. We have made recent adjustments to our continuous recording of social housing sales (CORE) dataset to improve our data collection on staircasing. We also publish information on rates of final staircasing, derived from the Regulator of Social Housing's (the Regulator) Statistical Data Return and Local Authority Housing Statistics Data Return.
11. The Government will continue to review how it can improve its data collection on rates of staircasing, with a view to publishing this information in due course. In the interim, we urge all private registered providers to review their CORE data submission processes to ensure that they are submitting data for all shared ownership sales, including staircasing sales, and that they are doing so accurately.
12. The Committee recommends that staircasing data should be used to inform the proportion of shared ownership and Rent to Buy homes in the next iteration of the AHP. To clarify, the Government sets overall targets for the delivery of specific forms of affordable housing through the Programme. It is then for registered providers to decide on the exact makeup of their bids for grant funding, including the types and number of affordable homes they wish to deliver, based on their business plans and expertise, and the need to support local authorities in meeting local housing needs.

Conclusion 2: Shared ownership as an 'affordable homeownership' scheme is predicated on shared owners being able to save enough money to staircase (eventually to 100%). However, its affordability appears to be so marginal for many shared owners that there is no guarantee that staircasing will be possible for them, and the guidance for Homes England's Affordability Calculator does not explicitly recommend providers assess the likely affordability of future staircasing for prospective shared owners before the purchase is made. This puts into question the effectiveness of the product as a homeownership scheme.

Recommendation 3: *Homes England should assess how fit for purpose their initial eligibility and affordability calculator is. As part of this, it should evaluate whether to include a 'long-term' function within the calculator to model affordability over 5-, 10- and 15- year periods which take into account the assumption that costs will rise over time for shared owners, through various scenarios. Homes England should also add a means of calculating how likely it is that shared owners will be able to afford to staircase, given projected costs, and not just assess affordability on the assumption that the shared owner remains on the initial share purchased.*

Response:

13. As Home England's Capital Funding Guide makes clear, whilst an affordability calculator is available currently, its use is only intended to provide an initial indication of what may prove affordable for households. It is not intended to replace, or override, the outcome of a more detailed affordability assessment, that must be carried out by a suitably qualified, accredited, and experienced mortgage adviser. It is the outcome of this assessment that must be used to determine the size of share purchased.
14. We recognise that it is essential for households to purchase a share that is affordable for them, both initially and over the longer term. That is why Homes England has been working with registered providers, mortgage advisers, and the Financial Conduct Authority to proactively its affordability guidance. The new guidance is due to be published in Quarter 1 of 2024 and is more closely aligned with the approach taken by mortgage lenders in their affordability assessments for mortgage applicants. The new guidance removes the affordability calculator as part of its methodology.
15. As with the current approach, households will continue to undergo an affordability assessment with a mortgage adviser to identify a suitable mortgage product that they are comfortably able to afford. The new guidance will also mandate that registered providers adopt a minimum surplus income policy to ensure that their shared owners have a certain amount of income available at the end of each month once their housing costs and other regular expenses have been accounted for. This change is intended to reinforce Homes England's existing approach that households must not be required to purchase an initial share in a home that leaves them unable to adapt to financial emergencies or make allowance for known, future financial commitments, such as annual increases to their rent.
16. The new affordability guidance incorporates an element of stress testing for shared ownership rents, based on projections over a five-year period. This represents a reasonable timeframe based on the buyer's financial circumstances at the time of their initial purchase. By contrast, projections over a longer period are likely to be less accurate due to the greater potential for changes in relevant circumstances (a change in employment, or job role, for example).
17. The guidance does not include an element of stress testing for service charges. This is because, unlike rents, service charge costs are not set according to a formula and are instead set according to the cost of the services provided. This reduces the accuracy of any stress testing that might be performed and, if incorporated, could result in households being provided with inaccurate information. We will, however, keep this option under review.
18. There are many factors that are relevant to a shared owner's ability to staircase. These factors include: future income; future outgoings; changes to personal circumstances (the birth of a child, for example); house price inflation; future mortgage rates and eligibility; and the rate of inflation. Over time, the use of compound variables to predict future behaviour is unreliable. As a result, it would not be helpful or representative to incorporate assumptions relating to staircasing into Homes England's affordability guidance at this time.

Conclusion 3: It can come as an unpleasant shock during a difficult time to relatives of deceased shared owners to find out that they are liable to pay service charge costs when their relative living in an OPSO property has died, despite the fact that there is no longer anyone living in the property using the services paid for through the service charge.

Recommendation 4: *The Government must make it mandatory for providers of OPSO to highlight the potential legacy costs of service charges being passed on to family members to prospective shared owners and family members in line to inherit the property upon the shared owner's death, prior to initial purchase. Homes England could ensure this by specifying the need to include this information in the Key Information Documents. The Government should also give consideration to how it can encourage providers to better support those inheriting OPSO properties to sell the property upon the death of their relative.*

Response:

19. The Government and Homes England will amend the OPSO key information documents to make it clear to potential buyers that the financial liabilities associated with their home may be passed on to their beneficiaries if they inherit the lease. We will also consider mandating registered providers of OPSO homes to include this information on their websites and in other relevant literature as a condition of government-grant funding.
20. More broadly, the Government always encourages people to seek independent financial and legal advice prior to the completion of any home ownership purchase, including those for shared ownership. This offers buyers the opportunity to discuss their financial liabilities under the terms of the lease, as well as what will happen to these liabilities if the lease is inherited by a beneficiary. As this is common to all forms of property inheritance, it is something that should be considered by all buyers, and not just those who are intending to purchase an OPSO home.
21. The Government and Homes England are responsible for setting out the framework for how all forms of shared ownership should operate. This includes offering registered providers a set of options for how they can support shared owners, including those who have purchased OPSO homes, with the sale of their home.
22. This includes an eight-to-four-week pre-emption period, where registered providers can find a nominated purchaser or take surrender of the lease. It also includes the possibility of registered providers using a financial resource known as a Recycled Capital Grant Fund to repurchase OPSO leases. This latter option is available at registered providers' discretion, and they would need to take account of their wider financial position before exercising it.
23. Beyond this, registered providers must decide how best to support the sale of OPSO homes. We expect registered providers to offer general support with the marketing of homes and the identification of potential buyers, and we know that many do offer this support, as and when required.

Conclusion 4: It is unfair that OPSO owners with shares of less than 75% are liable to pay rent on the entirety of the landlord's equity in the property, while those who own the maximum 75% share pay no rent at all.

Recommendation 5: *As part of its report, the Older People’s Housing Taskforce must include recommendations for reform of OPSO, focussing on the potential merits of changes to ensure that no rent is charged for the top 25% of equity, regardless of the proportion owned by the shared owner. The Taskforce should publish these recommendations in its report in May 2024, as currently scheduled.*

24. The Government is looking forward to receiving the report of the independent Older People’s Housing Taskforce in due course, and will of course consider their recommendations carefully, including any regarding OPSO.

Affordable and Social Housing Objectives

Conclusion 5: It is currently unclear what proportion of shared ownership housing stock is being lost to the open market. This makes it impossible to judge what impact sales of shared ownership homes to the open market are having on the overall supply of affordable housing in the UK. We welcome the data provided to us by Baroness Penn which shows the number of 100% staircasing sales for the previous three years, as well as the introduction of a question to the CORE platform on whether a staircasing transaction is part of a ‘back-to-back’ sale. This should help improve our understanding of the implications of shared ownership on affordable housing stock, although there is still no specific plan for how the Government will replace those homes which are sold on to the open market.

Recommendation 6: *The Government must urgently review data it has from the CORE platform regarding the new question on whether staircasing transactions are part of a ‘back-to-back’ sale for 2023–2024, from which it must make an assessment of the extent to which shared ownership properties are being lost to the open market. The Government must then design and publish a plan on how it intends to replace all properties transferred to the open market from sales in the current and future iterations of the Affordable Homes Programme.*

Response:

25. We will review all data collected through CORE on staircasing transactions, including back-to-back staircasing transactions, once the reporting year for 2023-24 has concluded. We will also continue to explore other options to improve our information on rates of staircasing.

26. Once final (100%) staircasing has been achieved, the property is no longer considered to be a shared ownership home. This applies regardless of whether the shared owner has engaged in back-to-back staircasing to sell on the open market, or whether the shared owner has engaged in final staircasing and continues to occupy the home. As noted by the Committee, the Government publishes data on the number of final staircasing transactions each year, and these can be compared against publicly available data on the number of new shared ownership homes delivered annually.

27. As highlighted in Baroness Penn’s letter to the Committee of 24 January 2024, these datasets show that the number of new shared ownership homes delivered has exceeded the number of existing shared ownership homes where final staircasing has been achieved in recent years. This has resulted in an increase to the number of low-cost home ownership homes (of which shared ownership is by far the largest component) owned by private registered providers.

28. The Government has also put provisions in place to ensure that where staircasing occurs, including final staircasing, it can be used to generate further benefits. For example, when a shared owner engages in staircasing, registered providers are required to 'recycle' a proportionate amount of the original grant funding that was used to develop or acquire the home. This grant can then be used for a series of permitted purposes, including the delivery of new shared ownership homes.

29. Based on the operation of the scheme, current levels of delivery, and existing recycling requirements, the Government does not believe the development and publication of a plan on how to replace shared ownership homes where final staircasing has been achieved to be necessary.

Conclusion 6: There is currently an evidence gap around Right to Shared Ownership, as a new product. It is unclear what the level of demand for this product is; what sort of value for money it represents; and what the likelihood is of achieving 100% homeownership through it. The Government must develop a clear understanding of Right to Shared Ownership to properly evaluate its role in future iterations of the Affordable Homes Programme.

Recommendation 7: *The Government should actively collect and analyse data on Right to Shared Ownership, to better understand supply and demand for this emerging product. This data should include: the level of take-up of the Right to Shared Ownership; the characteristics of those who have exercised their right in this regard; the average share owned through Right to Shared Ownership; and the proportion of users staircasing to 100%.*

Response:

30. The Government will collect data on Right to Shared Ownership sales through its CORE dataset. As with any shared ownership sale, this includes information on the characteristics of buyers, the size of share purchased at the initial point of sale, and any further staircasing transactions. As noted above, we continue to explore ways to improve our data collection on various aspects of shared ownership. It is, however, essential that private registered providers ensure that they submit data to CORE in a timely and accurate way to assist the Government with its data collection and analysis.

Shared ownership leases

Conclusion 7: It is clear that many shared owners lack access to advice and guidance which can explain to them clearly and impartially the complexities of leasehold tenure and their rights and responsibilities under their shared ownership lease, as well as advise them on lease extension. There is a lack of awareness among shared owners of the advice and guidance that is available to them from the Leasehold Advisory Service.

Recommendation 8: *Homes England should ensure that providers include simple guidance on lease arrangements within the Key Information Documents distributed to shared owners, including information on how rights and responsibilities are allocated and guidance on how to extend the lease. It should also make sure it is clearly signposting to existing advice and guidance services that may be helpful to shared owners in understanding their leases, such as the Leasehold Advisory Service, in these documents. These changes to guidance should be introduced before the end of the 2024 calendar year.*

Response:

31. All of Homes England's key information documents contain relevant information on shared ownership leases, including the rights and responsibilities of the shared owner and their registered provider, as well as the lease extension process and the types of costs involved. These documents also contain a series of useful links to various forms of advice and guidance, including to the Leasehold Advisory Service.
32. The Government and Homes England maintain an open dialogue about how the key information documents can be improved based on feedback from a variety of stakeholders. The documents were, for example, recently adjusted to show how rents might increase over a five-year period to provide households with an overview of how this financial liability might change over time.

Conclusion 8: It is unacceptable that shared owners are having to make significant financial decisions without appropriate advice being readily available, and we believe the Government must act to remedy this. We also believe that it is unacceptable that shared owners do not have the same statutory right to leasehold extension as other leaseholders.

Recommendation 9: *We urge Homes England to update its Capital Funding Guide for shared ownership to specify that providers should only be selling shared ownership properties on the condition they set up and maintain specialist teams of professionals who can provide accurate, timely and accessible advice on leases and lease extension to shared owners. Homes England could help facilitate the establishment of these teams through, for example, convening forums through which experienced providers could share best practice.*

Response:

33. The Government agrees with the Committee on the importance of specialist advice throughout all stages of the shared ownership journey, and a significant amount of work has been undertaken, and is ongoing, to ensure this is the case.
34. The Committee's recommendation makes specific reference to timely and accessible advice on leases and lease extensions. As noted above, all of Homes England's key information documents contain information about the lease extension process, including the nature of the costs involved.
35. As part of their development, the key information documents have been through a rigorous process of consumer testing. This showed that participants' knowledge of shared ownership was significantly improved on reading the documents. All relevant key information documents must now be provided to buyers ahead of the completion of their purchase as a condition of government-grant funding. This can help to inform any discussions they choose to have with their registered provider during the application process, or with their solicitor during conveyancing.
36. Homes England's model shared ownership leases contain a series of fundamental clauses that must be included in the final lease granted to a shared owner by the registered provider. These fundamental clauses govern the operation of shared ownership's particular features, including

the payment of rent, the resales process, and staircasing. The presence of these fundamental clauses means that the operation of these features is consistent across all forms of shared ownership offered by registered providers. This in turn can help to ensure that buyers have a clear idea of how the scheme will operate, and that these features can be readily explained by their registered provider and their solicitor during the application and conveyancing processes.

37. The government-funded Leasehold Advisory Service is available to provide free bespoke advice to shared owners on the terms of their leases. The Government notes the Leasehold Advisory Service's response to the publication of the Committee's report, and we look forward to working with them to ensure that the support and guidance they offer is given greater visibility to all leaseholders, including shared owners.
38. Finally, the Government publishes several pieces of advice and guidance for leaseholders on a range of subjects, such as leases extensions and service charges, that are of benefit to shared owners. These are publicly available in easily digestible summaries on Gov.uk and via the more detailed 'Residential long leaseholders – A guide to your rights and responsibilities'.
39. We also agree with the Committee's assertion that registered providers must be equipped to offer timely and accurate advice and guidance to their shared owners. Following the introduction of the Social Housing Regulation Act 2023, the Government has consulted on proposals to introduce a new regulatory competence and conduct standard for registered providers, including those selling and managing shared ownership homes. This standard will require senior managers and executives to have, or be working towards, a relevant qualification. It will ensure that registered providers' staff have up-to-date skills, knowledge and experience, and that they deliver a high quality, professional service to their tenants and shared owners.
40. As part of its inquiry, the Committee heard in person evidence from registered providers who detailed their use of specialist teams to sell and manage and their shared ownership homes. We believe this is reflective of the approach of most registered providers with significant shared ownership portfolios, and it is not something that we would expect Homes England to enforce through their Capital Funding Guide.
41. It is also important to note, that there are already a variety of national and regional sector-led forums that convene regular meetings to discuss and share best practice regarding shared ownership, some of whom submitted written evidence to the Committee. These forums include the National Sales Group, the Shared Ownership Exchange, and the Shared Ownership Council. Homes England and the Government are in touch with these forums, meeting with them as and when required.

Recommendation 10: *Finally, the Government should ensure that any legislation passing through Parliament which has provisions to reduce the cost of, and simplify, the process of leasehold extension (for example, as in the Leasehold and Freehold Reform Bill) also applies to leaseholders in shared ownership properties, so that shared owners have the same statutory right to leasehold extensions as all other leaseholders.*

Response:

42. The Government agrees with the Committee that, wherever possible, shared owners should enjoy the same rights as other leaseholders. This is reflected in our approach to the Leasehold and Freehold Reform Bill, with shared owners benefiting from its proposals in the same way as any other leaseholder, except in some very limited circumstances.
43. The Bill will, for example, introduce a new statutory right for shared owners to extend their leases at a peppercorn ground rent on payment of a premium. When calculating the cost of a lease extension, shared owners will benefit from the new standard valuation methodology, with the determination of the 'reversion value' set in proportion to the size of share owned. This will make the process of extending a shared ownership lease more transparent and cost effective.
44. This is consistent with the Government's overall approach to shared ownership within the wider context of its reforms to the leasehold system. The Leasehold Reform (Ground Rent) Act 2022 prohibits the charging of ground rent on the shared owner's interest in new leases, granted post June 2022. As part of our recent consultation on restricting ground rents for existing leases, we also confirmed that any limits to ground rents would apply to a ground rent charged on the shared owner's interest in existing leases.
45. In our official response to the consultation on 'Reforming the leasehold and commonhold systems in England and Wales', the Government also set out detailed proposals for how it believes shared ownership can be made to work effectively and equitably within a commonhold setting.
46. Finally, in addition to the reforms contained in the Leasehold and Freehold Reform Bill, the Renters (Reform) Bill contains a proposal to ensure that leases of seven years or more in length can no longer be considered assured tenancies. This proposal applies to shared ownership leases and will mean that shared owners enjoy the same statutory protections from forfeiture as other leaseholders.

Risk of a two-tier market

Conclusion 9: The changes brought to leases for shared ownership properties delivered under the 2021–2026 Affordable Homes Programme, while well-intended, risk creating an unnecessary and unfair 'two-tier' market where shared ownership homes delivered under the previous Affordable Homes Programme are considered less attractive properties, making them harder to sell. It is unfair that the more generous minimum terms of the 'new' lease do not also apply to shared ownership homes delivered under the 2016–2023 Affordable Homes Programme.

Recommendation 11: *The Government should encourage providers to voluntarily update the terms of their 'old' shared ownership leases (for properties delivered under the 2016–2023 programme), particularly the minimum 990-year lease length and the 10-years repair period, and consider offering financial incentives for providers to do so.*

Response:

47. For shared ownership homes delivered through the 2016-23 AHP after April 2021, we have encouraged registered providers to offer those homes on new model terms on a voluntary basis, and we know that some have chosen to do this to ensure greater consistency across their portfolios. Where there are shared ownership homes still to be delivered through the 2016-23 AHP, we will continue to ensure that registered providers have the flexibility to deliver these homes through the new model of shared ownership.
48. The Government is happy to encourage registered providers to consider if they would like to vary the leases of shared ownership homes delivered through the 2016-23 AHP to new model terms. We recognise, however, that there are significant practical barriers to achieving this at scale.
49. For example, the initial repair period lasts for ten years following the start of a new model shared ownership lease. It is not renewed if the lease is assigned to a new purchaser. As a result, mirroring these arrangements for homes delivered through the 2016-23 AHP would only affect homes for the first ten years of their life. For homes delivered early in the Programme, its application would be limited to perhaps one or two years. This could render the cost of making the necessary variations to leases – and any new financial incentive provided by government to do so – disproportionate to the benefit to shared owners.
50. The Leasehold and Freehold Reform Bill introduces a new statutory right for shared owners to extend their leases by 990 years at a peppercorn ground rent on payment of a premium. The value of this premium can be calculated according to the new standard valuation methodology implemented by the Bill, with the 'reversion' value of the lease set in proportion to the size of share owned. This will be the most effective means for those with existing shared ownership leases to extend their term to 990 years and – as a statutory right – will not require any new financial incentive from government to support its delivery.

Repairs, maintenance and fees

Conclusion 10: Shared owners need a proper mechanism through which to feed back dissatisfaction with repairs, maintenance and other aspects of the management of their property. Based on the evidence we have received, many shared owners are clearly unaware of the option of escalating unresolved complaints to the Housing Ombudsman, suggesting that better signposting is needed. The evidence also makes clear that, in many cases, providers' internal complaints mechanisms are not fit for purpose, with shared owners often experiencing significant delays in waiting on responses from the landlord to their complaints.

Recommendation 12: *The Government should ensure that there is more effective signposting to the Housing Ombudsman for shared owners; it should make it clear that the Ombudsman is their port of call for resolving disputes with landlords once internal mechanisms have failed to resolve an issue. One option would be to do this by updating the Key Information Documents, so that this information is clearly spelled out.*

Response:

51. We agree with the Committee that shared owners should have a mechanism through which to communicate with their registered providers. Where necessary, this includes routes to express their dissatisfaction with relevant elements of their experience, and to seek redress where the matter cannot be satisfactorily resolved between the shared owner and their registered provider. A robust framework exists to ensure that this is the case, and a significant amount of recent work has been dedicated to its further improvement.
52. As part of the Regulator's Transparency, Influence and Accountability Standard, registered providers must have processes in place to ensure complaints are addressed fairly, effectively, and promptly. As part of this approach, registered providers must offer accessible information to tenants and shared owners about what they can do if they are dissatisfied with the outcome of a complaint or how the complaint was handled.
53. On 1 April 2024, the Regulator launched its new consumer regime. Under the new regime, the Regulator will proactively seek evidence and assurances from registered providers that they are meeting the outcomes set by the revised consumer standards, including the Transparency, Influence and Accountability Standard.
54. Compliance with the Housing Ombudsman's complaint handling code is now a statutory requirement for registered providers. To demonstrate their compliance, registered providers must complete an annual self-assessment and publish it to the part of their website dealing with complaints. This ensures that registered providers can be open and transparent with tenants and shared owners on their complaint handling processes, including what they have learnt from complaints received.
55. The Government has used its 'Make Things Right' campaign, which has been running for four years, to raise the profile of the Housing Ombudsman, with the campaign leading to increased awareness and in the number of complaints received from residents.
56. The latest year's Make Things Right campaign saw £2m invested and ran from October 2023 to March 2024. Adverts were placed across commercial radio stations, digital streaming platforms such as Spotify and Amazon Music, and social media to provide tenants and shared owners with key information about their rights and the responsibilities of their landlord. The Make Things Right campaign website offers a step-by-step guide on how to make a complaint, and the role of the Housing Ombudsman in this process. Paid search advertising via online search engines was used to drive engagement. The next stage of the campaign is due in the summer.
57. The Government and Homes England will amend the key information documents to include reference to both the Housing Ombudsman and the Make Things Right campaign.
58. More broadly, work has been undertaken to better equip tenants and shared owners to hold their registered providers to account where things go wrong. As part of the new consumer regime, registered providers are required to publish new tenant satisfaction measures (TSMs), and those with over 1,000 units of social housing will be required to submit these to the

Regulator by 30 June. This will include a shared ownership-specific set of survey results for registered providers with a 1,000 or more shared ownership homes.

59. In addition to offering existing and prospective shared owners a valuable insight into the performance of registered providers, the Regulator will also use this information as a key piece of regulatory intelligence, strengthening their oversight of registered provider functions, including the need for a clear and effective approach for responding to complaints.

60. The Government is consulting currently on the introduction of new Social Tenants Access to information Requirements (STAIRS), that will enable tenants and shared owners of private registered providers to access information held by their landlords about the management of their homes.

Recommendation 13: *We welcome the Government's confirmation that the Regulator is preparing to introduce a new, proactive consumer regulation regime. However, for the next round of tenant satisfaction data collection, the Regulator must update the measures to include satisfaction with repairs and maintenance for shared owners.*

61. The Regulator's TSMs contain a series of indicators relating to repairs and maintenance services carried out by registered providers. The three main measures – TP02 – Satisfaction with repairs; TP03 – Satisfaction with time take to complete most recent repair; and TP04 – Satisfaction that the home is well maintained – apply to low-cost rental accommodation only. They do not apply to shared ownership. The reason for this is that they all relate to repairs and maintenance work carried out to a home's interior. As shared owners are responsible for the repair and maintenance of the interior of their homes, in the same way as any other leaseholder, there is no need to apply these measures to the tenure.

62. The Regulator carried out a public consultation on the proposed TSMs in 2022, with both tenants and shared owners expressing significant support for their introduction. The TSMs requirements were introduced in April 2023, and large landlords are required to submit their first year's TSM data to the Regulator by 30 June this year. The second year of TSM data collection (2024-25) has already begun, and so the Regulator will not be making any changes to its requirements for this current year.

63. The Regulator intends to carry out a full comprehensive review of the TSMs at the appropriate point, to assess to what extent the TSM requirements are being met by registered providers, and to identify any improvements that could be made to those requirements, including any potential improvements to data for shared owners. The Regulator would carry out a public consultation on proposed changes. It would then take a view on any changes required, with any changes needing to align with its principles for the TSMs, specifically that all measures are relevant, accurate, responsive, deliverable, and linked to the Regulator's wider objectives.

Selling shares and building safety

Conclusion 11: Shared owners can face considerable difficulty selling shares in their property, which many are prompted to do once rising costs reach unaffordable levels. Many are still waiting on their buildings to be remediated, without which they are legally unable to sell their shares and so end up trapped in properties they can no longer afford. Providers currently have no obligation to

buy back shares from shared owners or to allow shared ownership tenants to sublet. We welcome the Secretary of State's recent intervention to allow providers more flexibility in allowing shared owners to sublet, and in buying back shares, but these decisions remain entirely at the provider's discretion and more could still be done.

Recommendation 14: *The Government should either require providers to buy back shares from shared owners in situations where they are trapped and unable to sell shares due to building remediation issues, or if not, set out the reasons why it has decided not to do this. It should also undertake an assessment of the potential merits of requiring provider buyback of shares as an automatic entitlement for shared owners. If this were to be implemented, the Government would need to increase grant funding to providers to cover the additional costs incurred.*

64. The Government believes it is right to focus on ensuring that people are not unable to sell their homes due to building remediation issues. We are working hard to improve the situation for all leaseholders, including shared owners, affected by building safety issues, and we will continue to do everything within our power to ensure that people can move on with their lives.

65. We are, for example, taking steps to restore confidence to the market and to make sure that leaseholders, including shared owners, are not facing unreasonable barriers should they wish to sell or re-mortgage their homes.

66. On 18 December 2023, UK Finance and the Building Societies Association, updated the joint industry statement on cladding, which has now been signed by nine major lenders. This confirmed that, subject to their normal policy requirements, lenders will consider mortgage applications on properties in buildings in England of 11 meters or 5 storeys and above in height with building safety issues. There is no requirement for a building to have been remediated or for works to have started, provided it is being self-remediated by developers, is covered by a recognised government scheme, or the property is covered by the leaseholder protections in the Building Safety Act, as evidenced by a leaseholder deed of certificate.

67. We also expect all registered providers to assess and remediate their buildings at pace, and we are working with regulators to make sure that this is the case.

68. Nevertheless, the Government recognises the need to take specific action to assist affected shared owners. As noted by the Committee, the Secretary of State wrote to registered providers on 19 December 2023 to notify them of a series of changes to Homes England's and the Greater London Authority's Capital Funding Guides to clarify and improve the support options available to shared owners affected by building safety issues.

69. The letter explains that registered providers may use a financial resource known as a Recycled Capital Grant Fund to meet 100% the costs of any buy backs they choose to engage in. This option applies to both homes funded through the AHP and to homes delivered through the planning system via Section 106 developer contributions.

70. We encourage registered providers to consider this option where shared owners are finding it particularly difficult to sell their homes and they, for example, need to move to take up employment or for family reasons. We do, however, recognise that registered providers will need to take account of their financial position when making these decisions.

71. The Secretary of State's recent letter outlined the government's expectation that registered providers make clear and accessible information on relevant policies available to their shared owners via their websites. As part of this information, registered providers must make it clear if they have a buy back policy and if so, what criteria a shared owner must meet in order to access this option. We have continued to make these expectations clear in our discussions with registered providers since publishing the letter.