

July 2000

Responses from the JRF to the Housing Green Paper: *Low-cost Home Ownership*

The JRF is making a series of responses to the government's Housing Green Paper. This one relates to Chapter Four "Encouraging sustainable home ownership", and in particular to the sections "Supporting low-cost home ownership" and "Further support for people on the threshold of home ownership".

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Background

The Foundation has taken an interest in a range of low-cost home ownership initiatives over the last twenty years. We piloted schemes of Improvement for Sale and cost-rent; we were among the first to engage in shared ownership; we took a test case to the Courts to establish that charitable housing associations could undertake Leasehold Schemes for the Elderly, of which we have built several; we moved into developments of mixed tenure in 1988, following this with developments of Flexible Tenure (enabling occupiers to "staircase down" as well as to "staircase up"); we have offered all existing tenants the opportunity to buy their own homes through shared ownership (in our Existing Tenants Home Ownership Scheme - ETHOS - of flexible tenure); we have a policy of not only selling to existing tenants (using the Voluntary Purchase Grant Scheme) but of selling a proportion of properties that become vacant to secure tenure mix; we administer the Homebuy scheme in our area and are monitoring its value.

A number of reports funded by the JRF have covered aspects of low-cost home ownership and a recent one - *Inclusive housing: the role of low-cost home ownership* (1999) (Now out of print) - is appended.

To contribute to our response to the Housing Green Paper we commissioned a paper from Graham Martin which is enclosed ([Low Cost Home Ownership & Further Support for People on the Threshold of Home Ownership - Word document](#)). We also convened a meeting of experts to debate these issues and our conclusions are based on these inputs.

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JRF Recommendations

We support the Housing Green Paper's stated objectives for low-cost home ownership (LCHO) and would give particular prominence to "promoting a better mix of housing tenures,

creating stable, mixed income communities rather than ghettos of poor and vulnerable people”.

To achieve this objective, we recommend that:

- *it should be a requirement that, in all but exceptional cases, the provision of new social housing should include a significant element of LCHO property.* Over the last decade the Joseph Rowntree Housing Trust has built four estates with an average of over 100 properties each and have incorporated 30% shared ownership (on a flexible tenure basis pepper-potted throughout the estate). This has enhanced and sustained property values, protecting the public investment, as well as contributing to social inclusion and social stability;
- *to break up the “mono-tenure” of existing estates, social housing landlords should sell a proportion of properties, as they become vacant, on the open market, replacing these with rented homes elsewhere.* This policy has enabled us to fund new rented homes in mixed estates, while achieving greater balance within existing estates.

Meanwhile, in relation to the current low-cost home ownership product, we share the growing concern over the failings of the present shared ownership arrangements. The paper from Graham Martin herewith sets out some of these difficulties, indicating that in many areas, shared ownership does not represent good value for money for either the purchasers or the funders. At the same time, we note the disparity in management standards and performance between the best and worst housing associations in relation to their LCHO stock.

We therefore recommend that:

- *the failings of shared ownership be addressed before additional resources are committed to this form of LCHO.* Homebuy, built by RSLs as part of their new developments, may often provide a superior product;
- *greater recognition should be given to the very different forms of LCHO needed in different localities.* For example, quite different products will assist the regeneration of a struggling Northern city centre than will meet the needs of key workers in high cost localities.

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Further work

The JRF is putting in hand more work to inform this debate and suggest improved LCHO products. We will, of course, be willing to work closely with the DETR as well as the Housing Corporation in this regard. (And in rising to the Green Paper’s challenge at Para 4.40 - “further

support for people on the threshold of home ownership” - a scheme is suggested in the enclosed paper ([Low Cost Home Ownership & Further Support for People on the Threshold of Home Ownership - **Word document**](#)), by which key workers might access home ownership in areas of high housing demand.)

Finally, I would underline the central point in our submission which concerns the opportunity for expenditure on low-cost home ownership not only to assist the particular individuals who are housed, but to ensure that social housing estates contain a proportion of people in employment (and able to take on mortgage commitments): this reduces the risk that the estate becomes stigmatised and the life chances of the occupiers are harmed. We see low-cost home ownership initiatives, if carefully planned and competently implemented, as an antidote to the social exclusion which, regrettably, can result from living in social housing.