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Matthew Pennycook MP
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Re: Shared Ownership

It was announced today in Inside Housing that MHCLG is considering improvements to the shared ownership model due to the failure of many shared ownership tenants to staircase to 100% ownership. A dearth of research has limited the amount of data available, but it has been suggested that less than half of all shared ownership tenants have ever end up owning their own home, since the scheme was first introduced in the 1980s.

As recently as 2024, the then LUHC Committee investigated shared ownership and found that it was failing to deliver on its promise to be an affordable route to home ownership. ([here](#)).

Unregulated service charges, and the “cross-subsidy” model of housing funding has seen shared ownership tenants becoming stuck on the first rung of the property ladder as housing associations were encouraged to “sweat their assets” and to use income from shared ownership leases to fund social housing.

With this in mind, if MHCLG would like to improve staircasing outcomes for shared ownership buyers, and are committed to shared ownership acting as an affordable route to home ownership, we suggest the following actions:

1. Any reform should apply retrospectively to all existing shared ownership leases, and not just to future ones.
2. All staircasing premiums should be based on the value of the property at the time it was purchased, and not, as is currently the case, the current market value of the property.
3. Rent already paid to the landlord should be factored in to the calculation for the premium they must pay the landlord to staircase, with the premium being reduced for every year of rent paid.
4. Each party (the landlord and the tenant) should pay their own legal fees. The tenant should not be responsible for the landlord’s legal fees during the staircasing process, as they are currently.



SHAC Letter to Matthew Pennycook MP re: Shared Ownership - continued

As always, SHAC is happy to arrange a discussion with MHCLG on this and other housing issues, and we ask that you meet with us at the earliest opportunity.

Regards

A handwritten signature in black ink, appearing to read 'Suzanne Muna', with a small flourish at the end.

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