



## Older Person's Shared Ownership: A Shared Experience - the Low Down

Last year, in his Spending Review and Autumn Statement, the Lord Chancellor announced details of the government's planned expansion of shared ownership, helping thousands of people to own their own home. Headline news was 400,000 affordable new homes would be built by the end of the decade – half of these will be starter homes, while 135,000 will be shared ownership.

With an increasing focus on mixed tenure Extra Care Housing to provide a range of tenure choices for older people, this case study describes how maintaining an independent retirement lifestyle can be found in an Orbit Independent Living's Extra Care model where there is a 50/50 split of shared ownership and affordable rented accommodation.

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## Introduction

A recent Orbit and Chartered Institute of Housing report outlines how shared ownership could play a significant role in meeting our current housing crisis, and people's aspirations to own their home, if we could increase the scale of development. It recognises: *"increasing opportunities for shared ownership purchase by older people (perhaps purchasing 75 per cent with no rent on the remaining 25 per cent) would allow them to 'downsize' and release equity."*<sup>1</sup>

There are currently five Extra Care Housing developments operated by Orbit Independent Living in England. Each scheme provides safe and secure living and, whatever their tenure status, we actively encourage our customers to take control over their own lives and live independently as far as they are able. Customers live in their own self-contained spacious apartment and have the benefit of extensive communal facilities within the scheme. For those wishing to purchase, we sell a lifestyle, not just a property. As highlighted in the above report, many are looking 'downsize' by selling their former family home and releasing equity so that they are no longer asset rich, income poor and can begin to live more comfortably in retirement.

### 1.0 Older Person's Shared Ownership (OPSO)

Any development that contains grant funding from the Homes & Communities Agency must adhere to the Capital Funding Guide's rules for Older Person's Shared Ownership (OPSO).

OPSO operates on generally the same principles as normal shared ownership but with some differences as follows:

- It is only for people aged 55 and over. If an OPSO property were sold to a person under the age of 55, then it would be deemed as a breach of the terms of the lease.
- The maximum share that can be purchased is 75%.
- There is no rent payable on 75% shares, but there is on all other lower shares, calculated to the full 100% value.
- OPSO is exempt from the leasehold Protected Areas legislation which details that all shared owners can staircase to 80%.



Priority must be given to applicants who cannot afford the full costs of an outright purchase of their accommodation.

### 2.0 Who is eligible and how do they apply?

To be eligible to purchase OPSO you will need to be aged 55 and over. You can be a homeowner as long as on the date of completion you no longer own your current property, as one of the rules of OPSO is that you cannot own more than one property at once. Depending on the local authority's nominations arrangement, often set out in the Section 106 agreement,

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<sup>1</sup> Sinn S & Davis S (2015) *Shared Ownership 2.0. Towards a fourth mainstream tenure*. Orbit and CIH

a local connection to the area may also be required. This is usually termed as currently living in, or having previously lived in the local authority area for at least five years or having a son, daughter, brother, sister, mother or father who currently lives in the area and has done so for at least five years.

For anyone unfamiliar with OPSO, it is important to note that the HCA Affordability Calculator does not work for Independent Living and it will be down to the individual Registered Provider to assess an applicant's financial eligibility for the scheme. You may find that on assessment, some applicant's have a high level of savings left after you take off the purchase price of the OPSO property. In this instance, you will need to judge each person on a case by case basis.

It is also important to remember that a high level of savings can soon dwindle if that person or a spouse/partner requires a high level of personal care in the future. Consideration of the local authority's duty under the Care Act 2014, and circumstances where someone can be assessed eligible for support to meet the costs of care, should be explored with the prospective purchaser. At the same time though, if there are other adequate private Extra Care schemes in the vicinity that their savings meant that they could easily afford, then you must question whether they are right for your scheme, do they need OPSO or could they purchase elsewhere? A useful idea would be to set a cap on the amount of savings that you allow a purchaser to have after the purchase price is taken off.

At Orbit Independent Living, at the time of writing, the typical price of an OPSO is £235,000 and we have used a cap of £300,000 in the past, depending on the area and demand of the scheme. In other words, a prospective purchaser must be able to access savings and/or release equity of at least £176,250 on completion if they wish to purchase a 75% share.

### **3.0 Initial marketing**

The first point of call when selling Shared Ownership in Extra Care Housing is to get your marketing correct. For a new scheme, you will need to begin at the earliest opportunity and in Extra Care Housing this should be considered as far back as the Public Consultation for the development during the initial planning stages. Do not miss this opportunity to begin to raise awareness locally about the benefits of the proposed scheme prior to the day of the consultation!

#### **3.1 Public consultations**

For new schemes, Public Consultations for Extra Care Housing developments tend to differ dramatically to the typical public consultation, in that the majority of people that attend are there to enquire into how they can acquire an apartment on the proposed development. It is therefore important to attend armed with an initial enquiry form and a FAQ sheet as to how Shared Ownership in Extra Care Housing works. From our experience, it is the names that you gather here that will go on to be some of your first purchasers.

#### **3.2 Information seminar**

Once your development has started on site, your next step will be to arrange an early information seminar at a local venue eg a hotel (approximately eighteen months before practical completion), and send an invitation to everyone registered with the local authority OPSO (if they keep such a register), your own records and/or purchased mailing lists of those aged over 55 in the local authority area that you are building in.

Your seminar should consist of at least two sessions, a morning and an afternoon one (you may also need to consider an early evening one as some people may still be working!), to give potential purchasers a choice of times. In addition, any presentation should last for no more than 30 minutes. It should briefly explain about the Extra Care Housing development, the lifestyle that the scheme may provide, the support and care on offer, the scheme details, a snapshot of the scheme and an indication of sales prices. If possible, invite a few shared owners from your last completed development and introduce them in the presentation as being there to answer anyone's questions from a first hand perspective of what it is really like to be a shared owner and to live in one of your Extra Care Housing developments. They can be really effective 'ambassadors'. And lastly, remember to take down names and contact details of everyone who attends for the next stage of the marketing process – make every contact count.



### **3.3 Coach trip**

Once your information seminar has now taken place, you should have a list of applicants who are interested in exploring further purchasing on a shared ownership basis.

The next step in the marketing process is to arrange a coach trip to a previously completed Extra Care Housing scheme, and invite these interested applicants so that they can get first-hand experience of what Extra Care Housing offers. For many, they will have never heard of Extra Care Housing, some may also not have moved for several decades or worry about leaving money to pay for care or leaving money for children and/or grandchildren. Buying into Shared Ownership is a major step!

The coach trip should take place the month following your seminar. It is important to keep the interest fresh by constantly keeping in touch with your interested applicants. You will find with this demographic, that regular updates and occasions are what keeps them interested in the scheme and keeps that excitement flowing. Start by arranging a date for your coach trip (arrange two dates if you have more people interested than will fit on a coach) and speak to the Scheme Manager of your Extra Care Housing scheme that you are visiting to agree the date. Ask the manager to speak to existing residents who are living there to see if they would be willing to help out on the day. The best testimonials you could get are from those who live there already. Ideally, they will also act as your 'tour guides' for the day and tell your interested applicants what it is really like to live in an Extra Care Housing scheme. You can guarantee they will all be more than happy to pass on how much they love living there. Remember, you will need to send an invitation letter out to all of your interested applicants, with dates, times, and details of the format of the day.

### **3.4 A typical itinerary**

A typical format for the day would be as follows:

9.50am – Meet at (*insert town name*) Bus Station

10.00am – Depart (*insert town name*)

12.00pm – Arrive at (*insert name of Extra Care scheme that you are visiting*)

12.00pm – 12.30pm – Introduction to the (*insert scheme name*) Residents

12.30pm – Lunch in the restaurant (*this will be provided*)

1.30pm – Tour of (*insert scheme name*)

2.30pm – Question & Answer session with the (*insert scheme name*) Residents

3.00pm – Depart (*insert scheme name*)

5.00pm – Arrive back at (*insert town name*) Bus Station

State in the letter that spaces are limited and ask people to telephone or email you to confirm their place. It is also important that on the day, a member of staff signs all visitors onto the coach and off again, at each location. With a possible 50+ people on each coach, it would be easy to forget someone!

Follow the itinerary for the day and, whilst it will be the existing residents who will be doing the tours, ensure that you have enough staff members on hand to answer any questions.

Ensure that when the coach arrives back at the bus station of origin, the accompanying staff member gives a closing speech on how well the day went, that they hoped everyone enjoyed themselves, inviting any final questions, and how you will be in touch very shortly with more information.

### **3.5 Sales office launch**

The next important stage in the marketing process is the launch of your sales office/marketing suite on site. This should occur approximately twelve months before practical completion of the development.

In the intervening time, you should be regularly keeping the applicant informed of development plans, as their health or care needs may change too.

By the time you are ready to invite people to your marketing suite, you should have built up a sizeable database of interested applicants. You will need to send each one a personalised invitation letter to this event. It is very important to make each applicant feel like they are receiving a personalised 'red carpet' treatment throughout the whole process.

Ideally, the launch event will run from 10am to 5pm (or for whatever your opening times are) and the attention to detail should extend to the refreshments; for example, the quality of food items such as a buffet or cupcakes and tea/coffee/orange juice. Again, you are trying to make your applicants feel important and spoilt. The launch event should also be the day that you release your first batch of apartments for sale. If applicants are eager enough, you may also get your first reservation that day!

### 3.6 Show home launch event

The next big event in the marketing process is the launch of your show homes. It may be that the show homes were ready at the same time as your sales office, if so, they would have been launched at the last event (3.5).

Ideally, your show homes should be ready for viewing at least six months before practical completion of the development, preferably twelve months. Again attention to detail is vital, including the interior design and any further information materials available to take away.



As in the previous section, you will need to send each interested applicant a personalised invitation letter to this event. It is very important to make each applicant feel like they are receiving a personalised 'red carpet' treatment throughout the whole process.

You should run your show home launch event in the same way as the marketing suite launch event. Ensure that all visiting applicants are taken on a personal tour of the show homes. This again demonstrates the 'red carpet' treatment that you are offering and means that you are on hand to answer any questions or allay any fears that they may have. This personalised approach will prove to be extremely beneficial in securing sales.

### 3.7 Monthly newsletters/updates

As outlined in section 3.5, once you are on site and have the sales office open on a regular basis, you will need to keep all of your interested applicants up to date regularly with build updates and sales release information. Applicants must not feel like they have been forgotten about and a regular monthly newsletter is an ideal way to promote this. Whilst saying this though, for anyone that has submitted an application, regular weekly phone calls to them are a must, they may share their hopes and concerns that will also have an impact once the scheme opens. For example, whether they will be hit by the 'bedroom tax' or can they claim benefits such as Attendance Allowance to help meet part of the service charge or future care costs. As a result, developing a trusting relationship is not only important prior to moving in but also once the scheme is fully running.

### 3.8 Word of mouth

You have now completed all of the important first steps in the marketing process and you should have built up a good database of interested applicants, and hopefully have even secured your first reservations. If all has gone well then your most important marketing tool should be in full force – word of mouth! You may find that once you have established a good word of mouth, that you no longer need to advertise - and the properties will sell themselves.

#### **4.0 Differences in selling OPSO compared to normal Shared Ownership**

- Purchasers will need more time spent with them through the process. OPSO is completely different from general shared ownership. Buyers like to have the 'red carpet' treatment and be walked through every step so that they can make informed decisions.
- Interested applicants will not make a decision after the first visit – they will need a few. We found that interested applicants may visit up to 10 times before they decided that they wanted to proceed, or even to just talk about the possibility of proceeding.
- Be prepared for the family. They will have questions and you are there to answer them. Be as helpful and as courteous as you can. It is important that the family are happy and understand the process.
- Be prepared for viewings to last an hour, and reservations to last even longer – this is a big step for them! Some of your interested applicants may have lived in their current home for forty, fifty, even sixty years and therefore moving at all, especially at their age, can be quite daunting.
- Lastly, but most importantly, do not forget... you are selling a lifestyle NOT a property!

#### **5.0 Differences in reselling OPSO compared to new sales**

Julie writes: for every resale we have had to date, we have not had an issue with demand in fact there is an over demand.

With our first Extra Care scheme, we have to go through the local authority and their nominations. We are on approximately our 7th resale there and on each occasion we have had four/five interested parties who have bid through choice base lettings, usually all with properties ready to sell, and therefore a cash purchase. The local authority / Social Services then nominate who they think should be given first refusal. One of our original concerns here was 'what if we had purchasers, but none who were able to buy the share available as it may be too high'. This however has not been a problem as not only have they been able to purchase the share on offer, on at least two occasions, they have simultaneously staircased to the full 75% on purchase. Incidentally we did raise this concern with our Executive Director and he said that should we have buyers but none able to buy the share on offer, Orbit would re-purchase a % of the share in order for the sale to take place.

Our second Extra Care scheme does not have nominations through the local authority. We are on our third resale here and they can go straight to the open market, which one has. However, we do hold on record all of the application forms up of those who showed an original interest but were too late as the apartments had all gone, and if anyone telephones us, we take their details. We do not call it a waiting list, but inform vendors (normally the estate) and will pass the details on to four or five from our pile, for them to make direct contact if they are still interested. We do not prioritise other than by when we receive the application form. As always it is the vendors who decide who they sell to. The other two resales here have gone this way also.

At both sites they have all been cash sales. The only downside is that generally they have to sell their own property first, so this has sometimes delayed the sale, but realistically they can not be expected to sell their current property, just on the off chance that they are ready to go if and when a resale comes up. There is no time frame for resales.

As regards to the legal differences on sale, although they are not completely the same as a normal SO resale, the differences are not major. We have found a couple of issues with the Lease and sinking funds at our first Extra Care, but nothing that makes it a lot more complicated.

## 6.0 Conclusion

Selling Older Person's Shared Ownership differs greatly from selling any other kind of shared ownership to any other kind of demographic. You will have to relearn everything you already know about shared ownership and start again, as selling OPSO is completely different to anything you have sold before. However, although the differences are great, the rewards are even greater, and the shared experience is that you will find that OPSO is an extremely beneficial area to work in when you see the positive differences that you are able to make to people's lives.

### Note

The views expressed in this paper are those of the authors and not necessarily those of the Housing Learning and Improvement Network.

### About the Housing LIN

The Housing LIN is the leading 'knowledge hub' for a growing network of housing, health and social care professionals in England and Wales involved in planning, commissioning, designing, funding, building and managing housing, care and support services for older people and vulnerable adults with long term conditions.

Previously responsible for managing the Department of Health's Extra Care Housing Fund, the Housing LIN is called upon by a wide range of statutory and other organisations to provide expert advice and support regarding the implementation of policy and good practice in the field of housing, care and support services.

Further information about the Housing LIN's comprehensive list of online resources and on how to participate in our shared learning and service improvement networking opportunities, including 'look and learn' site visits and network meetings in your region, go to:

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