

Accessing Intermediate Housing

On behalf of the Greater London
Authority

June 2009

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Summary

Background

This report presents findings from a research study conducted by Ipsos MORI on behalf of the GLA investigating consumer knowledge, awareness and experience of low cost housing options in London. The study used a combination of an online survey of 554 Londoners potentially eligible for intermediate housing, discussion groups, depth interviews and mystery shopping.

Key findings are:

- Awareness of, and interest in Low Cost Home Ownership (LCHO) is high amongst the potentially eligible target group in London. Knowledge of individual LCHO brands is much lower.
- Customer knowledge of how to access LCHO, or find information about it, is low. Many do not know where they would go for more information. For a majority, the HomeBuy Agents will not be their first port of call.
- Misconceptions about LCHO are common, and prevent some eligible Londoners from applying:
 - A third of those who consider LCHO but do not apply, do so because they mistakenly believe they are not eligible because they earn too much.
 - Almost half of eligible Londoners believe you must be a Key Worker to access LCHO.
 - Three quarters think that to be eligible for LCHO you must earn £30,000 or less as a single person – half the actual threshold of £60,000. Over 60% think couples must earn £40,000 or less.
- Newspaper advertisements and articles, and word of mouth messages from family and friends are the most common sources of initial information about LCHO. The internet was also commonly used to find information.
- Customer experiences of the process of applying for LCHO present a mixed picture. Feedback on the application form was generally positive and applicants felt it was straightforward. The Housing Options website was considered useful, but was often found only after visiting other less helpful websites.
- Many customers find the application process frustrating due to lack of regular communication, unrealistic timescales and pressure from housing associations. Customers are seeking a clear customer focus and transparent uncomplicated information on the options and products available.
- Some of the dissatisfaction expressed by customers suggests that the process after a 'successful application' is more onerous than buyers expect, and that their

expectations may be unrealistic. Greater openness about the process ahead might help manage applicants' expectations more successfully, and equip them to navigate the journey towards securing an intermediate home.

Awareness and Perceptions of Low Cost Home Ownership Options and Products

The majority of Londoners involved in our research had a good awareness of Low Cost Home Ownership (LCHO) options such as *shared ownership* and *shared equity*. The most well known types of scheme are shared ownership (recognised by 87% of survey respondents) and shared equity (recognised by 56%), both of which were more familiar to older respondents.

While awareness of generic LCHO options is high, awareness of individual products that are available in the intermediate housing market is lower. *New Build HomeBuy* (43%) and the *First Time Buyers' Initiative* (44%) have the highest levels of brand awareness of all the products, but there appears to be little knowledge about the specific product offer. Awareness of products is particularly low amongst those living in social housing.

The low level of product awareness is not only limited to those who have yet to consider intermediate housing. Applicants who have completed or are still pursuing intermediate housing have a higher awareness of *shared ownership* or *shared equity* than the specific product they applied for. At the time of application, knowledge of individual products was so low that sometimes applicants applied for all the available choices.

Sources of information on options and products

The low level of knowledge about intermediate housing products is reinforced by the confusion over how to access them. More than one in four survey respondents (28%) did not know where they would go to get information about LCHO. Half of those surveyed said that they would go to their local council to get more information, while a significant proportion would go directly to a housing association (37%). Only a quarter of respondents would go to the HomeBuy agents (or their 'Housing Options' website) despite their role as the Government appointed 'one stop shop' for intermediate housing funded with housing grant in the capital.

Perceptions of, and interest in, Low Cost Home Ownership

Despite limited knowledge of specific products, interest in Low Cost Home Ownership is high. Two thirds of those in the survey (67%) were interested in pursuing the option. Interest was highest among those on higher incomes (76% of those earning between £50,000 and £75,000 a year) who are more likely to be seriously considering moving into home ownership, as well as private renters (71%) and couples (72%). It was seen by the majority of respondents as an affordable option for first time buyers.

However, many still see this form of home ownership as too expensive and can be deterred by the financial risk of owning a home, particularly those on lower incomes and those living in social housing. Higher earners cite the difficulty of arranging a mortgage and the potential

difficulties involved in moving on from living in LCHO as disadvantages. Unsurprisingly, the lowest interest was amongst those aged 56-65 (44%).

Suggestions

A large proportion of eligible Londoners are unclear about how to get information about LCHO. To improve this:

- The profile of the key sources of information on publicly backed schemes in London should be raised
- Future marketing strategies could take advantage of the success of word of mouth as an effective method to raise awareness of intermediate housing - through social networking websites for example.
- Local authorities should be prepared to field enquiries regarding LCHO and provide the necessary advice and signposting to potential applicants.

The Customer Journey: From Interest to Application

The journey from interest to application

In the online survey, there was a considerable gap between the proportion of eligible Londoners who say they are interested in intermediate housing (56%), those who had previously considered it (18%), and those who have actually applied (3%). While it could be expected that people interested in a product will not necessarily apply, looking at the reasons for not applying or not considering LCHO can reveal the key factors that limit applications for LCHO products.

Misconceptions over eligibility were an important factor, with many potentially eligible Londoners confused about whether or not they could access intermediate housing. One in three consumers (32%) who had considered LCHO did not apply because they thought – mistakenly – that they were ineligible for financial reasons. A similar proportion of those who had not even considered LCHO wrongly believed they were not financially eligible.

Misconceptions about Low Cost Home Ownership

Exploring these misconceptions further reveals the extent of confusion over eligibility. A key finding of this study is that nearly half of respondents (47%) thought that they have to be a key worker to access LCHO. Also, over one third of those surveyed (37%) believed that they have to be on a local authority housing waiting list to be eligible. There is also a perception that LCHO is limited to new build properties, with nearly one in four (23%) believing this to be the case.

When asked about income criteria, more than three quarters of respondents think that you need to earn less than £30,000 as a single person and around two thirds think you need to earn less than £40,000 as a couple to be eligible, well below the HomeBuy income threshold of £60,000 per annum.

Suggestions

To encourage greater take up of intermediate housing, misconceptions over eligibility need to be clarified and the entry routes more clearly defined. To achieve this:

- A clear and transparent message on eligibility for schemes must be communicated to consumers.
- This message also needs to reach those who offer or have the potential to offer LCHO, such as estate agents and housing associations.
- Signposting between websites referring to LCHO could be improved and contact details kept up to date. As part of this, the Housing Options website should continue to be optimised so that it is the first source of information accessed via the internet.

Experience of the application process

Feedback on the HomeBuy application form was generally positive and applicants felt it was straightforward. Despite this, many find the application process frustrating due to lack of regular communication, unrealistic timescales and pressure from housing associations. The current system lacks consumer focus and applicants often need to be pro-active and to chase providers in order to secure a LCHO home. This is evident in complaints that applicants felt under time pressure to find a home once their application had been approved, and some felt that they were rushed through viewings alongside many other potential applicants. These experiences led to pessimism and dissatisfaction with both the process and applicants' chances of success in securing a property.

Being told that their "application has been successful" can send a confusing message to applicants, who often wait months until being able to view a property or make an offer. Given the high level of competition for LCHO homes, many applicants did not feel that they were given a realistic appraisal of their chance of securing a property, particularly with Intermediate Rent.

Alternative approaches, such as the Wandsworth Council Shared Ownership Nomination Service, offer a helpful application service, but limit applicants to moving only within the borough they currently live in.

Suggestions

In general, the system at present lacks a clear customer focus and transparent uncomplicated information on the options and products available to applicants. Applicants themselves identify a number of ways to improve this, including:

- Improving information about the stages of the application process
- Providing more realistic timeframes
- Providing regular updates on the status of applications
- Having a single point of contact throughout the application process

- Employing a tool on the Housing Options website which allows users to easily find out which products they are eligible for
- Employing a tool on the Housing Options website which allows users to compare products by overall weekly/monthly costs
- Delivering a more personalised and customer focused service
- Making it clear that the application form is intended only to establish eligibility rather than guarantee applicants a LCHO home
- Managing expectations more effectively by providing applicants with a realistic appraisal of their chances of securing a LCHO home
- Providing more detailed information on the financial implications of taking on a mortgage, and if applicable, the rental element.

Some of the dissatisfaction expressed by customers suggests that the process after a 'successful application' is more onerous than buyers expect. Greater openness about the process ahead might help manage applicants' expectations more successfully, and equip them to navigate the journey towards securing an intermediate home.

Conclusions and recommendations

Interest in LCHO is high but there is a lack of knowledge about products, and misconceptions among some consumers that is suppressing take up of schemes. Many potential consumers need to be made aware of the income criteria for LCHO and of the fact that most schemes are available to all occupation groups.

A considerable proportion of respondents did not know where to start looking if they wanted to find out about LCHO and there is further work required to make consumers aware of the key sources. Some consumers can go through a number of search stages to reach the Housing Options service and few thoroughly research the individual products. Here, consumers want summary information that allows them to easily skim the key characteristics and criteria of all the schemes side by side. No such feature currently exists on the Housing Options website.

Consumers generally found submitting an application straightforward. However, once they have applied many consumers felt they needed clearer and more regular communication about what was happening to their application. After their application was approved, there were many aspects of the process of finding a home that consumers found stressful and unsatisfactory. Many applicants expressed a desire to receive a realistic assessment of their chances of finding a suitable property to give them a clear expectation of what they were up against.

LCHO consumers are looking for a more personalised service, more choice and less pressure to rush through the offer. For shared ownership and equity schemes they wanted more information about the true costs over time. Again, communication is the key; those who feel better informed along the way are more satisfied with their achievement of a LCHO home.

1 Background and Methods

1.1 Background to the research

This report presents the results of a programme of research Ipsos MORI has conducted on behalf of the Greater London Authority to explore:

- Potential and actual consumers' awareness and understanding of Low Cost Home Ownership (LCHO) and Intermediate Rent¹;
- Barriers and issues within the customer journey from initial interest through to completion and a move into a LCHO home.

The focus of the quantitative research was on those eligible for intermediate housing, and for the qualitative elements those who have experience of applying for LCHO products.

The study involved an online survey of 554 potentially eligible London residents, aged between 18 and 65 living in social or private rented housing or rent free. The survey was supplemented by discussion groups and depth interviews among actual and potential consumers of low cost housing products. A mystery shopping element was also included to test the role of information sources and gatekeepers to accessing schemes.

1.2 The online survey

The quantitative element of this research was conducted via an internet survey using the Ipsos online panel. Our panel includes more than 30,000 Londoners who are actively recruited to take part in online surveys.

The survey was conducted between 27th February and 9th March 2009. 554 adults aged between 16 and 65 were screened by their tenure status and financial eligibility to ensure that we only interviewed those who are eligible for LCHO. This meant that as individuals who would potentially purchase alone, they did not earn more than £60,000 and those who would buy with a partner were earning less than £74,800². Everyone who participated in the survey was earning more than £20,000 per year, either as an individual or as combined income with a partner.

The data have been weighted to match the characteristics of Londoners meeting these income criteria using the Labour Force Survey for age, gender and income distribution and the Family Resources Survey for tenure. Appendix 1 shows the demographic, tenure and income characteristics of the resulting sample. As would be expected, the sample is predominantly young (55% are under 35) and living in the private rented sector (56%), with the remainder living in the social rented sector (31%) or with relatives or friends (13%).

Where appropriate, results have been presented by income, tenure and age group. However, it should be borne in mind that social tenants are generally older than private

¹ The term LCHO is used inclusively later in this report to also refer to Intermediate Rent

² For the remainder of this report we refer to this threshold broadly as £75K. This is the income ceiling proposed by the Mayor in his draft London Housing Strategy.

tenants; 43% are 45 or older compared to only 11% of private tenants, and their views do tend to reflect their life stage and experience. Similarly, those living with relatives or friends are by far the youngest respondents, with a third (37%) aged under 25, compared to one in ten (11%) of the sample as a whole.

Respondents were drawn from all over London and Appendix 2 provides a map of the location of those who took part in the survey. The questionnaire that was used in the online survey can be found in Appendix 3.

1.3 Focus groups

The first strand of the qualitative work consisted of four focus groups which were conducted in London during February and March 2009. Participants were selected from different stages of the application process for intermediate housing, and recruited to ensure a mix of applicants in terms of the products they were applying for, as well as age, gender, tenure and ethnicity.

In order to recruit these groups, an agreement was drawn up between Ipsos MORI and the London HomeBuy agents (Metropolitan Housing Trust and Tower Homes) in order to facilitate the transfer of contact details necessary to invite applicants to take part in the research. Applicants were given the opportunity to opt out before a sample of applicants was sent to Ipsos MORI. The criteria by which the groups were recruited are contained in Appendix 4.

The composition of the groups was as follows:

	LCHO Option	Tenure
Group 1	Applying for mix of LCHO products	Social tenants
Group 2	Applying for mix of LCHO products	Private rented tenants
Group 3	Applying for mix of LCHO products	Mixed tenure
Group 4	Applying for Intermediate Rent only	Mixed tenure

The qualitative groups were designed to explore attitudes to LCHO and experiences of the application system and full details of the topics covered in the discussion can be found in Appendix 5.

1.4 Depth interviews

The second phase of the qualitative research involved depth interviews with ten LCHO applicants. These depth interviews were conducted in the participants' homes at various locations across London. Eight interviews were conducted with applicants who had applied through Metropolitan and Tower Homes. Two interviews were also conducted with applicants who had applied through Wandsworth Council's one stop shop for intermediate housing. The purpose of these interviews was to examine and compare the respective experiences of those who apply via HomeBuy agents and those who apply through local authority one-stop shops. The criteria for selection are given in Appendix 6.

These interviews lasted around 40 minutes and covered:

- the customer experience throughout the journey;
- key touch points with HomeBuy/housing associations/local authority one stop shops and the quality of their information; and
- suggested improvements

The details of the topics covered are presented in Appendix 7.

1.5 Mystery shopping

The final stage of the research was designed to explore entry routes into intermediate housing. A mystery shopping exercise was conducted by Ipsos MORI researchers in March 2009. The mystery shopping exercise aimed to replicate the first stages of the customer journey, exploring the various sources of information available on intermediate housing and its various entry routes.

Five researchers were briefed to explore buying a LCHO home in London on the basis that they could not afford to buy at current market rates. To ensure that a variety of entry routes were explored, we specified that some mystery shoppers use telephone, some use face-to-face approaches whilst the remainder were free to choose and opted to use the internet. Details of the briefing given to the researchers are contained in Appendix 8.

Throughout the fieldwork period, mystery shoppers recorded their experiences in a structured way to ensure that they were consistently evaluating the effectiveness of each aspect of the entry routes.

1.6 Acknowledgements

Ipsos MORI would like to thank Dominic Luscombe, Debra Levison and their colleagues at the GLA for their help and advice on this project. We would also like to thank Metropolitan Housing Trust, Tower Homes and Wandsworth Council for their assistance in accessing current applicants. Thanks also go to the survey respondents and all participants who took part in the qualitative research.

1.7 Publication of data

As the Greater London Authority has engaged Ipsos MORI to provide an objective and representative programme of research, it is important to protect the GLA's interests by ensuring that it is accurately reflected in any press release or publication of the findings. As part of our standard terms and conditions, the publication by third parties of the data in this report is therefore subject to the advance approval of Ipsos MORI. This would only be refused on the grounds of inaccuracy or misinterpretation of the findings.

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Sarah Cheesbrough

Nick Allen

James Baglin

2 Awareness and Understanding of Intermediate Housing

Summary

Awareness of the broad concept of Low Cost Home Ownership (LCHO) options such as *shared ownership* and *shared equity* is high. However, those eligible for intermediate housing have lower knowledge and awareness of specific intermediate housing products, and how to access them. This is particularly prevalent amongst lower earners and those living in social housing.

Those eligible for LCHO are also most likely to have heard about intermediate housing through word of mouth. Other popular sources are adverts and articles in the newspaper and internet searches. Awareness of the gatekeepers to Government backed home ownership and Intermediate Rent schemes is currently relatively low and potential applicants remained confused over the sources of advice and information available to them on their journey towards LCHO. Nearly three out of ten respondents (28%) did not know where they would go to get more information about their options.

Half of those surveyed (52%) said that they would go to their local council to get more information on LCHO, whilst a significant proportion would go directly to a housing association (37%). Only a quarter of respondents would go to the HomeBuy agents (or their 'Housing Options' website) despite their role as the Government appointed 'one stop shop' for intermediate housing funded with housing grant in the capital.

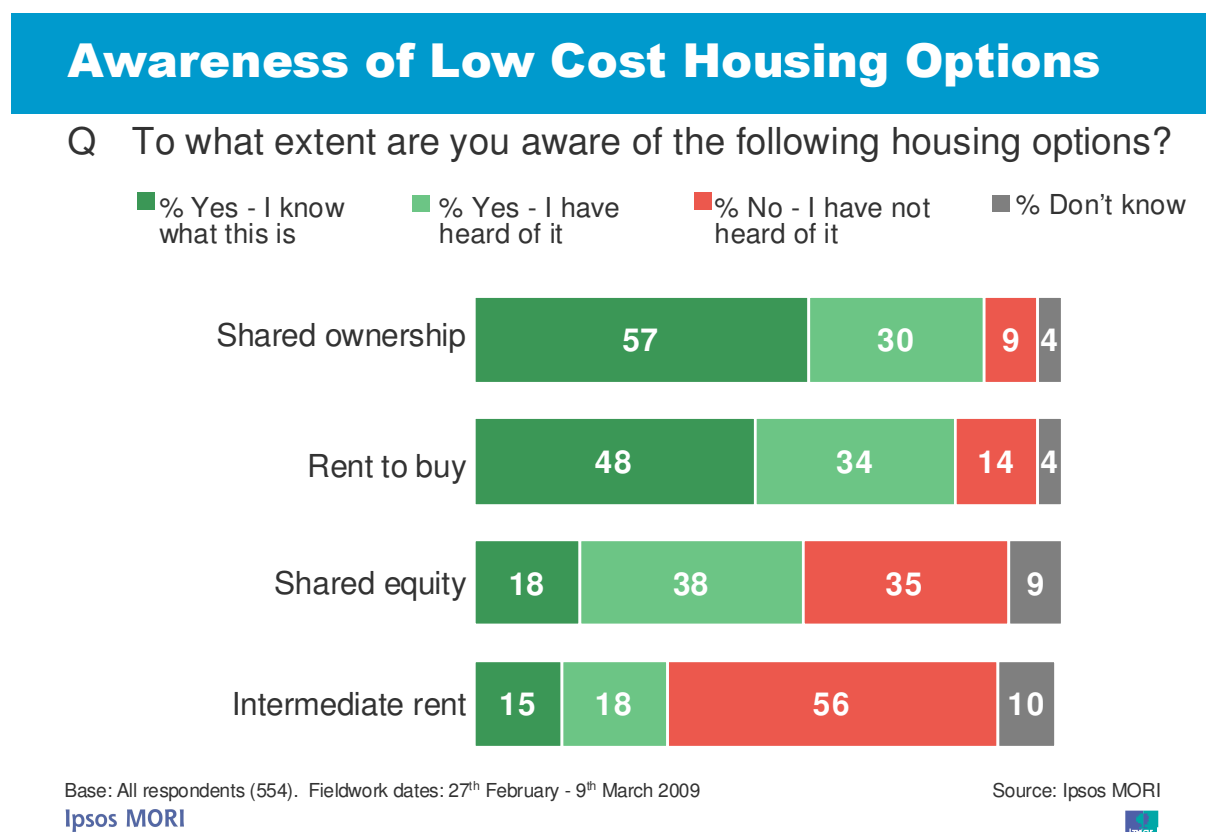
Interest in Low Cost Home Ownership is high, particularly among higher earners, and it was seen by the majority of respondents as an affordable option for first time buyers. However, many still see this form of home ownership as too expensive and can be deterred by the financial risk of owning a home, particularly those on lower incomes and living in social housing. Higher earners cite the difficulty of arranging a mortgage and the potential difficulties involved in moving on from living in LCHO as disadvantages

One of the initial aims of this research was to quantify the level of awareness amongst Londoners of the LCHO options and products available to them. This chapter first explores awareness of the different options and products available before looking at sources of awareness and where to find further information.

2.1 Awareness of intermediate housing options

Awareness of low cost housing options appears high. More than four out of five (87%) surveyed had heard of shared ownership and slightly more than half (56%) had heard of shared equity (Figure 2.1).

Figure 2.1



Intermediate Rent has the lowest overall level of awareness (33%) with only around one in seven (15%) stating that they know what it is. This was also evident during recruitment for the Intermediate Rent discussion groups, where a considerable number of LCHO applicants were unfamiliar with the term.

What initially appears as high awareness of the term Rent to Buy (82%) may be explained by confusion with the more established and well known *Right to Buy* scheme.

Variations among those surveyed

Older respondents were more aware of shared ownership than younger groups, ranging from 94% of those aged 56-65 to 85% among those aged 18-24. Potential consumers aged 25-34 are more likely to have heard of Intermediate Rent (40%) than older groups (23% among those aged 35-44).

Table 2.1

	Shared ownership	Shared equity	Rent to Buy	Intermediate rent
All	87	56	81	33
By age group				
18-24	85	53	81	37
25-34	86	57	80	40
35-44	89	54	80	23
45-55	88	57	81	30
56-65	94	62	95	30
By tenure				
Social tenant	87	51	86	27
Private rented	88	58	80	36
Living with parents/ relatives or rent free	85	59	72	39
By income £pa				
£20,000 - £29,999	85	54	83	33
£30,000 - £39,999	89	58	79	31
£40,000 - £49,999	9	57	81	41
£50,000 - £74,799	91	62	79	35

2.2 Awareness of intermediate housing products

The number of publicly funded intermediate products has grown substantially in recent years. Nationally some products have been subsumed into the range of HomeBuy schemes and criteria for eligibility have been changed along the way. Within London, the GLA First Steps Housing programme has been launched, with the newest intermediate offer, *UpToYou*, introduced in March 2009.

This section discusses how awareness and knowledge of specific products is relatively low, particularly in comparison to awareness of intermediate housing *options*. We go on to explore some of the confused, or out of date, ideas that consumers have about LCHO.

New Build HomeBuy (43%) and the First Time Buyers' Initiative (44%) have similar high levels of total awareness but specific knowledge of New Build HomeBuy is higher at 19% compared to 13% for the First Time Buyers' Initiative (Figure 2.2). Consumers appear to be aware that there are schemes for first time buyers but without necessarily knowing what these comprise.

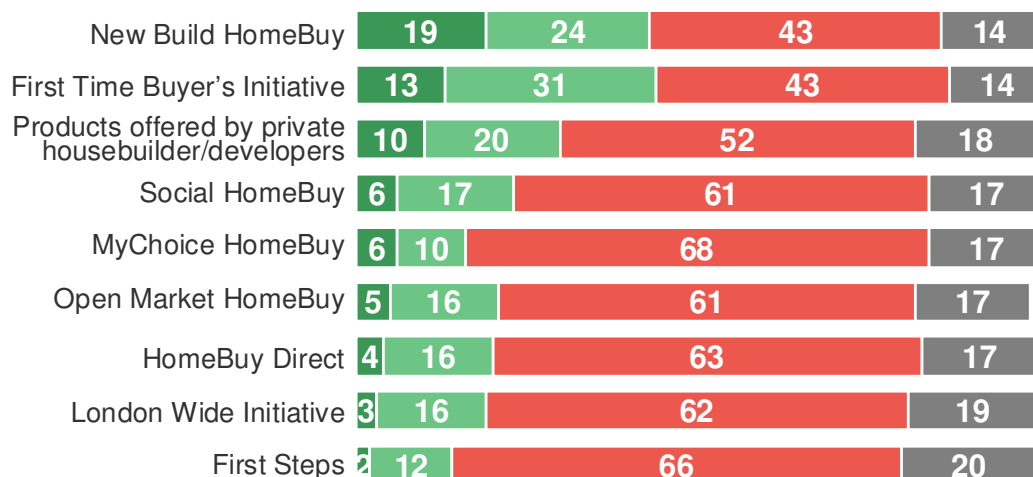
Among the other schemes, awareness of the First Steps programme from the GLA is relatively high, but again consumers do seem to be reporting a more general awareness of first time buyer initiatives, and those in or around the London Borough of Hackney may have taken this to mean the local 'Hackney First Step' scheme.

Figure 2.2

Awareness of LCHO products

Q To what extent are you aware of the following Low Cost Home Ownership products?

■ % Yes - I know what this is ■ % Yes - I have heard of it ■ % No - I have not heard of it ■ % Don't know



Base: All respondents (554). Fieldwork dates: 27th February - 9th March 2009

Source: Ipsos MORI

Ipsos MORI



Variations among those surveyed

Full details of awareness of each product by demographic, tenure and income characteristics are given in Appendix 9.

Social tenants are generally less aware of some of the different Low Cost Home Ownership products, particularly with MyChoice HomeBuy and First Time Buyers initiative (35% are aware compared to 49% of private rented tenants).

Findings from the qualitative stages echo the lack of in-depth knowledge and differentiation between the available intermediate housing products. Participants in discussion groups have a good understanding of shared ownership or equity as a concept but struggle to explain the different products in detail, such as eligibility for the schemes, specific benefits and cost.

Many applicants involved in this research had essentially "ticked every box" and applied for the whole range of HomeBuy products during the initial stages of their application. For these applicants, product names had little meaning or value. They wanted to access intermediate housing but at the time of applying did not need to know what the exact mechanism would be.

2.3 Interest in LCHO and initial perceptions

In total, 79% of the survey respondents were interested in buying a home and 67% would consider buying a home through LCHO³. There was however considerable uncertainty

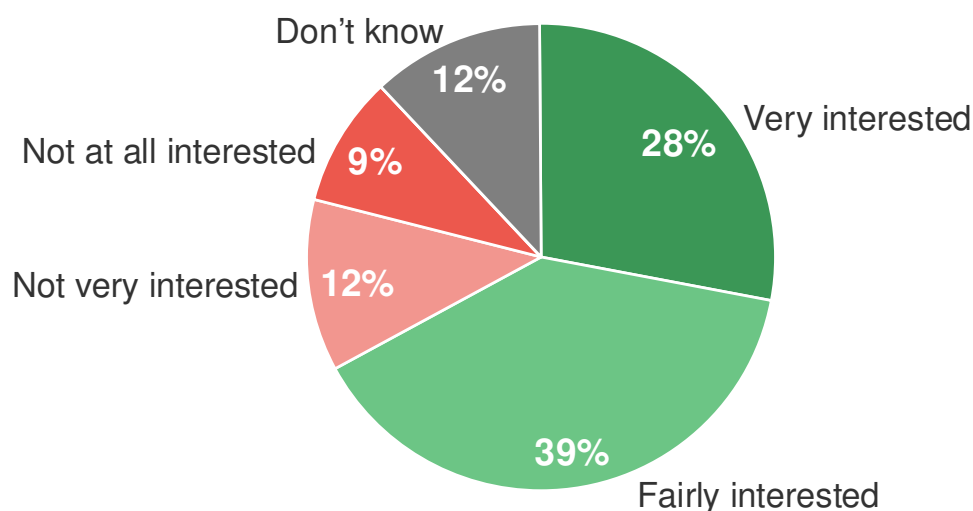
³ The following statement was presented to respondents before they answered the question on whether they would choose LCHO: "Low Cost Home Ownership includes shared equity and shared

expressed towards LCHO among those surveyed. Whilst only 3% of respondents weren't sure if they wanted to buy a home, 12% didn't know whether they were interested in LCHO (Figure 2.3).

Figure 2.3.

Interest in Low Cost Home Ownership

Q How interested are you in buying a home through a Low Cost Home Ownership Scheme?



Base: All respondents (554). Fieldwork dates: 27th February - 9th March 2009

Ipsos MORI

Source: Ipsos MORI



Variations among those surveyed

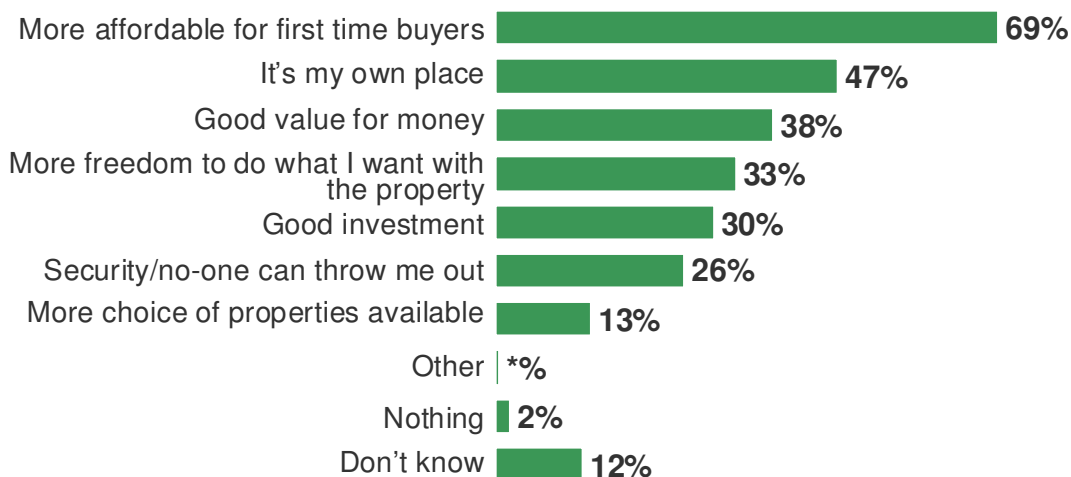
There is greater interest among private renters (71%) and couples (72%), who may view LCHO as a more realistic and achievable prospect.

ownership schemes such as New Build HomeBuy that enable first time buyers to access affordable home ownership."


Figure 2.4⁴

Advantages of LCHO

Q What, if anything, do you consider to be the advantages of buying a home through a Low Cost Home Ownership scheme?



Base: All respondents (554). Fieldwork dates: 27th February - 9th March 2009
Ipsos MORI

Source: Ipsos MORI


Advantages to LCHO are identified primarily as financial - it being more affordable for first time buyers (69%), good value for money (38%) and a good investment (30%). The other advantages are that "it's my own place" (47%) and that home buyers have more freedom to do what they want with their property (33%) (Figure 2.4).

One in eight (12%) don't know what the advantages of LCHO are, and only 2% believe that there are no advantages.

Variations among those surveyed

Perhaps reflecting the often limited choices within their tenure, almost one in four social tenants (22%) see more choice of properties available as an advantage compared with fewer than one in ten (9%) for private rented tenants and those living rent free (also 7%).

The perceived disadvantages of LCHO are mostly financial. Around one in four respondents believe there is either *too much financial responsibility/risk* (25%) that it is *too expensive/can't afford it* (26%), or that they *couldn't afford the home I want/need* (30%). Given the current economic climate, it is unsurprising that more than a quarter chose *worry about losing job* (27%) and *too difficult to arrange mortgage* (28%) as disadvantages of pursuing LCHO (Figure 2.5).

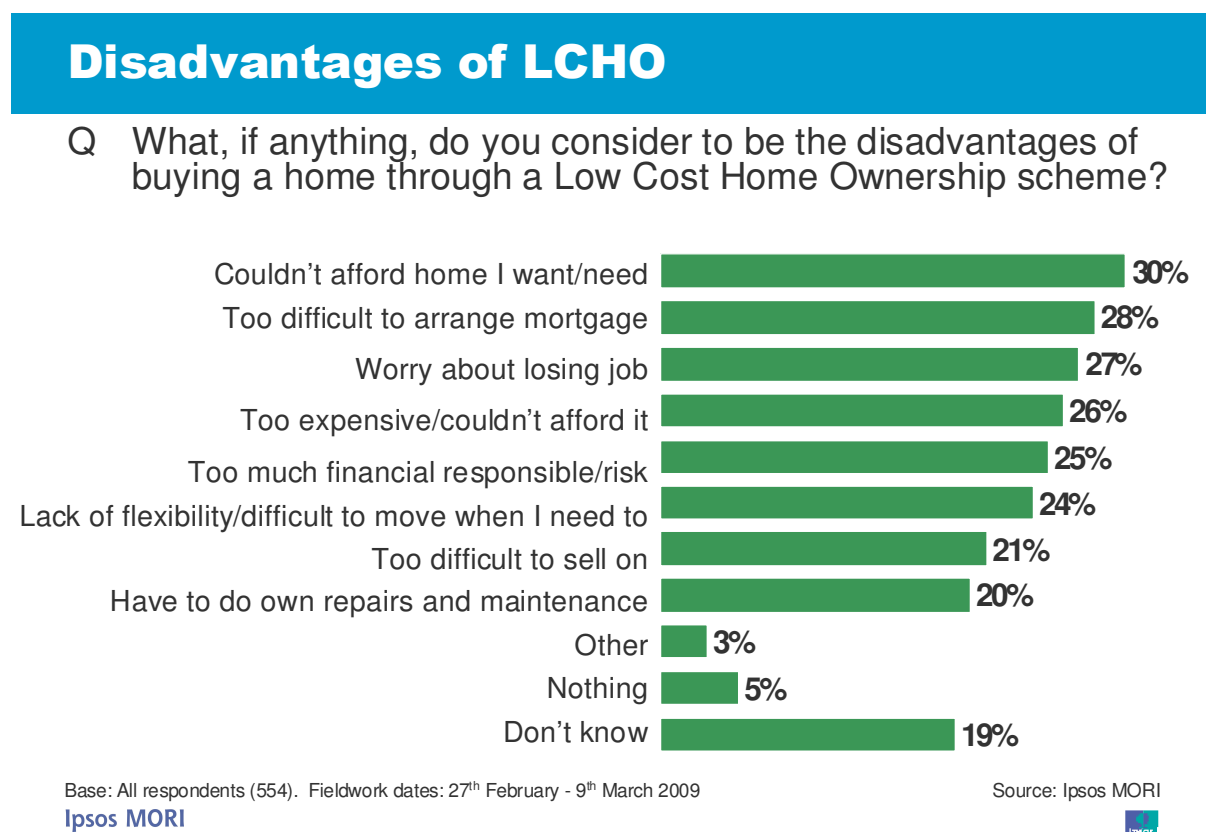
Concerns over affordability were mentioned later in the discussion groups. When discussing initial reactions to LCHO the cost and financial risk attached were frequently mentioned and some applicants admit being dismissive for this reason. The advertised costs seemed to many to be 'too good to be true'. Many were suspicious of hidden details and costs attached to advertised schemes.

⁴ Respondents could select an unlimited number of advantages

"You expect it to be a reduced rent but a lot of them don't seem to be very much off of what you would pay as a normal rent on that half basis."

Mixed tenancy group

Figure 2.5⁵



Two themes emerge when looking at negative perceptions. Social tenants and older respondents tend to be more concerned with the financial responsibility/risk that accompanies LCHO (with 34% of social tenants and 55% of 56-65 year olds expressing concern).

High earners are more concerned with the difficulties in arranging a LCHO mortgage (41% of those earning £50k-£75K), but also have more concerns about selling the home on when the time comes (33%). These concerns conflate the issues of selling on a shared ownership product with more general concerns about the market for new build properties.

"My worry with new builds is that actually the market is pretty saturated, they're everywhere, and in five years' time when people are going to look to start selling these, how easy is resale going to be? It's probably not that easy, and it would be that competitive, and if you're doing it to try to make some money it's not going to be easily done within the next five years"

Private renters group

⁵ Respondents could select an unlimited number of disadvantages

Additional responsibilities were a key deterrent to social tenants in particular. One in three (33%) saw having to do own repairs and maintenance as a disadvantage compared with only 16% of private renters and 7% of those living rent free.

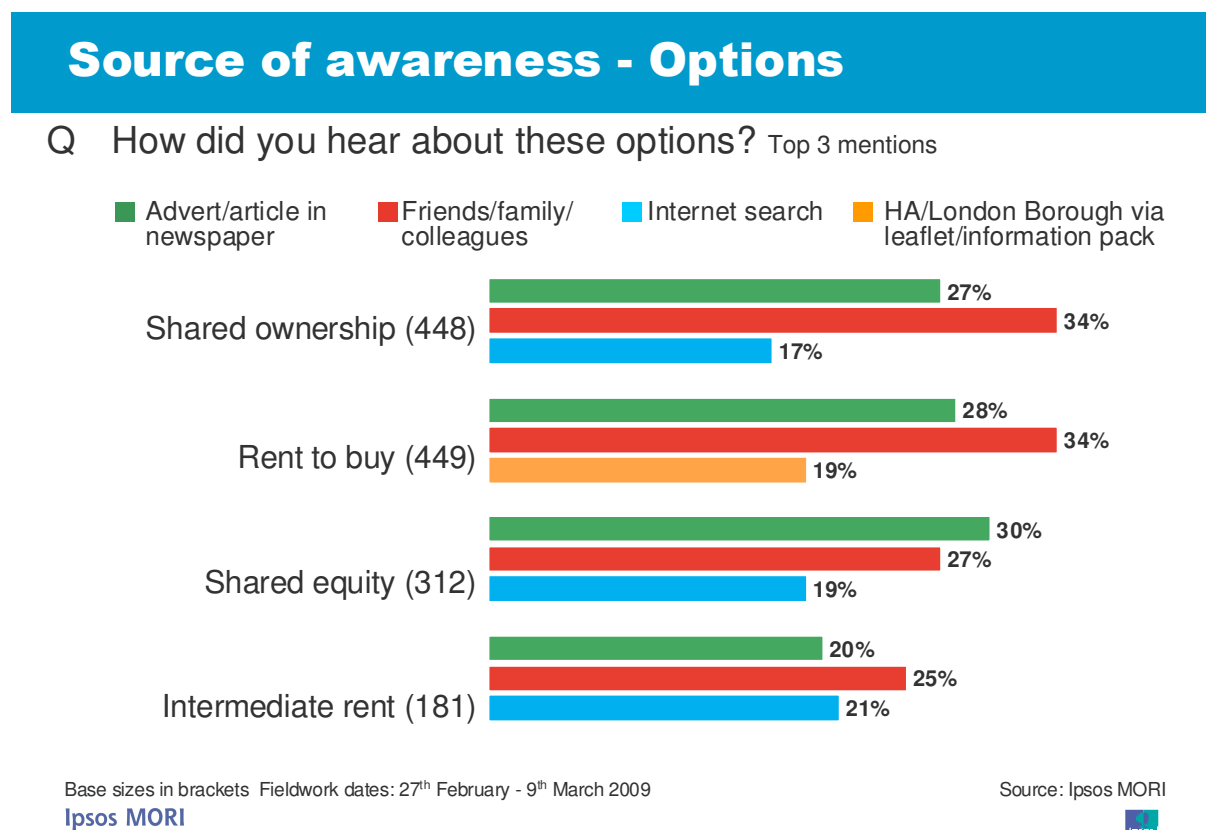
2.4 How do people find out about LCHO?

LCHO Options

General awareness of the types of housing options often begins with friends, family or work colleagues. One in three (34%) respondents say they have heard about shared ownership from a friend, relative or colleague, and one in four (27%) for shared equity (Figure 2.6). This is consistent with the 26% of HomeBuy customers interviewed for the national evaluation of HomeBuy agents who had first heard about HomeBuy through friends or relatives (Ecotec, 2008).

Adverts and articles in the newspaper are also a common source of information, consistently reported by more than a quarter of respondents as a source of information for shared ownership, equity and rent to buy. Only Intermediate Rent differs with 20% referring to newspaper features as a source. Here, internet searching is equally relevant, cited by 21% as source for Intermediate Renting. This may reflect the fact that the smaller, younger, minority who are aware of this type of scheme may well have been actively researching intermediate housing on the internet.

Figure 2.6



Variations among those surveyed

Social tenants are more likely to have heard about intermediate housing options through leaflets from housing association or London Boroughs, 34% have heard about shared ownership this way compared with 17% overall. Conversely, private renters are more likely to have heard about shared ownership through adverts or articles in the newspaper (33% compared with 19% of social tenants).

LCHO Products

For specific products, adverts or articles in the newspaper are usually the most common source of information particularly for New Build HomeBuy (26%) and the First Time Buyers' Initiative (30%). However, word of mouth continues to play a key role with friends/family/colleagues being a major source of initial awareness for MyChoice HomeBuy (21%), New Build HomeBuy (22%) and Social HomeBuy (20%) (Figure 2.7)

The applicants who took part in discussions were more likely to have heard of LCHO through family and friends. The word of mouth approach seemed to have been the most effective in providing not only initial awareness, but also confidence in proceeding with the application.

"My housemate was applying and because his sister has gone through the process and got herself a nice little home when it was just for key workers. And I understand it was opened up to more than just key workers and so that's the reason I looked into it."

Private Renter

Internet searching is the most common source for Open Market HomeBuy (27%) and HomeBuy Direct (30%) and a frequent source for other products. The only exception is Social HomeBuy (11%) potentially reflecting lower internet access among social tenants.

Many of the discussion group participants had accessed the Housing Options website at a very early stage in the application process. For some applicants we spoke to, it is clear that these internet searches could be triggered by word of mouth and also through notice boards or advertising.

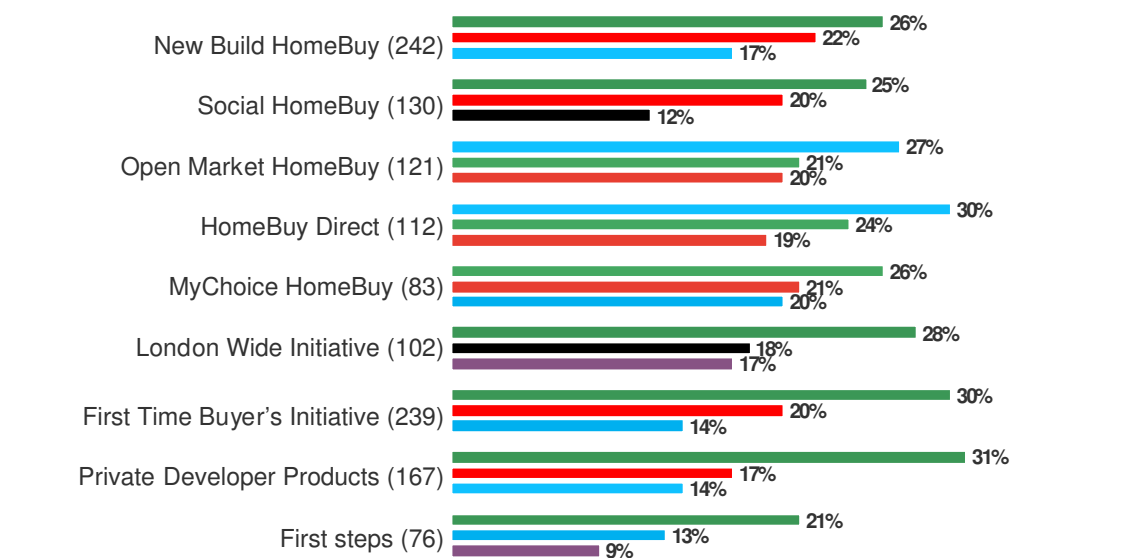
"I found it out on a disused notice somewhere at work. ...and signed up for Tower Homes, Metropolitan Homes, I think the old schemes that they were using. And so when I logged onto the internet I was redirected to the Housing Options website"

Intermediate Rent applicant

Figure 2.7⁶

Source of awareness - Products

Q How did you hear about these products? Top 3 mentions



■ Advert/article in newspaper
 ■ Friends/family/colleagues
 ■ Internet search
 ■ HA/London Borough via website
 ■ Advert or article on TV

Ipsos MORI Base: Base sizes in brackets Fieldwork dates: 27th February - 9th March 2009

Source: Ipsos MORI

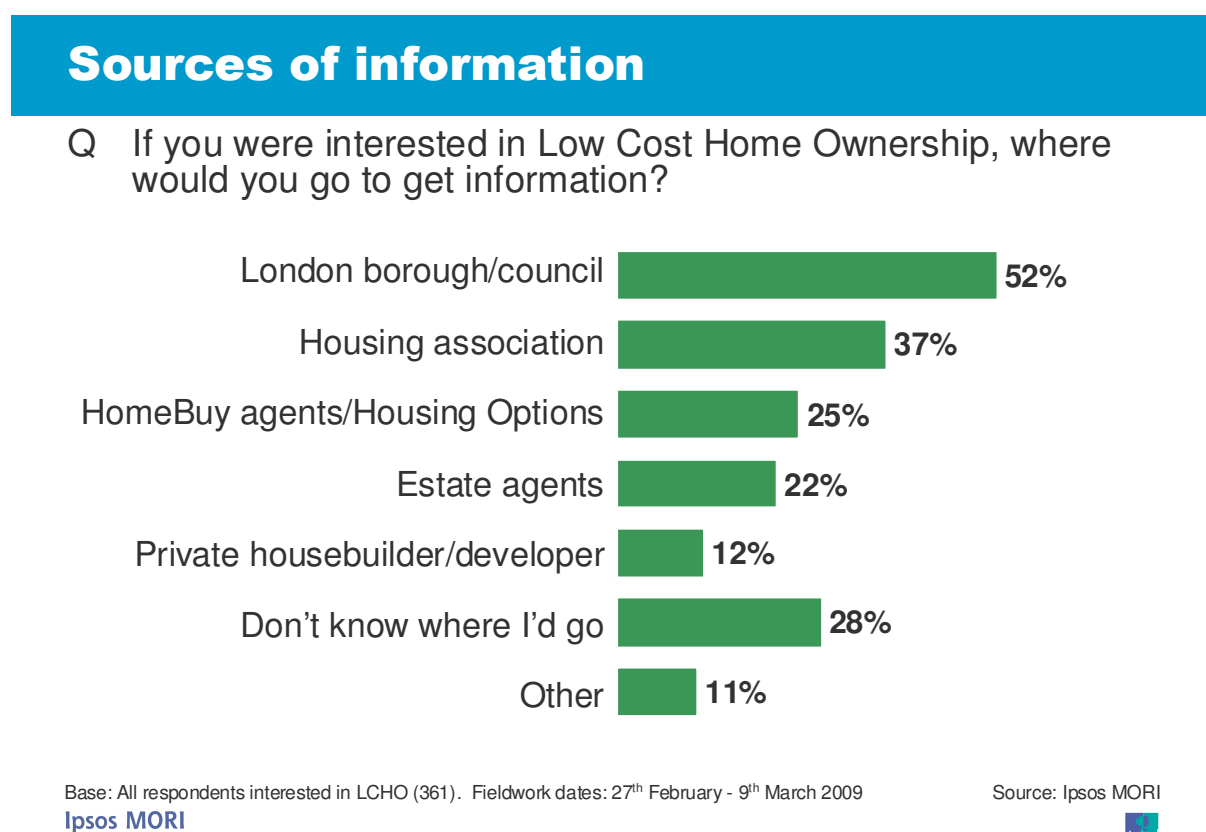


⁶ For presentation purposes, this chart shows only the top three mentions for each product

2.5 How would people find out about LCHO?

Those who were interested in LCHO were asked where they would go to find out more about products. A wide range of potential sources emerged but, interestingly, the majority of those surveyed (52%) said that they would go to their local council to get more information, whilst a considerable proportion said that they would go directly to a housing association (37%). Nearly three out of ten respondents (28%) did not know where they would go (Figure 2.9). Only a quarter of respondents (25%) would go to the HomeBuy agents (or their 'Housing Options' website) despite their role as the government appointed 'one stop shop' for intermediate housing funded with housing grant in the capital.

Figure 2.8



Variations in those surveyed

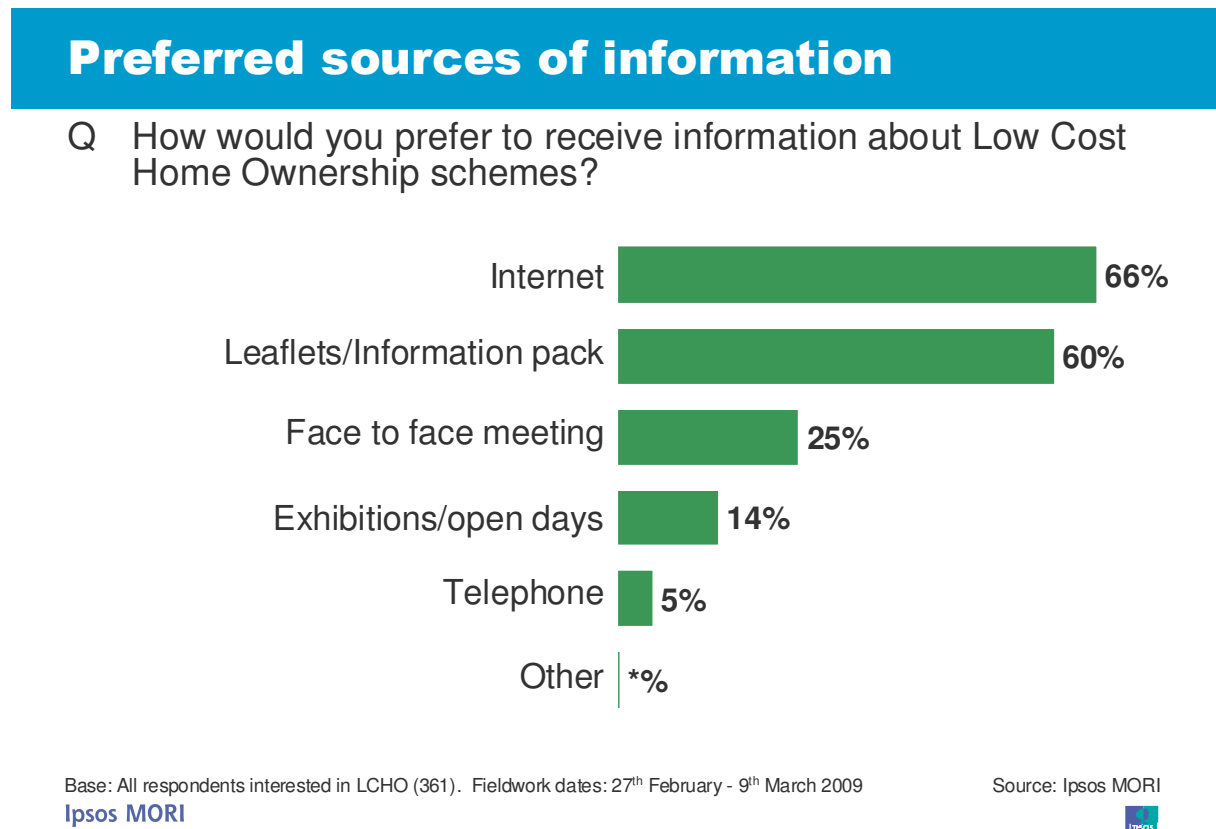
Those earning more than £50,000 (38%) and those living in private rented accommodation (48%) were less likely to go to a local authority for information on LCHO.

Younger respondents are more likely to go to estate agents for information on LCHO (31% of 25-34 year olds compared to 7% of 45-55 year olds). Male respondents (26% compared to 15% of females) are also more likely to visit estate agents for this purpose .

Social tenants are much less likely to visit an estate agent for information (12% compared to 25% of those in private rented accommodation).

When asked for all their preferred methods of receiving information, two thirds (66%) would prefer to receive information via the internet whilst six in ten (60%) would use leaflets or information packs (Figure 2.9). Only a quarter (25%) would prefer to find out information face to face.

Figure 2.9



Preference for the internet is lower among social tenants (52% compared with 73% of private renters).

2.6 Suggestions

A large proportion of eligible Londoners are unclear about how to get information about LCHO. To improve this:

- The profile of the key sources of information on publicly backed schemes in London should be raised and communicated in future marketing
- Future marketing strategies could take advantage of the success of word of mouth as an effective method to raise awareness of intermediate housing - through social networking websites for example.
- Local authorities should be prepared to deal with enquiries regarding LCHO and provide the necessary advice and direction to potential applicants.

3. The Journey from Interest to Application

Summary

The online survey revealed that there was a considerable gap between those who are interested in intermediate housing, those who had previously considered it and those who have actually applied.

The primary reason for this gap appears to be that many people are still deterred by misconceptions around their eligibility for the available products. Nearly half of the online survey respondents believe LCHO is only available to key workers and most believe that the income thresholds are far lower than is actually the case. Such misconceptions can be a barrier to uptake of LCHO and could indicate a failure to communicate consistent messages to consumers.

In the journey from interest to application, the majority of those surveyed would search online for further information about intermediate housing before eventually finding the Housing Options website and applying there. The quality of information available online is variable, and the amount of information available can seem daunting and confusing. The Housing Options website was considered useful, but was often found only after visiting other less helpful websites.

Other sources of information such as estate agents are not necessarily able to provide full details of the products offered, the eligibility for those products, and the process involved in accessing them.

This chapter explores the reasons why potentially eligible Londoners have chosen to pursue intermediate housing or decided against it. This includes a detailed look at the misunderstanding surrounding eligibility criteria. We also examine the entry routes that potential applicants may take before they arrive at the Housing Options website and begin their application.

3.1 From interest to application

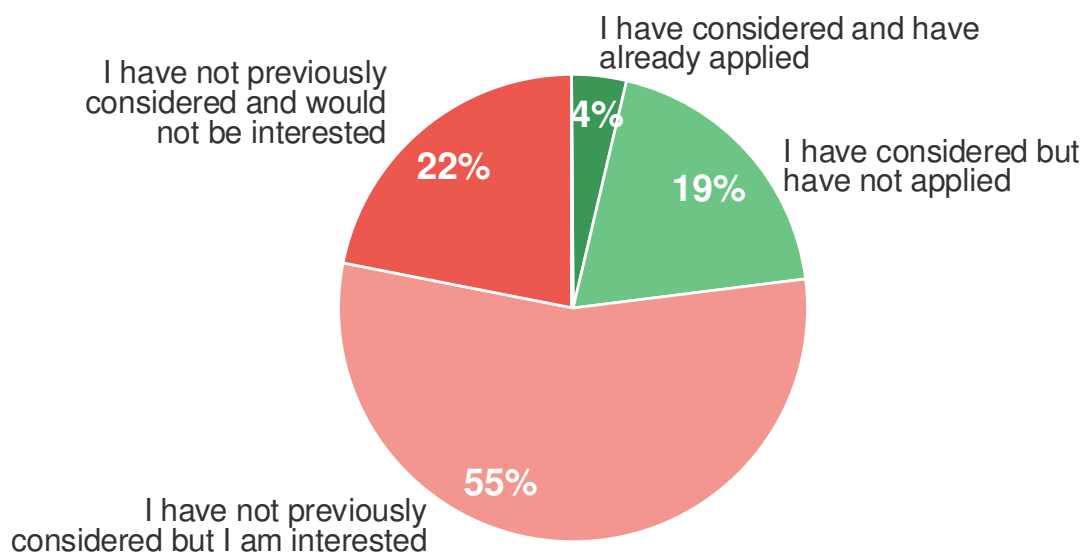
Two thirds of the respondents (67%) that took part in the online survey - all of whom are potentially eligible for LCHO – are interested in buying a home through a LCHO scheme. This represents a considerable potential market, especially given that this research is being conducted at a time of economic uncertainty.

While almost a quarter (23%) of survey respondents had previously considered applying, however, only 4% had actually applied (Figure 3.1).


Figure 3.1.

Status with LCHO application

Q Which of the following best describes your experience of Low Cost Home Ownership?



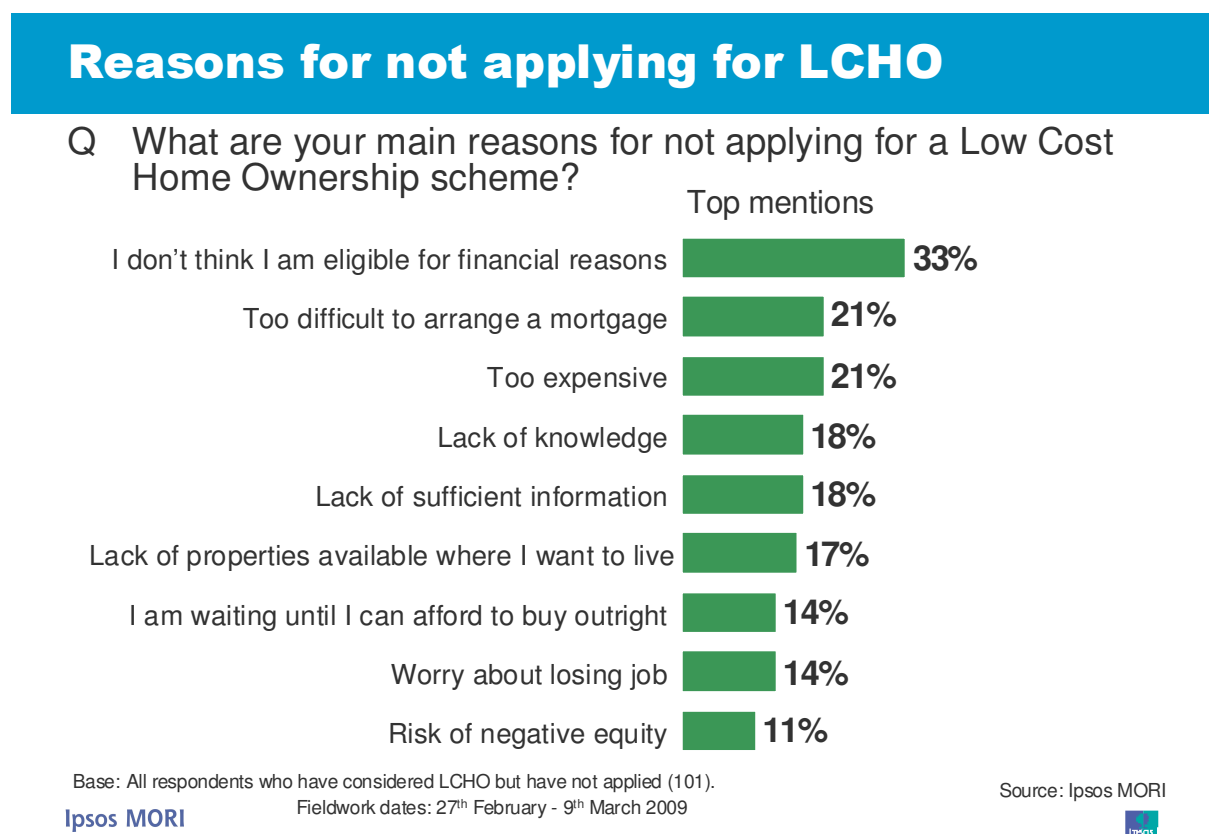
Base: All respondents (554). Fieldwork dates: 27th February - 9th March 2009
Ipsos MORI

Source: Ipsos MORI


A third of those who have previously considered LCHO but not applied (33%) have held back because they believe that they are not eligible for financial reasons. The other major barriers for those who have not applied are that it is seen as too difficult to arrange a mortgage (21%) and too expensive (21%).

Around one in five of these respondents cite lack of sufficient information (18%) and lack of knowledge (18%) as the main reasons for not applying for a LCHO product. Around one in five (21%) believe that LCHO is too expensive and have not applied for this reason (Figure 3.2).

Figure 3.2.

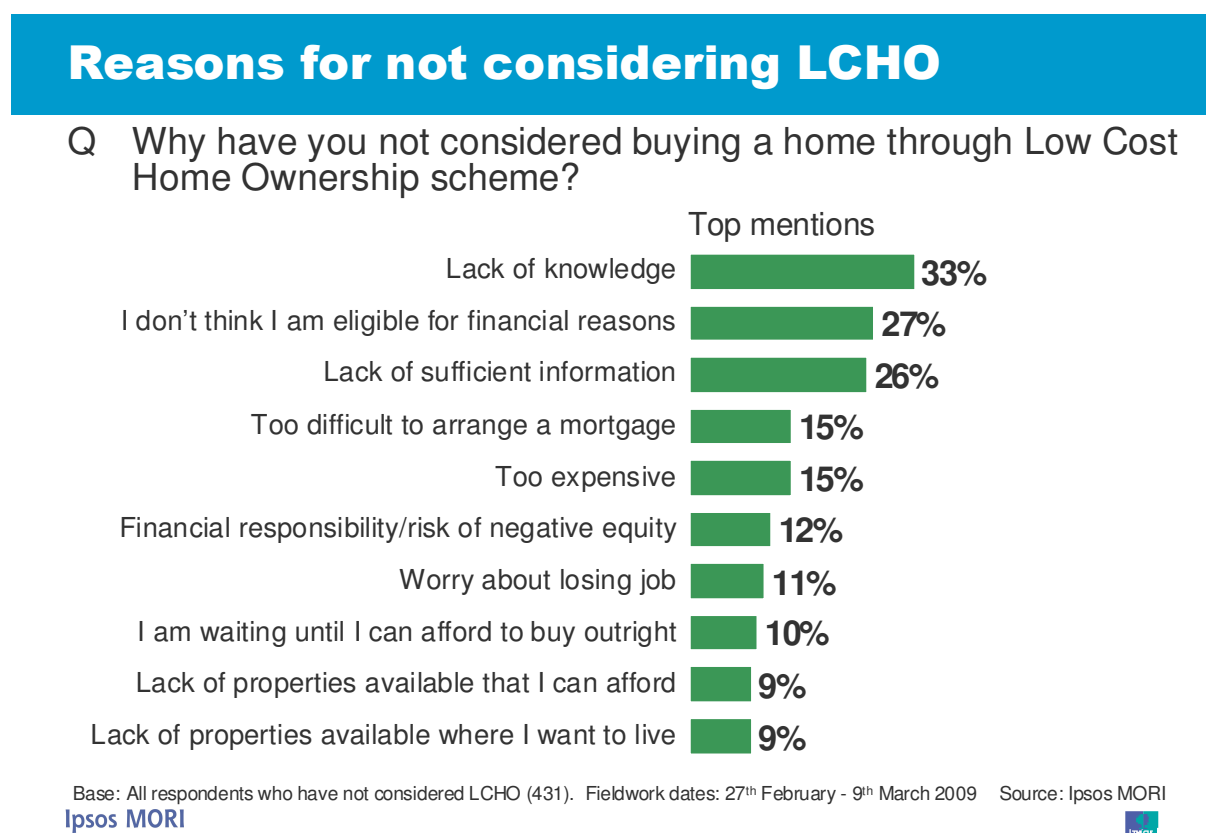


Variations among those surveyed

Private renters are more likely to view lack of sufficient information (26%) as a reason for not applying for LCHO.

Among those who have not previously considered LCHO, confusion over financial eligibility (27%), lack of knowledge (33%) and sufficient information (26%) are also key barriers (Figure 3.3)

Figure 3.3



3.2 Understanding the eligibility criteria

One of the main reasons cited for not applying among respondents was the belief they were not eligible for financial reasons. Of those who have considered LCHO but not applied, 33% believe that they are not eligible for financial reasons. Similarly, 27% of those who have not considered LCHO at all believe they are not eligible. This is despite the fact that all respondents to the online survey had been screened during the survey to ensure that they were, in fact, potentially eligible to apply on income grounds.

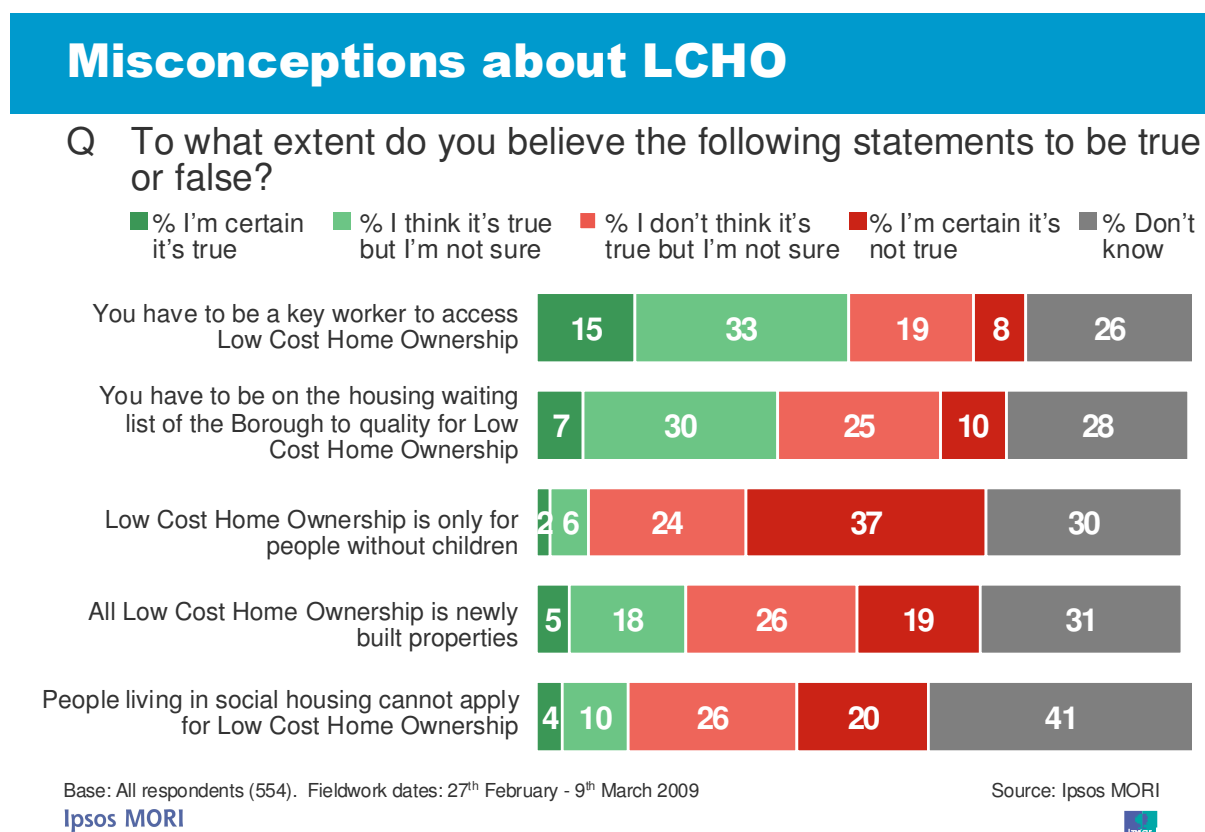
When asked whether they knew the maximum income threshold for LCHO, respondents estimate an average of around £25,000 for individuals and £40,500 for couples, significantly below the actual income limit, which is generally £60,000. Around three quarters of respondents (76%) think that the income threshold for a single person is £30,000 or less, and around six out of ten (62%) believe that the threshold is £40,000 or less for those on joint incomes.

Higher income earners were more likely to give higher estimates, and those earning £50-75K thought that the maximum income for a couple was around £50,000, below their own level of income.

Understanding of other eligibility criteria amongst Londoners is strikingly low (Figure 3.4).

- Almost half of respondents (47%) believe that only key workers can apply for LCHO and only 8% are certain this is not the case.
- More than a third (37%) believe that people have to be on a housing waiting list of the borough where LCHO is available in order to qualify⁷, which suggests many see these products as related to eligibility for social housing.
- The prominence of New Build HomeBuy is evident in that almost a quarter of respondents (23%) think that all LCHO is newly built properties.

Figure 3.4



The misconception about eligibility based on occupation is particularly strong amongst older respondents, and more than half of those aged 45-55 (61%) and 56-65 (56%) are certain or think this is true, compared to 43% of those aged 25-34. Social tenants are less likely to believe that potential applicants need to be on a social housing waiting list (30%) than private renters (42%).

⁷ Some London Boroughs restrict access to LCHO to those on local lists, so this is only a partial misconception

3.3 Entry routes

As part of this research, five mystery shoppers explored the entry routes into LCHO, taking as a starting point that they were interested in LCHO and wanted to apply. Our findings suggest that the first step from interest to application is often to find out more about what LCHO is, and how to apply for it. We specified that mystery shoppers use an online search, their local authority and a local estate agent in order to test the usefulness of these sources in providing information and advice to potential applicants. The experiences of these mystery shopping exercises are reported in this section alongside retrospective accounts from applicants taken from depth interviews.

Initial online searching

None of the mystery shoppers had problems with finding information about LCHO online. If anything there is too much information that is hard to filter through. Information was found instinctively through search engines and then by going through the various sites to find the information required. Because of the quantity of information available the 'shoppers' found it quite confusing to determine the differences between the different options, and it was thought to be quite hard to establish who to contact. On several occasions, contact details for people to email or phone were out of date, although this was more of a problem on unofficial websites such as www.yourmovenext.co.uk. The Housing Options website www.housingoptions.co.uk website was seen as the most useful site.

Telephone

For those who prefer to access information by telephone (5% of the online respondents), the Housing Options telephone number is a useful and valuable source of information. Mystery shopping revealed that calling this number gives potential applicants useful information about eligibility, how the scheme would work, and what steps to take to apply. The service directs potential applicants to the Housing Options website where they can then apply.

Estate agents

In the online survey one in five (22%) interested in LCHO would go to an estate agent to find out information. However, experiences with mystery shopping suggest they may not be a useful source of information. One of the estate agents contacted was unsure about eligibility criteria and was under the impression that LCHO is only available to Key Workers. Certainly it seems that estate agents are not set up to facilitate access to LCHO schemes. Based on these experiences if potential applicants were to visit estate agents it is unlikely that they would receive sufficiently useful information for them to continue the process.

"I spoke to a sales manager [at an estate agents] who gave me some basic details of the Key Workers scheme, but they were unaware of any other options when I told them I wasn't a Key Worker. He also said estate agents don't generally deal with such enquiries and they don't hold list of any LCHO schemes."

Mystery shopper – estate agent

Local councils

Half of the survey participants (52%) interested in LCHO would go to their local Council, which appears from the discussion groups and mystery shopping to be a useful source of initial information about the various LCHO options.

Some of our interviewees had assistance from Wandsworth Council's home ownership team which was seen as useful guidance⁸.

"They [Wandsworth Council] were really helpful. They gave me all the information I needed, and I think they sent me a list of different housing associations to register with as well."

Depth interview – LCHO applicant with Wandsworth Council

In this situation, the local authority was well placed to offer not only advice and information, but also to take the applicant through the initial eligibility checks and put them in contact with relevant housing associations offering LCHO properties in the borough. More information about this can be found in section 4.6.

Housing options website

After the variety of entry routes, the next stage for most people looking for entry routes into LCHO in London is the Housing Options website (www.housingoptions.co.uk). This is generally regarded by mystery shoppers as being a useful source of information in itself, as well as being the gateway to applying for LCHO. All the mystery shoppers found their way to Housing Options eventually but often after going through several, less useful sites.

Given that the Housing Options website is seen as both a useful source of information as well as the point of entry into the application system, it would benefit potential applicants if this was the first and most obvious result for their online searches.

Whilst it is a constant process to stay ahead of other sites, the research underlines the importance of search engine optimisation to ensure the Housing Options website continues to be among the first listed in response to search terms such as "shared ownership London".

3.4 Choosing a HomeBuy product

The low awareness and knowledge of individual HomeBuy products found in the quantitative study supports the experience of applicants in the qualitative research who did not put much thought into choosing a product at the initial application stage, or were not given sufficient information to enable them to choose. This finding is also entirely consistent with the recent national evaluation of HomeBuy Agents (Ecotec, 2008).

"At the time I was looking for a property to buy and that was just when there was the big hike in the property prices and we thought, what else can we do? So I was looking for any options, basically as networking, talking to people, relatives, and searching online as well."

Depth interview - social renter

Applicants in the discussion groups said they had insufficient information to make informed decisions about which HomeBuy product to pursue, but that this was not necessarily a barrier.

"There's so many schemes and there's no one to tell you which one is best for you, as in what are the pros, what are the cons."

Mixed tenancy group

⁸ More details of the service offered by Wandsworth Council can be found in Appendix 10.

When thinking about ways to improve the process, some of these applicants suggested having a tool so that they could compare the various different schemes available. This would make them better informed over which product to choose and what to expect from the product going forward.

A comparison matrix would have done me the world of good, all the schemes on one sheet, just saying principally what's the difference between them and what difference does it make to me.

Focus group – Mixed tenancy

There is a desire for more information about the numerous products at the earliest stage. Applicants felt that the website would be the most useful platform for additional information to help inform decisions before presentations are attended, and financial interviews are undergone.

"Maybe there should be some more information on there, on the Housing Options, on the Tower Homes, their websites. I clearly remember from the Housing Options website that doesn't really have a lot of those schemes in detail. You can just register and explore a few things but you cannot get the details of the schemes and everything."

Mixed tenancy group

This mirrors the findings from the quantitative survey where two thirds (66%) of respondents interested in LCHO stated a preference to receive information through the internet.

3.5 Suggestions

To encourage greater take up of intermediate housing, misconceptions over eligibility need to be addressed and the entry routes to LCHO could also be more clearly defined. To achieve this:

- A clear and transparent message on eligibility for schemes must be communicated to consumers.
- This message also needs to reach those who offer or have the potential to offer, or signpost people towards LCHO, such as estate agents and housing associations.
- Signposting between websites referring to LCHO could be improved and contact details kept up to date. As part of this, the Housing Options Website should continue to be optimised so that it is the first source of information accessed via the internet.

4 The Application Process

Summary

Feedback on the application form was generally positive and applicants felt it was straightforward. Despite this, many find the application process frustrating due to lack of regular communication, unrealistic timescales and pressure from housing associations. The current system lacks consumer focus and applicants often need to be pro-active and chase providers in order to secure a LCHO home.

This is evident in complaints that applicants felt under time pressure to find a home once their application had been approved, and some felt that they were rushed through viewings alongside many other potential applicants. These experiences led to pessimism and dissatisfaction with both the process and applicants' chances of success in securing a property.

Being told that their "application has been successful" can send a confusing message to applicants, who often wait months before being able to view a property or make an offer. Given the high level of competition for LCHO homes, many applicants did not feel that they were given a realistic appraisal of their chance of securing a property, particularly with Intermediate Rent.

Alternative approaches, such as the Wandsworth Council Shared Ownership Nomination Service offer a helpful application service, but limit applicants to moving only within the borough they currently live in.

In general, the LCHO industry too often lacks a clear customer focus and transparent uncomplicated information on the options and products available to applicants. Applicants themselves identify a number of ways to improve this, including having a single point of contact throughout the process.

Applicants generally find the application form straightforward and easy to complete, but the process *beyond* the application form is often less satisfactory. In this chapter we assess the experiences of applicants at different stages of the process. Drawing on their feedback we consider how the process can be improved.

4.1 Application form

The online application to Housing Options was viewed as being simple and easy to complete. Most were comfortable with filling in forms online and so the experience was not new or confusing, and in the majority of cases applicants were able to complete the form in one session.

4.2 Beyond the application form

Once applicants have completed the initial application form, they tend to feel that information on the progress of their applications is not as regularly communicated as they would like it to be. Applicants mentioned that they were often unsure as to which stage they were at in the process, and whether it was down to them or the agency to move it forward. Responsibilities are often unclear and this can damage confidence in the application process.

"Once they've got your details then they probably occasionally, occasionally send you something that you might be interested in. They don't do it frequently."

Depth interview - LCHO applicant

Applicants feel that the onus is often on them to drive momentum with their application. Rather than information being readily available from the agencies, applicants feel they have to 'seek it out', and verify it themselves once they find it.

"Information is not consistent. I think you have to really look for information and it doesn't always surface especially with things like the location of properties and things like that"

Depth interview - LCHO applicant

Once the application form has been submitted, applicants can often feel anxious with what they perceive as a lack of progress with their application. Some concede that maybe they expect too much from the agencies, but still, they feel that they should be kept better informed throughout the process.

"After the application form, I just felt it just went quiet, and I was like, OK, am I supposed to be doing anything, isn't something supposed to be happening, you know? ...I expected more than it was....I just thought there'd be a lot more feedback, you'd get a lot more information, you'd be put forward for a lot more things, but it just went silent, which is why I gave up on it, and then revisited it again, maybe a year after that."

Depth interview – New Build HomeBuy applicant

4.3 Finding a home

Once the application process progresses to the actual house-hunting stage, applicants feel the timeframes afforded to them to place offers on potential homes are unrealistic, and this is viewed negatively. Applicants expect to view properties in the same way as the open market but, on discovering that viewings are conducted for large groups at the same time, feel pressured, anxious and rushed into a decision.

For the timeframe they give you that if you don't ... go ahead and look for a house. And you're given, say; by 25th March ... otherwise you don't get the funding.

Focus group - Mixed tenancy

"I think that's too much pressure, I think you should be given time to look at the house ...it's a big decision and you don't want to have to rush through making decisions like that"

Focus group - Mixed tenancy

"So I turn up and go to said meeting at said time and have a look at the place but then I'd be one of 100s that would go and, for the same place."

Depth interview – New Build HomeBuy Applicant

"Even with the viewing though, you're given a deadline for when to turn up, when they're going to close up. I got there, I was, I think, half an hour late or something and then they was going to close up early. So I was only allowed to see one flat and there was several more that had a different layout but I wasn't able to see those because they wanted to shut up early. And that's it"

Focus group - Mixed tenancy

The consequence of this pressure is often pessimism about their chances of making a successful offer.

"The application is, it's one thing, but the follow up is something entirely different. When you've applied, then you have to go for a viewing, you go to your viewing but everything after that regretfully has just left me very, very pessimistic"

Focus group - Private renters

"You didn't get any indication that there was a hope in hell that you were going to get the flat it was almost like, the impression that I got when I was viewing a lot of these places was they'd already gone."

Depth interview – New Build HomeBuy Applicant

Overall there was a frustration from applicants with the failure of the application process to successfully manage their expectations. This was well illustrated by the experience of Intermediate Rent consumers who felt frustrated about the lack of information on the actual number of units available.

I would suggest that if they are offering funding for 40 people they should offer 40 and then send them a letter, they know that this time they can cater for these 40 people. Not to raise people's hopes and just lead them, and you find out in stages, wondering what the next stage is all about. So one day you can provide money for 40 people and you can have 40 successes.

Focus group - Mixed tenancy

Some applicants also feel that they are let down at the viewing stage because the LCHO homes are often the least desirable properties within a complex, whereas the best properties are often those that are for sale on the open market.

"You go to view and then you find that the allocation is like one in front of the railway line that hasn't got any decent view, it's the one that's all shared ownership. The front side for example, the open-market ones have the view."

Depth interview – New Build HomeBuy Applicant

If they do proceed with an offer, applicants again feel pressured to rush through the process. They are already wary of daunting payment responsibilities, and applicants want to know the agencies will take them through the process steadily, rather than cajole them.

"I felt rushed and pressured that I had to, because after the viewing, the one in, near Arsenal, they wanted me to contact them next week, and come to this next meeting, meet their mortgage provider, duh, duh, duh, duh, and it was like, why is it such, why

are you rushing me for? Why are you in such a hurry, you know? So, yeah, I did feel herded and cajoled at a point, yeah, definitely."

Depth interview - HomeBuy Direct applicant

4.4 Choosing a mortgage

Many applicants were wary of the lack of choice of mortgage advisor. The advisors they were referred to were viewed with some suspicion, largely because they are pre-selected by the HomeBuy Agent rather than by the consumer. The lack of choice was unsettling for many, while some applicants were worried about whether the mortgage deal proposed was actually competitive.

"I think the worst thing for me was not feeling like I'd got a competitive mortgage deal...basically he just said, you're having this, and we signed it. And it was a bit like, because you're under pressure to get it done on time."

Focus group – Mixed tenancy

"One thing I didn't like is that they always refer you to their own mortgage provider, and they seem to not like people who want to find their own mortgage provider, if you see what I mean? And I thought, well, there's some kind of deal going on here, do you know what I mean? Why do I have to go to this one? Why can't I just find my own?"

Depth interview – New Build HomeBuy applicant

When applicants are dealing with the financial advisors, some feel that the advice is useful and realistic but others are not satisfied with the limited range of mortgage products available to them or with the economic advantages which they offer.

"They seem keen to get you on board, especially when they deal with your finance. They're quite realistic about finances and shared ownership, I thought that was quite good."

Depth interview – New Build HomeBuy Applicant

"At the moment I'm paying around £1,500 a month, I think I could have paid that on the open market. I don't see why I have to pay £1,500- 65% of that is rent. Do you see what I mean? I don't think that's good independent financial advice. Unfortunately I know it's tied up with what the banks are willing to give you, but I just think the scheme doesn't work brilliantly"

Depth interview – New Build HomeBuy Applicant

It's all right saying that, OK, you can get three and a half times the amount but what is right for you? (You want them to) take a bit more of a closer interest in you personally.

Focus group - Mixed tenancy

I think they just need to be very clear and very specific about what it is that people are getting into especially with this downturn

Focus group - Social tenants

Some applicants are nervous about the viability of their mortgages given the current economic climate.

"The loan to equity value has changed, the percentage rates obviously have changed if you get a mortgage, what you require to down payment deposit wise has changed. So you would have put 5% down, now it's more like 15% deposit"

Depth interview – New Build HomeBuy applicant

Others talked of some confusion over the rent payments, and whether re-valuations are carried out to reflect the current value of properties

"According to them, they don't ever have to re-evaluate, revalue the rent, which I thought was very strange. I suppose one of those things I didn't really ask before I moved in."

Depth interview – New Build HomeBuy applicant

"Sometimes you really have to dig deeper to get the real information on what's going on. I think they said the rent, they said for example on this one, that it was capped or something, I was quite unaware."

Depth interview – New Build HomeBuy applicant

4.5 Care, communication, and continuity during the process

The previous 2008 national evaluation of HomeBuy agents highlighted that whilst the majority of applicants were happy with the service they received, there was potential to improve the quantity and quality of communication (Ecotec, 2008). Similarly in this study, the key issue facing applicants during the process can be surmised as a lack of personalised customer care and continuity. Although people accept that the process will be different from buying on the open market, they feel that they lose too much of the care and communication that they believe should be afforded to them.

"I think after you've seen a place you just get the standard letter that says, oh no you're not eligible this time, but stay on the list and what you've chosen might come up again."

Depth interview - LCHO Applicant

There are issues of communication between the agencies involved in the process after an application has been made. Some residents feel that they have to drive this communication to ensure the process maintains momentum and does not stall.

"I had to push the solicitor and [Housing Association] really fast to communicate with each other...they all kind of seemed to know what they need to do, but you just have to phone up and say, I haven't heard from you in a week, and they say, oh we're waiting on this or that, or your solicitor hasn't sent us this"

Depth interview – New Build HomeBuy Applicant

A timescale would have been nice, because you've got no idea how long it's going to take, having not been through a housing process before I've got no idea how long it takes from start to finish. So that would have been quite nice.

Focus group - Private renters

Some applicants gave examples where poor communication from agencies involved in the process led to what they saw as real problems with their applications, and problems that could have been avoided with more regular feedback. It is clear also that there remains some confusion over the financial responsibilities of the shared ownership schemes.

"The housing association were really poor at keeping us informed, and then they re-valued because of the delay and the price of the flat went up £20,000 and we had to absorb that, it's shocking that a housing association that's supposed to be providing social housing didn't absorb some of that cost which was caused. The main thing was that they're just not, they're not good at communicating, they don't respond to calls or anything. Really rubbish"

Depth interview – New Build HomeBuy Applicant

I think that in terms of what will make the system better is that maybe I didn't really feel that there was a body that was overseeing this that I could go to for advice and information, it very much felt like [Housing Association] was my only contact and that they represented the shared ownership industry if you like, but they weren't really giving me very good information, I didn't feel particularly trusting of their role. They very much act like a private company really.

Depth interview – New Build HomeBuy Applicant

Some thought regular email updates would suit the way they worked and be sufficient to keep them in the picture.

Well I can get many alerts, I have to do the footwork, but because I'm with Metropolitan, the Housing Options people here, online and they sent me a paper as well, I think it would be clever to be centralised and send me alerts or emails rather than me have to chase a lot of things.

Depth interview – New Build HomeBuy Applicant

Once residents have moved into their properties, often the after-care is found wanting. There seems to be a lack of information as to where practical responsibilities lie between the agencies and the developers and the resident themselves.

"My shower didn't work, and then just by accident I found out actually all the showers are covered by a five year guarantee, but no one at [Housing Association] knew that. They didn't know how to deal with... so I found out because someone else found out through, just by calling this guy Nick who sold the flats, he phoned the people that built the building, and they finally agreed to replace the shower thing"

Depth interview – New Build HomeBuy Applicant

4.6 Applicant aspirations and managing expectations

It was clear from depth interviews that many applicants are thinking further ahead than just the initial purchase of an intermediate home. Some applicants are concerned that the LCHO schemes may be short-sighted, or restrictive.

"I don't think I should be paying as much as this especially as it's described as a scheme for people on lower incomes, and I'm not entirely sure of how it prepares me for my next steps. I don't really think it does."

Depth interview – New Build HomeBuy Applicant

Worryingly, some applicants question whether LCHO is actually low-cost, especially where part rent-part buy schemes where the payments are felt to exceed that on the open market, but without the flexibility afforded by the open market when it comes to selling the property and moving on.

"I feel quite strongly that although it's billed as for lower incomes, it's not actually. There are major drawbacks for people on lower incomes, i.e. you end up spending more than you would do if you just had a straight off mortgage, which is a huge thing. And then also in terms of next steps, what do you do after that when you want to move on?"

Focus group – Mixed tenancy

Applicants are equally worried how the shared ownership schemes will benefit them beyond the initial step onto the ladder of housing ownership. There are anxieties that the schemes have few long-term benefits in comparison to the financial commitments they demand.

"Shared ownership is for first time buyers, it's got this bizarre thing where yes, it helps you to get a foot in the market, but I own whatever I've paid on the mortgage, like 35% of this place, what could I possibly buy in London with that? What market does that get me a foot in?"

Depth interview – New Build HomeBuy applicant

This concern may reflect the reality that for many existing intermediate market consumers shared ownership is becoming a permanent hybrid tenure for some who will never be able to step up to full home ownership (Wallace, 2008).

Equally there is an argument that applicants' expectations of the process may be unrealistic, and it is worth some consideration over how expectations can be more effectively managed.

4.7 Borough one stop shops

The majority of applicants involved in this research had used the Housing Options online application as a route into LCHO. An alternative approach is offered by some local authorities, who have a one-stop shop for LCHO applications. Wandsworth Council offer such a service, with applicants able to apply through a Shared Ownership Nomination Scheme (an explanation of which can be found in Appendix 10).

The role of the local council in these applications was to handle the initial application and eligibility assessment and then direct applicants to the relevant housing associations offering

properties in the borough. Therefore these applicants experience of the whole process was based primarily on their interaction with the housing associations.

These applicants had mixed views on the impact on the role of one-stop-shops within the HomeBuy application process. They were seen as helpful in the initial stages, providing a more personalised approach than the Housing Options website.

“They [Wandsworth Council] were really helpful. They gave me all the information I needed and they sent me a list of different housing associations to register with as well.”

Depth interview - Wandsworth shared ownership applicant

It did not seem clear to applicants what the involvement of Wandsworth council was during the process, and neither interviewee was spontaneously aware of the one-stop-shop service. In addition, the involvement of the local authority over the whole process could make the process more complicated and lengthy.

“There were too many cooks at times... My solicitor was always waiting for something from someone else... [at times] they didn't know the answer because it hadn't been handed over yet to Wandsworth, or it hadn't been out to Notting Hill... They weren't always talking and too many people were involved.”

Depth interview - Wandsworth shared ownership applicant

Compared to a pan-London website advertising properties across the city, the one-stop-shop applicants believe they are restricted to applying only for properties within the borough.

“I would have much rather been able to choose to go anywhere because you get more choice then and may be able to get somewhere that was slightly cheaper as well.”

Depth interview - Wandsworth shared ownership applicant

Given that none of the participants in this research had experience of both the mainstream and alternative routes into intermediate housing, it is difficult to provide direct comparison. However, the interviews do seem to confirm the value of both a personalised approach and the provision of comprehensive information during the early stages of application.

4.7 Suggestions

Throughout the research a number of suggestions emerged where applicants believed the process could be improved. Applicants felt more could be done to improve the application process by:

- Improving information about the stages of the application process
- Providing more realistic timeframes
- Providing regular updates on the status of applications
- Having a single point of contact throughout the application process
- Employing a tool on the Housing Options website which allows users to easily find out which products they are eligible for

- Employing a tool on the Housing Options website which allows users to compare products by overall weekly/monthly costs
- Delivering a more personalised and customer focused service
- Managing expectations more effectively by providing applicants with a realistic appraisal of their chances of securing a LCHO home
- Providing more detailed information on the financial implications of taking on a mortgage, and if applicable, the rental element.

However, some of the dissatisfaction expressed suggests that there is a need to better manage customers' expectations of LCHO and the application process. For example, greater clarity about the fact that an eligibility check is only a first step, and that applicants will need to be proactive about then finding a home, might better equip them for the process ahead. Similarly, greater transparency about the rents and service charges attaching to LCHO units may be called for in some cases.

5 Conclusions and Challenges

Despite some concern about the current housing market, interest in LCHO amongst eligible Londoners remains high. However, there is a lack of knowledge about products and misconceptions among some consumers over eligibility that is discouraging potential consumers from applying. Consumers need to be made aware of the income criteria for LCHO and that most schemes are available to all occupation groups.

Improving awareness of the LCHO offer, and who can take advantage of it, will mean better communication with the target audience. At present, it appears changes to policy – such as the broadening of LCHO eligibility beyond key workers – have not permeated customers' understanding. A considerable proportion of respondents to our survey did not know where to start looking if they wanted to find out more about LCHO and there is a challenge in making consumers aware of the key sources.

Some consumers can go through a number of search stages to reach the Housing Options service and few thoroughly research the individual products. Once they have reached the application stage, consumers generally find the form and submitting an application straightforward. Once they have applied many consumers felt they needed better communication about what was happening to their application. Beyond this stage, there are a series of complications that make the customer journey to LCHO unnecessarily confusing and frustrating.

After their application was approved, there were many aspects of the process of finding a home that consumers found stressful and unsatisfactory. Applicants want a realistic assessment of their chances of finding a suitable property to give them a clear expectation of what they were up against. Consumers also expressed a preference for summary information that would allow them to easily skim the key characteristics and criteria of all the schemes side by side.

Overall, LCHO consumers are looking for a more personalised service, more choice and less pressure to rush through the offer. For *shared ownership* and *shared equity* schemes they wanted more information about the true costs over time. Again, communication is the key; those who feel better informed along the way are more satisfied with the service which they receive.

Key challenges for policy makers, the HomeBuy Agents, housing associations and developers include:

- Ensuring that marketing information reaches a broader cross section of the eligible population – for example, those in private rented housing who are not key workers.
- Helping customers pick through the advantages and disadvantages of their LCHO options without assuming they have, or will acquire, detailed knowledge of the specific products that are available.
- Ensuring that the Housing Options site is the most accessible source of online information, including by search engine optimisation.
- Managing customers expectations of the application process, particularly after initial eligibility checks have been completed.

Appendix 1 Online Survey Respondent Characteristics

Appendix: Demographics of respondents

	Gender			Age						Current tenure			Income			
	Total	Male	Female	18-24	25-34	35-44	45-55	56-65	Social tenant	Private rented	Living with parents/ relatives or rentfree	£20,000 - £29,999	£30,000 - £39,999	£40,000 - £49,999	£50,000 - £74,799	
Unweighted total	554	286	268	50	201	151	110	42	171	317	66	224	154	95	81	
Weighted total	513	287	225	54	230	121	76	32	161	287	64	261	149	44	58	
Gender																
Male	56%	100%		36%	56%	65%	54%	60%	55%	58%	51%	54%	56%	59%	62%	
Female	44%		100%	64%	44%	35%	46%	40%	45%	42%	49%	46%	44%	41%	38%	
Age																
18-24	11%	7%	15%	100%					3%	9%	37%	14%	7%	11%	6%	
25-34	45%	45%	45%		100%				21%	58%	46%	38%	47%	53%	61%	
35-44	24%	27%	19%			100%			32%	22%	10%	23%	29%	19%	16%	
45-55	15%	14%	15%				100%		30%	8%	6%	17%	13%	12%	13%	
56-65	6%	7%	6%					100%	13%	3%	1%	8%	4%	4%	4%	
Current tenure																
Social tenant	31%	31%	32%	9%	15%	43%	64%	68%	100%			37%	30%	26%	18%	
Private rented	56%	58%	54%	48%	72%	51%	32%	29%		100%		48%	61%	64%	72%	
Living with parents/ relatives or rent free	13%	11%	14%	44%	13%	6%	5%	3%			100%	15%	9%	10%	10%	
Income																
£20,000 - £29,999	51%	49%	53%	65%	44%	49%	58%	69%	59%	44%	63%	100%				
£30,000 - £39,999	29%	29%	29%	18%	31%	36%	25%	18%	27%	32%	22%		100%			
£40,000 - £49,999	9%	9%	8%	9%	10%	7%	7%	6%	7%	10%	7%			100%		
£50,000 - £74,799	11%	13%	10%	7%	15%	8%	10%	7%	6%	15%	9%				100%	

Appendix 2 Explanation of Wandsworth Shared Ownership Nomination Scheme

Wandsworth Council operates a Shared Ownership Nomination Scheme (SONS) for applicants in the borough applying for LCHO. Rather than applying through Housing Options, these applicants complete an application form with the home ownership team at Wandsworth, who then determine the eligibility and priority of applicants. The home ownership team then notify housing associations offering properties in the borough of priority applicants who are eligible and have applied for LCHO. The housing associations can then contact the applicants directly and invite them to view the properties available.

The scheme only applies to NewBuild HomeBuy properties in Wandsworth.

How does the Shared Ownership Nomination Scheme work?

“The housing associations will contact us with details of each development or re-sell, as they become available. They will advise us of the type of property available whether it is keyworker or non-keyworker and the minimum household income that is needed to purchase a share. We will then search our records and either provide the housing association with a list of suitable applicants to contact directly, or we will send out details of the property to qualifying applicants who are registered on the scheme. It is therefore important that you advise the team of any changes in your personal or financial circumstances since this may effect the properties you are eligible for.”

“You will then be given the opportunity to view the property. Once you have viewed the property, if you are still interested in purchasing you can put your name forward.”

“The housing association will ask you in for an interview and undertake a financial assessment. You will need to take your mortgage certificate and details of all income and expenditure to the financial assessment and, if the housing association are happy that you can afford to proceed, you will be offered the property. In some cases the housing association might require you to pay a non-refundable deposit at the offer stage. If a deposit is paid this will be deducted from the purchase price on completion.”

Excerpt from

http://www.wandsworth.gov.uk/Home/CommunityServices/HomeOwnership/hoshared.htm?wbc_purpose=Basic

The Wandsworth One Stop Shop operates in parallel to the Housing Options service, which remains responsible for applications for all government-funded products. Regular data sharing between Wandsworth and the HomeBuy Agents is undertaken to ensure the two services are coordinated.

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