DELIVERING AFFORDABLE DWELLINGS FOR KEY WORKERS: THE SHARED-OWNERSHIP OPTION IN SUB-SAHARAN AFRICA

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Achieving 'value for money' is a main concern on housing construction projects particularly for average income earners employed in key sectors such as the police force, education, and healthcare. This paper reviews a yet uncommon way of delivering dwelling units for this category of '*Key workers'*. The scheme-*Shared-Ownership*- allows the end user to engage in a staged (gradual) process of ownership (*Stair-casing*), and has proved to be a viable option for providing housing units in the United Kingdom mainly via housing associations. The scheme can be a viable option in the urban African affordable housing market, with a main proviso; that its adaptation must be compatible with the operation of small scale property developers. Its success rests on the premises that a) Governments motivate financing institutions to develop mortgages more suited to the financial capability of this range of salaried workers and b) Maintenance programmes via the use of service charges are incorporated into the legal documentation for the sale/rental of such units. This paper argues that the shared-ownership model has real potential and can be suitably adapted to various scales of housing developers, and significantly, facilitates a gradual ownership process.

Keywords: Shared-Ownership, Affordable Housing, Key Workers.

INTRODUCTION

The housing needs of average income earners are often overlooked because they do not always qualify for low-income housing schemes, yet renting in the private housing sector is often a challenge because they do not possess sufficient disposable income to access many options on the open housing market. The Nigerian context for example is such that aspirations to home ownership are deeply ingrained within the culture of various ethnicities, and the urban dweller increasingly, has to choose between buying land and building in phases, or purchase completed dwellings from the private

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housing developers that are springing up. This situation is slowly becoming the urban housing reality in other Sub-Saharan countries such as Ghana, Gambia, Kenya, and South Africa. Key workers are invariably salaried income earners hence have a stable though modest income working in jobs or careers like the armed forces, education, healthcare, fire department, and non-managerial civil service that are in intermediate roles outside of management levels. These jobs usually fall within an income bracket sandwiched between professional workers and low-income earners and urban poor. According to Olotuah (2010), these workers in the Nigerian context often struggle to afford to buy 'low-cost' housing schemes or to rent on estates that are targeted at the middle professional classes/workers. Key workers sometimes qualify for subsidized accommodation provided by employers, but these are often limited, and assistance to buy rarely exists.

Many key workers who live in large urban areas are renters but still possess home ownership aspirations, and this peculiar catch-22 situation is also recognised in literature (Clarke, Fenton, Markkanen, Monk & Whitehead, 2008). Several solutions have been sought or designed to provide affordable housing that meet the demands of average income earners, recognising that whilst they do not require full subsidies, they nonetheless require a subsidy or a structure that allows them to afford home ownership in stages or at prices that are lower than open market prices. The Shared Ownership scheme in the United Kingdom provides housing units via housing associations, local government councils or medium scale housing developers (Clarke, et al., 2008; Cook, 2006; and UK Government website, 2013), and is an affordable scheme that allows the key worker to buy a property in stages. This invariably means that the initial cost of construction has to be borne by public or private developers who then recoup their investment by selling on the units. It is a scheme that is subsidised by the government in the UK context (Perry, 2012) and brings the government indirectly into the home sale sector, to provide a coordinated construction programme.

Shared ownership schemes have been operating for over 30 years in the United Kingdom (Clarke et al, 2008; Graham, 2010;), and the format is designed to make more housing units available and affordable, and can be adapted for key workers in cities such as Lagos, Nairobi, and Johannesburg. This paper presents the key features of the shared-ownership scheme, reviews two housing associations that are major shared-ownership providers in the United Kingdom, outlines the main benefits of the scheme that can offer lessons for the Sub-Saharan context, and discusses its shortcomings particularly within the context of developing nations. Ultimately, the scheme offers real benefits that can be suitably adapted to various scales of housing developers, and the potential pitfalls can be tackled and minimised provided a level of political will is present. The government, property developers, commercial banks, mortgage and finance institutions need to invest capital and significantly, transform their conceptualisation of the end-user from 'consumer' to 'stakeholder'.

INTRODUCING SHARED-OWNERSHIP; PROVIDING AFFORDABLE HOUSING

Shared ownership is a way of buying a stake in a property with a second owner, in this case, an institution who can contribute toward the purchase of the property. Shared ownership is also known as New Build Homebuy (Graham, 2010; UK Government website, 2013). The prospective shared owner buyer (the first owner) purchases a share of the property (between 25% and 75% of the home's value) typically from a housing association (the second owner) and pays subsidized rent on the remaining share to the housing association (Clarke, et al, 2008; UK Government website, 2013), however, the first owner (the buyer) will have sole occupancy rights to the property.

The shared ownership format was introduced in the 1980s in England to provide affordable good quality homes for those who could not afford to buy on the open market (Graham, 2010). In order to be eligible, the purchaser must have a combined household income of less than £60,000 per year (for a 1 or 2 bedroom flat)[3] and be unable to purchase an appropriate home on the open market without assistance (Council of Mortgage Lenders, Homes and Communities Agency, National Housing Federation, 2011; and UK Government website, 2013). At present, there are 135,200 shared ownership properties in England (Council of Mortgage Lenders, Homes and Communities Agency, National Housing Federation, 2011), but the mean household income bracket in the UK of £28,200[4] is far less than the upper limit of the scheme, which opens up the scheme to other professionals who could prove inability to purchase on the open market.

Shared ownership units constitute just 2.5% of the affordable housing stock, but comprises over 30% of new-build affordable housing units according to Clarke, et al. (2008); demonstrating its increasingly significant role in the affordable housing sector. Although the property is not owned outright initially, the shared owner has the normal rights and responsibilities of a full owner-occupier. All providers must offer flexibility within the 25% - 75% share range for initial purchase, and additional shares can be bought up to outright ownership.

The relevance of the scheme stems partly from the fact that people usually work during their lifetime to obtain a property to live in for their retirement which is a common phenomenon in many countries; Nigeria inclusive, and then pass it on to their children as inheritance. Whilst building their home, they tend to live in rented accommodation and pay rent to a landlord. This means that they pay twice for their homes because they pay rent and at the same time put money aside to build a home. An option is to purchase an already built home from a developer. For this option, the individual needs to have all the funds to purchase the property outright which is not realistic for most salary earners.

A second option which is relatively common in many African countries is to raise funds privately for the purchase of land and then to build in stages. Oftentimes, people move into uncompleted buildings and then continue the completion process, as their access to additional funds permits. This usually involves using the informal network of friends, and relatives (CAHF (2010), EFInA and FinMark (2010) and Mutero (2007), or taking out small loans from banks.

A third option that is slowly gaining ground in Nigeria and is the more common route in the UK, is to obtain a mortgage (loan) to pay for the property (www.helptobuy.org.uk; Clarke, et al., 2008) , and then repay the loan over a period of up to 20 years. While a stable economy and relative job security typically makes the lender reasonably confident of the buyer's ability to repay the loan, the property being purchased also serves as security or collateral as it can be repossessed in the case of protracted default on repayments. What the shared ownership scheme does is to provide assistance for people to be able to live in their completed house from the

[3]An income limit of £77,200 was set for the purchase of a 3-bedroom property (http://www.santander.co.uk).
[4] Source of median household income is (http://www.ons.gov.uk), based on 2011/2012 figures.

very start and not need to wait until when they have paid off the loan to take possession and occupancy.

KEY FEATURES OF SHARED-OWNERSHIP HOUSING

In the UK, housing associations (or private registered providers of social housing), according to the UK Government website (2013) provide shared ownership schemes utilising certain eligibility criteria. There are housing associations that also provide accommodation for lone parents, ethnic minorities, disabled people, elderly people, ex-service men and women etc. based on variants of the standard shared ownership model described below, but the basic eligibility criteria all stem from the premise of affordability for the average income earner. Hence, the initial valuation of the 100% cost of the housing unit, on which the percentage purchases is based, is usually below the market price of an equivalent unit. As mentioned previously, the shared owner initially buys a proportion of the home (minimum of 25%) which is available for immediate occupation, but pays subsidised rent on the un-owned share. Nonetheless, the shared owner has normal rights and responsibilities of a full owner-occupier.

Shared ownership homes may be new or renovated flats or houses, and are sold as leaseholds, with a 99 or 125 year lease on the property (www.helptobuy.org.uk; The Leasehold Advisory Service, 2011), which can be extended by the shared owner for a fee[5]. Importantly, all Agency funded schemes according to Council of Mortgage Lenders, Homes and Communities Agency, National Housing Federation (2011) must allow for the leaseholder to staircase to 100% and own the property outright.

You can buy more shares in your home any time after you become the owner in a process known as *Staircasing*. Staircasing is the process whereby the buyer can buy further shares (in 10% minimum lots according to the Council of Mortgage Lenders, Homes and Communities Agency, National Housing Federation, 2011) until the property is owned outright; a metaphor of going up rungs or steps in a staircase until you get to the top; which translates to outright ownership. The cost of the new share depends on how much the home is worth at the time you want to buy the share. If property prices in the property's area have gone up, the subsequent share will cost more than the first share, but the opposite is also true (Clarke, et al., 2008), though less likely to happen. The housing association gets the property valued but the homeowner pays the estate valuer's fee.

A key feature of the shared ownership scheme is that 100% ownership of the housing unit means that the unit is no longer 'shared ownership' and the owner can sell it themselves, but when the unit is put up for sale, the housing association has the right to buy the property back first. This is known as 'first refusal' and the housing association has this right for 21 years after full ownership of the home (www.helptobuy.org.uk and UK Government website, 2013). However, the housing association has the right to find a buyer for the housing unit when the shared owner owns only a share of the property. Finally, any home owner in the UK has to pay a nominal ground rent for a leasehold property (usually £1 per year), and a one-off stamp duty to the government which is for homes above a price threshold that is often more than shared-ownership property values.

[5] Information obtained from https://www.gov.uk/leasehold-property/extending-changing-or-ending-a-lease accessed on 14/01/14.

ELIGIBILITY CRITERIA

Housing associations typically follow key criteria in assessing people to benefit from the scheme. The first eligibility criterion is that the purchaser is usually a "key worker", i.e. a teacher, police officer, civil servant working in the public sector although this is not strictly the case. Units are usually set aside for key workers' applications whilst other units may be offered to the wider populace. The second criterion is that only households with a combined income of less than 60,000 will qualify (Council of Mortgage Lenders, Homes and Communities Agency, National Housing Federation, 2011), to ensure that richer public sector workers do not use the government grant as a means to purchase multiple properties to then sell or rent out to low-income or the middle-income workers. At the other end of the scale, there will be a minimum threshold, to ensure that the mortgagee can afford to pay the mortgage to the banks and the rent on the remainder. The third criterion is that it can only be used to purchase a first property, that is a first-time buyer, and the property is for the individual to live in, and there must be evidence that they work within the property location area and within reasonable travel distance to their place of work. The fourth criterion is that the property is not to be sublet to a third party, to avoid individuals turning this into a commercial venture. The fifth criterion is that if for some reason, an individual can no longer live in the property the shared owner has to sell it back to the housing association or the government agency, to ensure that it stays within the public sector so that it is available for future eligible key workers to purchase (www.helptobuy.org.uk; Council of Mortgage Lenders, Homes and Communities Agency, National Housing Federation, 2011). These eligibility criteria have been employed over the years by most shared ownership providers, and two of the main shared ownership providers are outlined below.

CASE STUDIES: NOTTING HILL HOUSING TRUST AND THAMES VALLEY HOUSING

Over 2000 housing associations operate across the UK (www.housingnet.co.uk), but the majority of shared ownership properties are in South-East England, so the two examples are taken from this region. Notting Hill Housing (NHH), London, was founded in 1963 with 5 houses and 30 flats by Rev. Bruce Kenrick, which has grown to a current portfolio of over 27,000 properties (Notting Hill Housing, 2014a, 2014b), including over 4500 shared ownership units.[6] NHH built the first ever shared ownership scheme in West London in 1980. The association offers a varied range of accommodation from studio flats to 4 bedroom houses and is one of the most financially robust housing associations. They provide advice about choosing conveyance solicitors during the buying process, and on debt management in cases where buyers are struggling with rent repayments.

Thames Valley Housing (TVH), London, also has a long involvement in social housing going back to 1966, and presently has a property portfolio of over 14,000 housing units (www.tvha.co.uk/about/) which includes rental units, shared ownership, key workers and student accommodation. TVH raises additional funds on the open market by operating a rental market, and a joint venture to build houses for direct sale and to provide better services to the affordable sector. Whilst both housing associations get most of their funding from the government, internally generated

[6] From communications@nhhg.org.uk received on 14/01/14.

revenue is also an important strategy to increase funds coming into the social housing sector.

PROCUREMENT AND PURCHASE OF SHARED-OWNERSHIP HOUSING IN THE UK

The typical method of financing shared-ownership construction is through government funds, with the housing associations taking responsibility for organizing the design and construction process, and also acting as the management company to handle on-going maintenance and care for the development. Funding the purchase of a housing unit in the UK is typically by the end-user taking out a mortgage to pay for the share of the home’s purchase price, or a combination of cash deposits and a mortgage. The value of the mortgage that an individual is allowed to borrow is a multiple of the single income, or a multiple of the combined income of a couple, and the mortgage companies try to limit risk by demanding a deposit from the mortgagee as a percentage of the loan required. The incentive for the mortgagee is that the higher the deposit paid, the lower the interest payable or charged. If property prices rise to an extent that the multiple value of the person’s income will still be insufficient to obtain a mortgage, the shared ownership scheme becomes a useful route into home ownership.

The first owner (shared owner) contributes a percentage of the deposit required, thereby reducing the loan to value (LTV) ratio of the mortgage, as most lenders have a limit of the loan that they are willing to pay. For instance, Santander Bank, one of the largest banks operating in the UK and Europe offers shared ownership mortgages up to 90% LTV ratio of the value of the share that the shared owner buys (information from www.santander.co.uk). This means the prospective shared owner contributes 10% of the LTV ratio based on the initial shares. However, if the shared owner is buying a new build property, different LTV limits apply.

TYPICAL MORTGAGE SCENARIO

A typical mortgage arrangement adapted from www.santander.co.uk works as follows. For a property value of £100,000, the owner puts down a 10% deposit, which is £10,000, and the value of the mortgage required will be £90,000. If the multiple of the income of the first owner will qualify for a mortgage of £60,000 (individual banks determine the multiplier used in calculating the loan amount), there is a shortfall of £30,000 that the first owner has to provide, to makes it possible for the mortgage company to lend the £60,000 mortgage.

With regards to shared ownership units however, if the first owner (shared owner) wants to purchase 70% of the property outlined above (that is £70,000 of the £100,000), the second owner (housing association or development company) owns the remaining 30% (£30,000). The first owner needs to qualify for a mortgage of £70,000 from the mortgage company, based on their current salary, and also pay rent on the remaining £30,000 to the second owner. Shared ownership mortgages can either be a repayment or an interest-only mortgage but a detailed description of these products is beyond the scope of this paper.

If the first owner wishes to sell the property after some time, based on the example above, the value of the property may have increased to £120,000 resulting in a positive equity of £20,000 which is shared using the 70:30 ratio of ownership. However, if the property is now worth £80k, there is a negative equity of £20,000, and the loss share is also calculated on the same 70:30 basis. However, the second owner will not wish to lose their £30,000 investment, and may seek to repossess the property and sell it off to make up for their loss. Typically, if the shared ownership has been in place for at least a period of 5-7 years, and no additional monies have been borrowed against the value of the property, it is more likely that there will be positive equity which the shared owner or 100% owner can benefit from on sale.

MANAGEMENT OF A SHARED-OWNERSHIP DEVELOPMENT

The housing stock usually consists of one to two-bedroom flats, and three-bedroom houses. Shared ownership properties (flats and houses) are leasehold tenures instead of freehold tenure. By law in the UK, freehold tenure is owned in perpetuity and the freeholder owns the property and the land on which the property stands. Leasehold tenure on the other hand belongs to a leaseholder for 99/125 years (www.lease-advice.org, 2013), and then reverts to the freeholder at the end of the period, although the lease can be extended for a fee. Leaseholders can come together and buy the collective freehold after they have paid off the second owner's share, and each one of them will have a share of the freehold of the property. However, according to The Leasehold Advisory Service (2011), shared ownership leases are different in an important respect as it does not allow the shared owners to collectively manage the building or buy the freehold. All shared owners pay full rate service charges for the management of communal infrastructure in the estate, and are fully responsible for repairing the internal aspects of their flat/house.

The management of the housing organisation will consist of two main departments, namely, personnel managing the money, and personnel managing the property. The money managers ensure that eligible people purchase the property, collect rents and service charges and deposit it in funds to pay staff wages, property maintenance, loans or any other expenditure. If rents are not forthcoming from the owners, the money managers are responsible for evicting them and finding other people to take over the property. The property managers manage the property, and are usually construction related professionals such as architects, building surveyors, maintenance surveyors, and estate valuers. Condition surveys are regularly carried out on the property and infrastructure, and a periodic maintenance plan is set up based on the life cycle of the different building components. The estate valuers ensure that the property retains its value relative to the open market. As such, if the owner wants to sell their share of the property, it will be at the market rates, and equity values will be accurate.

THE PROVISION OF MAINTENANCE VIA THE USE OF SERVICE CHARGES

Since many shared-ownership housing units are usually built as small or medium sized estates or housing blocks that are part of estates, a service charge is also paid by the shared owner for the building communal areas, road and utilities provision, maintenance, repair and replacement of components. Service charge is required for all tenure (tenants, shared owners and full owners), for day-to-day reactive maintenance, planned maintenance, capital repairs and renewals and major investments for the benefit of the overall development. In order to safeguard against the housing developer diverting the service charges paid into other ventures which may be risky and would not benefit the development in the long run, it is a typical requirement that the funds be invested in an annual sinking fund or account that is stable and will retain the capital invested within the accounts registered for the development. In order to adapt the system in Sub-Saharan Africa, similar charges need to be paid for maintenance and such funds need to be managed by the management company, with yearly account statements made available to all shared owners and renters for a measure of financial transparency.

FINANCING HOUSING CONSTRUCTION IN AFRICA

State intervention in the form of (public) housing construction in many African nations evolved during the period of colonial occupation, with the provision of housing for the white colonial population "settled" in specially developed areas. The post-independence period for many countries saw the development and extension of the middle income government housing areas for the indigenous elites who filled the positions vacated by the colonial staff.

Olayiwola, Adeleye and Ogunshakin (2005) report a huge decline in Nigerian government's intervention through direct housing construction for lower income earners since the 1970s. The Federal Mortgage Bank of Nigeria (FMBN) was created in 1977 but its subsequent struggles to reduce the shortage of housing led to the promulgation of the National Housing Policy of 1991 and the National Housing Fund in 1992. Recent efforts to supply affordable housing in Nigeria according to Makinde (2013) have made little impact on the deficit to date. The largest housing provider in Nigeria is the private sector mostly in form of small landlords (CAHF, 2010; and EFInA & FinMark, 2010). Whilst the government via the FMBN and the NHF has spent a lot of money in financing, the bulk of the financing is from the private formal sector (developers, mortgage institutions, corporate bodies and finance institutions) and the informal sector (friends, families, cooperatives, and community action).

South Africa's housing sector according to AUHF (2012) can be divided into three sectors, with 20-25% falling into the category of those that earn too much to qualify for a housing subsidy and too little to afford the cheapest newly built house. This affordable housing market has become a serious concern for the government and in 2012 the South African President introduced a new housing subsidy to address the needs of this market. This new subsidy is part of interventions which include a tax incentive to build less expensive housing, and a mortgage guarantee instrument targeted at the lower-income market. Some efforts are being made to address the needs of this category, but the current situation is that one third of South African mortgage holders cannot afford their monthly mortgage repayments as reported by AUHF (2012).

AUHF (2012) and Malhotra (2002) also report some difficulties for low income property buyers in Kenya to access funding in the midst of the interest rate hikes, but fuelled by a growing middle class, the Kenyan housing sector has been one of the fastest growing over the last decade (AUHF, 2012). Despite the rise in inflation rates in Kenya during 2011 and the current, high interest rate levels, the results show evidence of a solid housing sales market, but with real difficulties in the affordable sector.

The building and construction industry is an important driver of the Ghanaian economy, and a few Ghana-based developers such as Blue Rose Limited are focused on building quality and affordable residential facilities for average income earners. Blue Rose had a turnover of approximately US$10,000,000 during the period from 2009 to 2011 which makes it one of the most successful low-cost housing developers in Africa (AUHF, 2012). Hopefully, other developers can be motivated to follow through if success is achieved by Blue Rose.

Overall, difficulties with funding housing units for average income workers including key workers is not unique, and lessons from one country may benefit another.

THE USE OF MORTGAGES IN SUB-SAHARAN AFRICA

Rust (2012) states that only 3% of Africa's population can currently support a mortgage although there is some variation across various countries. Mortgage banking development in Nigeria can be traced to the establishment of the Nigeria Building Society in 1956, but this collapsed and was not really revived until the formation of Federal Mortgage Bank of Nigeria (FMBN) in 1977, which has been unable to keep up with demand according to Adebamowo, Odewaye and Oduwaye (2012).

Adebamowo, Odewaye and Oduwaye (2012) also emphasise the need to significantly increase the contribution of the entire mortgage banking/housing finance sector to the Nation's Gross Domestic Product (GDP) which is currently put at 0.38%, compared to other countries such as South Africa and Malaysia with an average rate of 40%. A significant challenge of the Nigerian economy is that of developing a sustainable housing and mortgage finance system, which would be enhanced by the creation of mortgage pay back periods of longer tenure and lower interest rate structures. Omotoso K (2011) echoes a similar concern, stating that the ratio of mortgage loans & advances to gross domestic product (GDP) in Nigeria needs to increase from the current 0.38% progressively in the years ahead. Mutero (2007) highlights a similar plight of the poor in Kenya stating that for them, direct access to finance from banks is extremely difficult as they cannot provide security, administration costs of small loans are high and profit margins are perceived by lenders to be low. Moreover, interest rates, although they have reduced in recent years from 26% in 1999 (but are now rising again) still make borrowing expensive. This low uptake of mortgages in Africa with the notable exception of Botswana, Mauritius, Namibia and South Africa according to CAHF (2010) reinforces the need for funding solutions based on the reality of actual funding patterns.

DISCUSSION: SHARE-OWNERSHIP HOUSING AS AN OPTION IN THE DELIVERY OF HOUSING PROJECTS IN URBAN AFRICA

A discussion about the viability of shared ownership in the African context must review some peculiarities. While the record of government interventions in the housing sector in countries such as Kenya, South Africa, and Ghana, looks quite impressive, the policies are often not fully implemented, or need to be reviewed. The Nigerian scenario for instance seems to be long on policy, but very short on implementation. Under Nigeria's National Housing Fund (NHF) program, initiated in

1994 to produce 121,000 housing units, Ademiluyi (2010) reported that less than 5% was achieved, perhaps due to a lack of 'political will'.

ACCRUED BENEFITS OF SHARED-OWNERSHIP HOUSING

The key benefits of this method of home-ownership are that it involves the end user in the funding process and most importantly is a process of ownership which allows gradual purchase of the property up to 100% private ownership (Cook, 2006 and UK Government website, 2013). It provides a less onerous way of getting onto the property ladder which may otherwise have been out of the reach of many average income earners. Because shared ownership properties are typically new or refurbished the average income earner is able to access a reasonable quality of housing in terms of construction, services, and material finishes as stated on www.mortgages-remortgages.com. Also, it can be a form of investment if property values have increased significantly at the time of sale (Cook, 2006).

The emphasis on reasonable quality within the scheme can be adopted in the African context. By paying specific attention to key workers, those who work in sectors that provide essential services to the nation may be able to access this benefit in recognition of the vital role they play in local communities. It may well be that incorporating a scheme to assist key workers to own their own homes, will draw better qualified people into these services in developing nations. Finally, the rent paid on the part of the housing unit that is yet to be owned, provides some on-going profit/income for the housing association hence reducing the need to make all the profit at the front end of the transaction, and also enables the housing association to take advantage of any expansion in the rental market.

POSSIBLE SHORTCOMINGS AND MITIGATING STRATEGIES

The shared ownership scheme has been criticized as an equity trap for owners in the sense that if they wish to move away to another town, say for a new job, they may have difficulty selling the property because it may be in negative equity and it will not be sensible to sell. Also, availability is an issue (Cook, 2006), as waiting lists can be quite long (up to 1 year). The shared owner may also require permission for home improvements and in some housing associations in the UK; the shared owner does not have the option of buying 100%.

Also, whilst the opportunity to staircase is an attractive feature, it is perhaps less important to prospective buyers according to a report by Clarke and Heywood (2012a). This study of housing associations, focus groups with shared owners, and mortgage lenders states that since 2001, only 27,908 (19%) of the 145,000 homes bought through a shared ownership scheme have 'staircased' up to 100% ownership (Graham, 2010 stated that 25% of shared owners have gone on to 100% ownership). The quality of practice also varied between different associations, although according to Clarke and Heywood (2012b) '*many of the difficulties associated with second-hand shared ownership sales are in common with those of the wider housing market, e.g. 'problems of securing mortgage finance, lack of affordability, poor demand, negative equity..' p2*.

Clarke and Heywood (2012b) findings on staircasing indicate real obstacles. Shared owners stated that for most, the initial share purchased had been the maximum they could afford, and many had experienced insufficient growth in their incomes and were unable to buy any more, particularly if property prices also rose sharply (Cook, 2006). The shared owners were also deterred by the costs associated with staircasing such as the valuation, though most were keen to achieve 100% ownership. Clarke and Heywood (2012b), as well as Cook (2006) concluded on the merit of the format, albeit with a real need for the shortcomings to be updated, and Clarke and Heywood (2012b) provided some recommendations to improve on the scheme's performance. A) Mobility should be improved by considering whether it is sensible for shared owners to gain access to the tenure without paying a deposit big enough to afford them some protection during a housing market downturn or stagnancy. B) Staircasing protocols should be improved to function more effectively as a stepping stone into full ownership by reviewing the minimum level of shares sold at inception. C) The sales process should also be improved by housing associations possibly contributing towards the costs associated with staircasing. Finally, there is a need to revise leases to eliminate restrictions that affect owners wishing to sell, and to provide a more flexible approach and advisory service to shared-owners in financial distress.

The comments of Peaker (2013) suggests that shared ownership currently presents some significant legal flaws for the purchaser, citing the ruling of a 2007 court case Richardson v Midland Heart, UK (housing association), where the shared owner had a 50% share and was in arrears on the rent. The court ruled, reluctantly, that the shared owner did not have a lease that could be protected, as it was not for the whole of the property and she had no right to the return of the £29,950 she had paid. In practice, states Peaker (2012), the landlord or housing association remains the owner of the property up to the point of the 100% buyout and the shared owner can be evicted for rent arrears without being recompensed for all the payments. However, as Graham (2010) noted, repossession rates in the shared ownership sector for 2008/09 was slightly lower than the rate for all homeowners (0.385% to 0.42% respectively). Clarke and Heywood (2012b) conclude that while shared ownership may be the most promising route into home ownership for many, there are substantial risks for those taking that route, which would require some changes to legislation to amend.

Kelly (2013) highlights another issue in the UK sector: - the problem that shared ownership is not a model that suits the needs of the young people at whom it is marketed, because they are often in short-term employment and need to be mobile. Kelly (2013) also states that subletting is not permitted so shared owners cannot rent out their property should their circumstances change, though it is noted here that this is not the case with all housing associations. These problems combined with the low percentage of shared owners that have completed outright purchase, and the fact that shared ownership is less than 1% of UK households are cited as real drawbacks of the scheme, although it is a fast growing contributor to housing provision as stated earlier.

RECOMMENDATIONS: KEY STRATEGIES FOR A SUCCESSFUL ADAPTATION OF SHARED-OWNERSHIP DELIVERY SYSTEM.

Shared ownership constitutes a cultural paradigm shift in in most countries in Africa, in the sense that people own and occupy a completed house before they have fully paid for it. Secondly, a mortgage is a debt, and one that has significant responsibilities and serious consequences in case of default. In the West, mortgagees are required take out life insurance, unemployment insurance, buildings and contents insurance etc, to safeguard their assets. Sometimes, they are required to have a will. These are topics that tend to make people uncomfortable as they are confronted with their mortality.

For the scheme to work within the African context, the length of the mortgage has to balance the need to make repayments affordable, and at the same time cannot be too long that people feel uncomfortable with committing to such a long loan because of cultural conditioning.

Some improvements need to be made from the investors end. Governments need to motivate banks and microfinance organizations to provide smaller loans and less onerous collaterals for key workers to purchase their home. Governments also need to encourage financing institutions to develop mortgages more suited to the financial capability of this range of salaried workers. Reactive and planned maintenance programmes via the use of service charges, need to be incorporated into the legal documentation for the sale/rental of such units. The existing formats of housing co-operations and cooperatives can be used to pilot shared ownership schemes in countries like Nigeria and South Africa, in much the same manner as housing associations play that role in the United Kingdom. The governments should also vigorously pursue housing delivery strategies that are 'user-driven' through the use of cooperatives, development agents, and public-private sector participation (PPP).

Several of the shortcomings of the scheme cited above can be reasonably avoided in its adaptation in an African context: - The scheme may not be suitable for all in the affordable sector based on some of the shortcomings/criticisms outlined above, but it is equally clear that thousands have benefitted from the scheme, and it remains an option for those unable to buy property on the open market (Clarke & Heywood, 2012b; and Peaker, 2013). It is clear that there are serious consequences if the shared owner falls into arrears on rent (or mortgage), and this is not peculiar to the shared-ownership sector, however, adequate regulation of housing associations with clear legislative backing is vital. Housing associations or cooperatives need to provide explicit explanations of the benefits and shortcomings to the prospective shared owner, offer debt counselling where needed, and assist the shared owner as much as possible to come to an arrangement to pay off any rent arrears before resorting to court proceedings.

Certainly an adaptation of the system in a developing nation must allow for clauses that protect the buyer from exploitation by the industry, and ultimately, aiming for 100% ownership must be the target goal from the onset to fully benefit from being able to get on the property ladder in stages. This is very compatible with many cultures in Africa that place premium value on outright ownership and many certainly will consider 100% ownership a near compulsory goal. The concept of a lease is likely to be contentious in many African countries where traditionally land is owned in perpetuity. Perhaps the solution will be to offer the option of buying a share of the freehold, within clearly established conditions. Finally, the challenge posed by low levels of staircasing is a serious concern. It is suggested that perhaps a 25% initial entry point is too low, and such a buyer may be unable to afford 100% shares in the long run. Within the context of the African nations referred to in this paper, perhaps an entry point of at least 40% would mean that the shared owner over time is able to afford the remaining shares of the property. The conclusion here is consistent with

Clarke and Heywood (2012b) conclusion that shared-ownership schemes despite their current shortcomings provide a real alternative to getting on the property ladder, and the advantage would be to learn from the mistakes of its practice in other countries and adapt accordingly.

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