



Draft

Renew

**Exploring Housing Needs And
Reactions to Potential Financial
Products in Shelton
Among the Asian Community**

Qualitative Research Report

July 2005

Background and Objectives

As part of the Renew project, Stratosphere were commissioned to explore in depth reactions among the Asian community in Shelton to possible financial relocations products.

These are products which could be used to assist homeowners to remain home owners and afford relocation to replacement owned homes.

Methodology and Sample

The methodology utilised was to run a series of focus groups with homeowners among the Asian community from streets which may be affected by the regeneration project.

The groups were held in the local area on 5th and 6th of July 2005. Steve Williams of Stratosphere conducted the groups, and Graham Martin observed the proceedings on behalf of ABRA and the Renew team. Interpreters were utilised in all groups, as almost all of the women and a good proportion of the men were more comfortable in Mirpuri than in English, especially when discussing financial products. All stimulus material used in the focus groups was prepared in both English and Urdu.

The structure of the groups was as follows:

Group Number	Attendees	Date	
1	Women	05/07/05	
2	Women	05/07/05	
3	Men	06/07/05	
4	Men	06/07/05	

Main Findings

Understanding the Context: General Attitudes

The Shelton area is characterised by an extremely strongly developed sense of community. Currently, it is a community that feels unwanted.

If we take these two points in turn, we can firstly examine why community is such a strong theme.

The Asian community in the main originated in the same area: Pakistani Kashmir. We did not probe this area in detail, but it was clear that some people had witnessed difficult times in Kashmir due to conflict in that area. They have therefore collectively seen tough times.

They speak Mirpuri, which is a dialect of Urdu. Many of the women in particular still speak predominantly or completely in this dialect. This at once serves to make the community bonds strong but also perhaps somewhat isolated. It should also be noted that there were problems with literacy, again especially among the women. This was not simply in terms of English, as they were not able to read in Urdu either.

Family ties are very strong. This manifests itself in multi-generational living within properties and also in ties via marriage throughout the area.

Religion is another community building element. People clearly see the mosques as key institutions, and would be highly reluctant to move away to areas without mosques.

People feel very safe within their own area. This was a repeated theme, and contrasts to feedback from the majority population. They describe how children play safely in streets, how doors and windows can be kept open, how little crime there is, and how, to make all of this possible, they look out for each other and each other's interests.

The community is capable of what might appear to the majority population to be major collective endeavours. For example, during funerals, perhaps a hundred family members and friends from elsewhere in the country might wish to attend. The community would automatically find ways of putting up these visitors in local homes.

Facilities were also seen as very good for their community within the area. This includes doctors, schools, and both Asian shops locally and the high street shops nearby in the city centre.

Why then does the community currently feel unwanted?

It was felt strongly in the groups that the Asian community was ill-regarded by the local council. The feeling was that they were not wanted, and that in particular in the emergent new Stoke, their presence was too visible on the gateway into the city. There was some belief that the majority population would be moved out of Hanley South and re-housed in the Shelton area. The knock-on effect was that the Asian community would need to be moved elsewhere.

“They just want to get everyone out and make it a better place, and we are just stuck here in the middle, the Asians. They just want to get us out”

Many participants held the belief that the decisions had already been made and that any consultation was simply to do with being seen to do things correctly.

The men in some cases had been to other meetings and felt that their views were not being listened to. There were signs of consultation fatigue, and in particular with the general level of most communications, and absence of concrete details.

For the women by contrast, this research appeared to be the first time that they had been able to put their views. Whilst there was a sense that some women might defer to their husbands on these issues, our experience in the groups was that the women held strong views, were not afraid to express them, and that overall they were very similar to those of the men.

It should be noted very strongly that the community did not wish to be split up.

“To make a good community it takes thirty or forty years. Everyone knows where they are from. So where the people have to go to, will they get the same amenities, schooling, and will the children be safe? We don’t have break-ins, we know if someone enters the street who should not be there. And there are areas in Stoke-On-Trent that aren’t safe for Asians, some with National Front” (N.B. Bentley was mentioned in this context)

“Who wants to move? Our beautiful Kashmir we have now”

Belief in the value of home ownership is very strong in the community, and there is a great pride and sense of relief about finally paying for a house.

Concomitantly, there were major fears about losing this status, and going back into debt:

“When you get to the stage of near retirement and you have paid off your mortgage, it’s a big weight off your shoulders. But if you have now got to move and are in sixty to eighty thousand pounds worth of debt, well no-one round here would want to do that.”

Our impression was that there were concerns about the vulnerability of many community members. There were comments about disabled family members, and about the elderly. In the circumstances of the need to find new homes, people feared as to how these community members would be able to cope.

Related to this, it was clear that many families were large in number, and feared that they would be unable to move to similarly sized properties.

Reactions to Financial Products

Clearance packages

As a start point, we gave people details of the clearance package they would be provided with. Most people were unaware of the details. Whilst some people were impressed with specific elements, the overall reaction was that the nub of the problem lay in the concept of market value for their own home.

“Not so impressed with this. Because you would get the market value and still not be able to buy a house”

“It’s an issue, because six months ago the property value was a lot higher than it is now, because as soon as the rumour about demolishing occurred, the value dropped...so will the independent valuer value it as normal?”

Essentially, what they wanted was to stay in their own home or to move to a similar home in the same area. It was feared that given the perceived likelihood of much if not all of the area being knocked down, there would be no similar properties in the area. Beyond the area, they feared that they would not be able to afford similar properties other than in areas in which they did not wish to live.

Conventional Mortgage

Most people did not wish and did not feel that they would be able to take on conventional mortgages.

The general sense was that most people did not want to get further into debt, when they had worked so hard to get out of it. [The issue of interest and Sharia compliance is considered later].

Shared Ownership

This product was not well received in the groups.

There were two main reasons why it was unpopular.

The first was that the people disliked the idea of sharing their house with anyone else in ownership terms. It was felt that home ownership was especially important in the Asian community, giving a sense of security. This was not expressed as a dislike of co-owning with housing associations (as we found among the majority population in Hanley South) but of sharing with any outside body.

“Most Asians like to own their own house. We like our house to be our house”

Most of the people we interviewed had low or no mortgages, either in personal terms or on a family basis. This meant that currently they had either no or low monetary outgoings in this respect. Thus, the idea of paying rent presented a financial and psychological barrier. Why pay out more, when they had worked so hard to get beyond this stage in their lives. The fact that the rent paid did not go towards reducing the amount owed to the other party further detracted from the appeal of shared ownership. Rent paid was “wasted” money.

The idea of being able to buy their property wholly at some point was of interest to people. However, the unpredictable future value of the housing association share (that is, its being subject to market value) reduced the appeal of this feature. The Asian community appear to like fixed values rather than floating sums.

We described a possible variation to the product whereby by paying extra rent each month, the future value of the property could be fixed; that is, should they buy the housing association share in the future, it would be at the initial purchase value level. There was some appeal in this but overall not enough to counteract the other perceived drawbacks to this product.

NB During discussion of shared ownership the fact that rent can attract housing benefit generated significant interest. This raised a large number of technical questions relating to the rules for non-dependant deductions. Should shared ownership be put forward as an option to the Asian community, it is worth noting

that relocation advisers (or those holding consultation meetings) will need to have a very clear grasp of how the technicalities of housing benefit apply to extended households living in the same property.

Homebuy

Homebuy was the most appealing of the products tested in the groups. Whilst people had some reservations, they were attracted to Homebuy because:

- They “owned” the whole property (being given full ownership rights).
- There was no interest involved in the equity loan element. It is worth noting here that whilst there was an Islamic aspect to this, in the sense that interest is seen by some as incompatible with religious duties, the main objection to interest seemed to be more of a financial one. In other words, the lack of interest was seen as offering potentially a good deal. We would note however that a minority were also clearly opposed to any interest payment on Sharia-compliant grounds.
- They could pay off the equity loan when able to do so. There were some indications that they would be inclined to do this as soon as possible, and would like the option of paying the loan off in annual tranches.

The key drawback with Homebuy was that it may not be enough to help finance the move to an equivalent or appropriate property, given the gap in prices.

Discounted Sale

This was seen as an inferior version of Homebuy. The key disadvantage was that they could never wholly own the property, and this clashed with all of the community’s values about property ownership.

Homeswap

This inherently appealed to people if the details could be got right. There was though strong scepticism about whether these details could be got right.

Essentially people were attracted to the idea of being able to move to a similar property in the Shelton area. They were also interested in the “betterment” concept; that is, paying more if the property was in some ways better than their existing one.

The appeal of this product given these details was that:

- It meant they could live in similar or better homes to their current ones.
- It meant that the community could stay together.

The scepticism was due to the fact that people felt that the community would not be allowed to stay in the area, and that it was unlikely that similar properties to their own would be available.

Potentially however, Homewap held appeal to these groups.

Grants

We have found grants to be a difficult area to find definitive views on in any groups conducted on these issues. People are always torn between different conceptions of fairness. For example, should older people get more than people with families? Whilst overall, no consensus emerged, there was some support for the idea that there should be equal payments *per person* of any monies available (i.e. a household of six people would get twice the assistance of a three person household).

NB There appeared no great awareness or expectations of receiving grant amongst the focus group participants (beyond the statutory package of compensation and disturbance payments), this despite two participants have moved to the area following clearance elsewhere.

Solutions Suggested By the Groups

Two new ideas emerged in discussions with the groups.

The first of these was the idea of an **interest free loan**. People imagined that an interest free loan could be used to fund the gap between the market value of their current and potential new homes.

Interest free loans appealed because they were seen as making good sense financially, resulting in lower overall payments than loans with interest. There were indications that should these be made available, the people would try very hard to pay them as soon as possible. There seemed to be no objection to monthly payments.

The fact that this product would be both Sharia compliant and fixed in amount added to its appeal.

There were some concerns about what might happen in the event of unforeseen circumstances, and thus this area would need to be carefully considered.

The second idea could be termed **community reinstatement**. In this case, the community would be moved out of their own homes for perhaps eighteen months whilst the area was rebuilt, and then allowed back in. In the rebuilding period, homes would be built of appropriate sizes and with the right numbers of rooms for returning families. Any funding gaps would be met by the favoured financial products (essentially Homebuy or Interest Free Loans.) NB This idea was put forward separately by all four groups, and carried a very high degree of support

It was felt that during the moving out period, providing it could be phased suitably (that is, houses knocked down and rebuilt in tranches) then the community would be able to house itself in the interim period, by letting people stay in each other's houses. The community feeling in the area was seen as strong enough to be able to undertake this process. This idea only emerged in the men's groups, but was very strongly supported in both groups as a practical idea, and a trade off they would accept in order to stay together as a community.

A further thought on this was that the community might be able to run the process itself. If the clearance and homeloss payments could be jointly committed (and site retained at clearance value), then this money could be put together and a builder employed to rebuild the area on behalf of the community. NB Some owners were clearly expecting to obtain around £80,000 for their homes + homeloss, and this in their opinion seemed close to the price a contractor would require to build a replacement home.

Other Points

Sharia

We have already mentioned Sharia issues where relevant in the sections on specific products. It may be worth considering the issue in more detail here.

In the two female groups, there were minorities (essentially one person per group) who were very keen on Sharia compliance. Other people seemed to hope that their monetary arrangements were Sharia compliant but felt less strongly about this.

The general sense from most people was that they disliked interest more because it was financially disadvantageous rather than because of its religious aspects.

Perhaps this view originates in religious traditions, but it now clearly emerges as a monetary attitude.

An alternative view was expressed by a number of (themale) participants. They cited Qoranic guidance that if living in a different country (community) they should follow the customs of that place. This appeared to make the paying of interest acceptable in Britain.

“For people who follow the religion strictly, they will pay more and they won’t mind. But some will have to think about their financial circumstances.”

Whilst Sharia compliance is not of first importance to all but a minority, it would seem that there may be enough concerns around this area to suggest that at least one compliant product should be offered. In practice, our conclusion is that if the non-compliant product works out better financially, then this is likely to have a higher take-up rate than any Sharia-compliant product.

House Size

We asked whether people currently in large houses would prefer to move to another large house or to two near or adjoining smaller properties. There were mixed views on this:

“It’s case by case. An individual preference”

Where households contained different family units there was the impression that two smaller adjacent homes would be preferred. Where it was a couple with a large number of children, then a single large home was clearly necessary.

Key Conclusions

A number of key conclusions emerge from this research:

1. As with our previous research in Hanley South, a portfolio of products would appear to provide the best solution to the financial needs of the community.
 - a. The specific approaches showing most relevance at this stage were:
 - i. Homebuy – this was the most appealing of the financial products presented to people in the groups.
 - ii. Homeswap – this potentially met many concerns providing it allowed the community to stay together.

- b. There was less appeal in Shared Ownership and Discounted Sale.
 - c. There were also two ideas generated within the groups that held appeal:
 - i. Interest Free Loans.
 - ii. Community Reinstatement
 - d. At least one Sharia compliant product would seem to be required within the portfolio. This may not have the greatest take-up rate, but would still be valued by those for whom this is a major concern.
2. The Asian community potentially affected by the project would benefit greatly from more information about what will happen to them, and for this information to be provided as soon as practicable. Their particular concerns about ensuring the continued existence of the community, with all of its social bonds and safety concerns, should be addressed.

Steve Williams, 10/07/05
Amended Graham Martin 12/07/05