

Open Market Shared Equity Scheme, 2019/20

Monitoring Information on Characteristics of Households

This document provides a summary of the characteristics of households purchasing homes through the Open Market Shared Equity (OMSE) Scheme in the financial year 2019/20, based on 'log form' information returned by participating households.

Note that the completion of log forms is voluntary, and therefore not all sales have a corresponding log form completed. There have been a total of 1,026 log forms provided, which represents around 90% of all OMSE sales across the year 2019/20. Whilst this is a relatively high response rate, and is higher than previous years, figures in this report should still be treated with some degree of caution, as it is not clear how representative the data is of all households participating in the scheme. In addition, some of the completed log forms may contain missing or inaccurate information, which will also affect the quality of the estimates that can be reported on. Taking these cautions into account, the resulting estimates should be treated as estimates only, but should still provide a reasonable indication of characteristics of households purchasing homes under Open Market Shared Equity.

Information on households purchasing through the scheme across the period 2016/17 and 2018/19 was previously published in June 2019¹.

Note that figures presented in this report are not Official Statistics or National Statistics, and have been collated as management information for the purposes of policy monitoring only.

Key Findings:

- Nearly all (99%) of purchasers in 2019/20 were first time buyers, which reflects the scheme being open to first time buyers only except for those who are included in specific priority access groups. This figure is the same as levels seen in monitoring reports for previous years (99% across each year between 2016/17 to 2018/19).
- In 2019/20, 44% of purchasers had previously been living in the private rented sector, 29% had been living with parents and relatives, 22% had previously been in social rented accommodation, 3% had been living with friends, less than 1% had been in owner occupier accommodation, and 3% had been in other types of accommodation. These percentages are broadly similar to those seen in previous monitoring information reports across the years 2016/17 to 2018/19.

¹ <https://www.gov.scot/publications/open-market-shared-equity-monitoring-characteristics-of-households-report-2016-17-to-2018-19/>

- The majority of purchasers were aged 35 or under, with 66% of buyers being in this age range in 2019/20. This figure is a slight drop from the monitoring information reported for previous years, in which the percentages of purchasers aged 35 or under were 73%, 69% and 69% in 2016/17, 2017/18 and 2018/19 respectively.
- For purchases involving one named buyer, 55% of purchasers were female and 45% were male. For purchases involving two named buyers, the split of purchasers was 49% female and 51% male.
- In 2019/20, over a half (57%) of sales were to households without any children under the age of 16, with a fifth (20%) of households having 1 child, and a further quarter (23%) of households having 2 or more children.
- Average gross household income of purchasers in 2019/20 was £26,000, the same level as reported in the previous monitoring information for 2018/19 (also £26,000), but a slight rise on the average incomes seen in the prior two years of £24,000 in 2017/18 and £23,000 in 2016/17.
- Financial out-turn information tables² published separately to this report provide information on the average value of purchases and grant stakes. Figures for 2019/20 are not yet published, but the latest figures for 2018/19 show an average Open Market Shared Equity purchase price of £123,308, with the average Scottish Government stake being £43,977.
- Around half (53%) of property sales have involved a 2 bedroom size property, with a third (33%) involving a 3 bedroom sized property.
- Half (50%) of the sales in 2019/20 were in the 40% most deprived areas of Scotland (i.e. quintiles 1 or 2).

Background to Open Market Shared Equity Scheme

The Open Market Shared Equity Scheme is a Scottish Government shared equity scheme that helps eligible buyers on low to moderate incomes to purchase a home where this is sensible and sustainable for them to do so. Under the scheme purchasers are required to contribute between 60% to 90% of the purchase price of a home, with the Scottish Government holding the remaining share of between 10% and 40% under a shared equity agreement. Applicants need to be able to show that they can't afford to buy a home that meets their needs without help from the scheme.

² <https://www.gov.scot/publications/affordable-housing-supply-programme-out-turn-report-2018-2019/>

The scheme is available to help all first time buyers. Previous home owners will not be able to receive assistance unless they are in one of a set of priority access groups, which includes social renters, disabled people, people aged 60 or over, members of the armed forces, veterans who have left the armed forces within the past two years, and widows, widowers and other partners of service personnel for up to two years after their partner has been killed whilst serving in the armed forces.

Applicants can purchase a home with one room more than they currently need. For example, a single person would be entitled to purchase a 3 apartment property as will a couple. A three person household would be entitled to buy a 4 apartment property. An apartment is classified as any habitable room, but does not include kitchens, bathrooms, box rooms, utility rooms or hallways.

In addition there are area-based maximum threshold price limits³ on the price of homes for each apartment size category that can be bought. The price thresholds are based on the lowest 25% of house prices in urban areas and the lowest 50% of house prices in rural areas. The threshold areas were reviewed in 2018, after which the price thresholds for these areas were updated in December 2018 to incorporate the most recent house price trends at that time. The thresholds prices were subsequently updated again in December 2019, on the same area basis, to reflect latest house prices trends.

The Information for Buyers guidance <https://www.mygov.scot/open-market-shared-equity-scheme/> provides further details of how the scheme has operated.

Separate quarterly statistics on affordable housing supply, including the number of Open Market Shared Equity homes each quarter, are published at <https://www.gov.scot/collections/housing-statistics/>.

Financial Year out-turn reports providing annual details of the Scottish Government Affordable Housing Supply Programme, are published at <https://www.gov.scot/policies/more-homes/affordable-housing-supply/>.

In June 2020, the Scottish Government published research findings⁴ from an evaluation of the Scottish Government's three shared equity home ownership schemes: Help to Buy (Scotland); New Supply Shared Equity and Open Market Shared Equity.

³ <https://www.gov.scot/publications/open-market-shared-equity-thresholds/>

⁴ <https://www.gov.scot/publications/evaluation-scottish-government-shared-equity-schemes/>

Characteristics of Households Participating in the Open Market Shared Equity Scheme in 2019/20

Table 1 below provides information on the proportion of purchasers who are existing home owners, based on first named purchaser information. It can be seen that almost all (99%) of purchasers in 2019/20 have not been existing home owners (i.e. have been first time buyers). This is consistent with the scheme being open to first time buyers only except for those who are included in specific priority access groups. These percentages are broadly similar to those seen in previous monitoring information reports across the years 2016/17 to 2018/19.

Table 1: Buyers by whether existing home owner status (Based on first named purchaser)

| | 2019/20 |
|----------------------------|---------|
| Existing home owner | 1% |
| Not an existing home owner | 99% |
| Number of records | 1,026 |

Financial year is based on date of entry

In 2019/20, 63% of purchases involved one named purchaser, with 37% of purchases involving two named purchasers, see Table 2 below.

Table 2: Sales by numbers of named purchasers

| | 2019/20 |
|--------------------|---------|
| 1 named purchaser | 63% |
| 2 named purchasers | 37% |
| Number of records | 1,026 |

Financial year is based on date of entry

Table 3 shows that in 2019/20, 44% of purchasers had previously been living in the private rented sector, 29% had been living with parents and relatives, 22% had previously been in social rented accommodation, 3% had been living with friends, less than 1% had been in owner occupier accommodation, and 3% had been in other types of accommodation. These percentages are broadly similar to those previously seen across the years 2016/17 to 2018/19.

Table 3: Purchasers by previous tenure
(based on first named purchaser information)

| | 2019/20 |
|-----------------------------|---------|
| Parents or relatives | 29% |
| Private rented sector | 44% |
| Owner occupier | <1% |
| Social rented | 22% |
| Friends (where not renting) | 3% |
| Other | 3% |
| Number of records | 1,026 |

Financial year is based on date of entry

In 2019/20, 14% of purchasers had been on a waiting list for social housing, see Table 4 below.

Table 4: Purchasers by whether on a waiting list for social housing (based on first named purchaser information)

| | 2019/20 |
|--------------------------------|---------|
| On a waiting list | 14% |
| Not on a waiting list | 76% |
| Don't know / prefer not to say | 9% |
| Number of records | 1,026 |

Financial year is based on date of entry

Table 5 below shows that the majority of purchasers in 2019/20 were aged 35 or under, with 66% of buyers being in this age range. This figure is a slight drop from the monitoring information reported for previous years, in which the percentages of purchasers aged 35 or under were 73%, 69% and 69% in 2016/17, 2017/18 and 2018/19 respectively.

Table 5: Purchasers by age category (based on first named purchaser information)

| | 2016/17 |
|-------------------|---------|
| 18-25 | 20% |
| 26-30 | 23% |
| 31-35 | 23% |
| 36-40 | 16% |
| 41-45 | 9% |
| 46-50 | 5% |
| 51-60 | 4% |
| Over 60 | 1% |
| Number of records | 903 |

Financial year is based on date of entry

The analysis excludes a small number of records with implausible values

For purchases involving one named buyer, 55% of purchasers were female and 45% were male. For purchases involving two named buyers, the split of purchasers was 49% female and 51% male.

In 2019/20, over a half (57%) of sales were to households without any children under 16, with a fifth (20%) of households having 1 child and a further quarter (23%) of households having 2 or more children. See Table 6 below.

Table 6: Purchasers by number of children under 16

| | 2019/20 |
|-------------------|---------|
| 0 children | 57% |
| 1 child | 20% |
| 2 children | 16% |
| 3 children | 5% |
| 4 children | 1% |
| 5 children | <1% |
| Number of records | 1,026 |

Financial year is based on date of entry

Table 7 shows gross household incomes by income band and year, along with average (mean) values. This shows that average gross household income in 2019/20 was £26,000. This is the same level as reported in previous monitoring information for 2018/19 (also £26,000), but a slight rise on average incomes seen in the prior two years of £24,000 in 2017/18 and £23,000 in 2016/17. Mean income levels are substantially lower than for the Help to Buy (Scotland) scheme, in which the average (mean) household income in 2019/20 was £42,000.

Most OMSE purchasing households in 2019/20 had incomes of under £40,000, which has accounted for almost 9 out of 10 (89%) of purchases.

Table 7: Purchasers by gross household income band (based on total income across first and second named purchasers)

| | 2019/20 |
|-----------------------|---------|
| £0 to £20,000 | 32% |
| £20,001 to £30,000 | 37% |
| £30,001 to £40,000 | 20% |
| £40,001 to £50,000 | 8% |
| £50,001 to £60,000 | 3% |
| £60,001 to £80,000 | <1% |
| £80,000 to £100,000 | 0% |
| Mean income (rounded) | £26,000 |
| Number of records | 1,016 |

Financial year is based on date of entry

Financial out-turn information tables⁵ published separately to this report provide information on the average value of purchases and grant stakes. Figures for 2019/20 are not yet published, but the latest figures for 2018/19 show an average Open Market Shared Equity purchase price of £123,308, with the average Scottish Government stake being £43,977.

Characteristics of Properties Bought

In 2019/20, most sales have involved properties which are either semi-detached, terraced or flats, with detached properties making up only 5% of sales. See Table 8 below.

Table 8: Properties by house type

| | 2019/20 |
|-------------------|---------|
| Detached | 5% |
| Semi Detached | 23% |
| Terraced | 25% |
| Flat | 45% |
| Other | 2% |
| Number of records | 1,026 |

Financial year is based on date of entry

Around half (53%) of property sales in 2019/20 involved a 2 bedroom size property, with a third (33%) involving a 3 bedroom sized property. See table 9 below.

⁵ <https://www.gov.scot/publications/affordable-housing-supply-programme-out-turn-report-2018-2019/>

Table 9: Properties by numbers of bedrooms

| | 2019/20 |
|-------------------|---------|
| 1 bedroom | 6% |
| 2 bedrooms | 53% |
| 3 bedrooms | 33% |
| 4 bedrooms | 7% |
| 5 bedrooms | 1% |
| Number of records | 1,025 |

Financial year is based on date of entry

The analysis excludes a small number of records with implausible values

Table 10 below shows the percentage of sales split by the Scottish Index of Multiple Deprivation quintile that the property postcode is located in, based on SIMD20. This shows that half (50%) of the sales in 2019/20 were in the 40% most deprived areas of Scotland (i.e. quintiles 1 or 2). Only 10% of sales were in the 20% least deprived areas of Scotland (i.e. quintile 5).

Table 10: Properties by Scottish Index of Multiple Deprivation Quintile

| | 2019/20 |
|--------------------|---------|
| 1 - most deprived | 21% |
| 2 | 30% |
| 3 | 22% |
| 4 | 17% |
| 5 - least deprived | 10% |
| Number of records | 1,008 |

Financial years are based on date of entry

The analysis excludes a small number of records with an invalid or unknown postcode