

## **Help to Buy (Scotland) Scheme, September 2013 to March 2016 – Monitoring Information on Characteristics of Households**

This document provides a summary of the characteristics of households purchasing homes through the Help to Buy (Scotland) Scheme from September 2013 to March 2016, based on 'log form' information returned by participating households.

*Note that the figures provided in this monitoring information report should be treated as approximate estimates given that only 41% of participating households provided information. Figures on household income are based on the income of the entire household, whilst figures on previous tenure, age and ethnicity relate to information about the first named purchaser.*

### **Key Findings:**

- Around two thirds (66%) of Help to Buy (Scotland) households were first time buyers, whilst around a third (34%) were existing home owners.
- Approximately 32% of purchasers had previously been living with family or relatives, 31% had previously been living in an owner-occupied property, 28% had previously been in the private rented sector, and 5% had previously been living in social housing.
- Around half (50%) of buyers were aged 30 years or under, with over three-quarters (76%) of buyers aged 35 or under. The average (mean) age was 32 years.
- Nearly half (46%) of purchasing households had a gross household income between £30k and £50k per year.
- There were some clear differences in the profiles of purchasing households between first time buyers and existing home owners, with first time buyers on average more likely to purchase lower value properties, more likely to have lower household incomes, and less likely to purchase detached properties.

### **Background to Help to Buy (Scotland) Scheme**

The Help to Buy (Scotland) shared equity scheme was established on 30 September 2013 with the aim of supporting Scotland's house-building industry due to reduced mortgage availability, and is aimed at those buyers who are unable to purchase a new build home without additional support.

The monitoring information presented in this report covers the period from 30 September 2013 to 31 March 2016, in which the scheme had an initial budget of £305m and final total spend of £313m.

The purchase price of a property was initially capped up to the value of £400,000 until October 2014, after which it was reduced to the value of £250,000 to ensure that more people could benefit from available funding and help to target funding at lower income families and first time buyers.

Help to Buy (Scotland) sales were made through registered participating builders. The scheme was not open to buy-to-let investors, and existing home owner buyers were required to sell existing property prior to purchasing through the scheme. The Scottish Government contributed up to 20% of each purchase price, with the purchaser contributing at least a 5% deposit and the remainder of the 80% contribution made up from a mortgage.

Whilst this monitoring information report only covers the Help to Buy (Scotland) scheme up to 31 March 2016, it is worth noting that maximum purchase prices and equity shares have reduced

further under the replacement Help to Buy (Scotland) Affordable New Build and Smaller Developer schemes.

The Information for Buyers guidance at <http://www.gov.scot/Resource/0046/00462299.pdf> provides further details of how the scheme has operated.

Separate quarterly monitoring information summarising the number and value of sales has been published at <https://beta.gov.scot/policies/homebuying/help-to-buy/>.

### **Characteristics of Households Participating in the Help to Buy (Scotland) Scheme between September 2013 to March 2016**

Around two thirds (66%) of Help to Buy (Scotland) households were first time buyers, whilst around a third (34%) were existing home owners. The percentage of first time buyers has varied from 58% to 75% across different quarters of the scheme, as shown in Table 1 below (quarters are based on purchase entry dates).

Table 1 - % of purchasers that were first time buyers, by quarter

Entry-Date Quarter	% First-time buyers	% Existing home owners
2013/14 - Quarter 3	70%	30%
2013/14 - Quarter 4	72%	28%
2014/15 - Quarter 1	64%	36%
2014/15 - Quarter 2	58%	42%
2014/15 - Quarter 3	58%	42%
2014/15 - Quarter 4	74%	26%
2015/16 - Quarter 1	72%	28%
2015/16 - Quarter 2	66%	34%
2015/16 - Quarter 3	75%	25%
2015/16 - Quarter 4	72%	28%
Total	66%	34%

Approximately 32% of purchasers had previously been living with family or relatives, 31% had been previously living in an owner-occupied property, 28% had been previously in the private rented sector, and 5% had been previously living in social housing. The remaining 5% had either unknown or other previous living circumstances.

Around 5% of purchasers had been on a social housing waiting list (either a council, housing association or a common housing list).

Around half (50%) of buyers were aged 30 years or under, with over three-quarters (76%) of buyers aged 35 or under. The average (mean) age of purchasers was 32 years. Table 2 below provides more detail on the percentage of buyers by each age band.

Table 2: Buyers by age band:

18-25	19%
26-30	31%
31-35	26%
36-40	12%
41-45	7%
46-50	3%
51-60	2%
Over 60	0%

Approximately 3% of purchasing households had stated that there was a member of the household with a disability or condition lasting more than 12 months.

Nearly half (46%) of households had a household income between £30k and £50k. Table 3 below provides further figures by each income band.

Table 3: Households by gross household income

£0 to £20,000	3%
£20,001 to £30,000	14%
£30,001 to £40,000	23%
£40,001 to £50,000	23%
£50,001 to £60,000	17%
£60,001 to £80,000	15%
£80,001 to £100,000	4%
over £100,000	1%

Table 4 shows approximate median and mean gross household incomes by quarter of entry date, based on banded income data. This shows that both the median and mean incomes of purchaser households have been lower across the latest year 2015/16 than in 2014/15. This is consistent with the timing of the lowering of the purchase price cap from £400,000 to £250,000 in October 2014 given that there can typically be a gap of some months between the issuing of an authority to proceed with a purchase and the entry date following the sale.

Table 4 - median and mean gross household income, by entry-date quarter (note that these are approximate estimates based on banded household income data)

Entry-Date Quarter	Median Household Income Bands (£)	Mean Household Income (£) (rounded to nearest thousand)
2013/14 - Quarter 3	40,000 - 45,000	47,000
2013/14 - Quarter 4	40,000 - 45,000	44,000
2014/15 - Quarter 1	45,000 - 50,000	48,000
2014/15 - Quarter 2	45,000 - 50,000	49,000
2014/15 - Quarter 3	45,000 - 50,000	52,000
2014/15 - Quarter 4	45,000 - 50,000	50,000
2015/16 - Quarter 1	35,000 - 40,000	41,000
2015/16 - Quarter 2	40,000 - 45,000	43,000
2015/16 - Quarter 3	40,000 - 45,000	44,000
2015/16 - Quarter 4	40,000 - 45,000	42,000
Total	40,000 - 45,000	46,000

Around one-fifth (22%) of Help to Buy (Scotland) purchases were by single adult households. Around 43% of purchases were by households with two adults and no children, and 28% were by households with two adults and 1 or 2 children. Table 3 provides percentage figures for each family composition category.

Table 5: Households by family composition

Single adult	22%
Two adults, no children	43%
Three or more adults, no children	1%
Single parent	3%
Two adults with 1 or 2 children	28%
Larger families	3%

(excludes a small number of older households)

Around 95% of purchasers had recorded their ethnicity as White, with 3% being Asian, Asian Scottish or Asian British, 1% being African, and the remaining 2% being in other ethnic groups or having chosen not to respond.

### Characteristics of Properties Bought

Around 45% of properties bought were detached, 23% were semi-detached, 20% were terraced, and 12% were flats.

Around three-quarters (75%) of properties bought were 3 bedroom or 4 bedroom properties. Table 4 below provides figures for each property size category.

Table 6: Properties by Number of Bedrooms

1 bedroom	2%
2 bedrooms	19%
3 bedrooms	41%
4 bedrooms	34%
5 bedrooms	5%

(excludes a small number of larger properties)

### Profiles of First Time Buyers and Existing Home Owners

There were some clear differences in the profile of purchasing households between first time buyers and existing home owners, with first time buyers more likely to be younger purchasers, more likely to have lower household incomes, and less likely to purchase detached properties. Table 5 below provides further detailed figures, for example 27% of first time buyers were aged 18-25 years, compared to 3% of existing home owners.

Table 7: Characteristics of first-time buyers versus existing home owners

Age Band:	First time buyers	Existing home owners	Gross Household Income:	First time buyers	Existing home owners	Property Type:	First time buyers	Existing home owners
18-25	27%	3%	£0 to £20,000	3%	2%	A Flat	17%	3%
26-30	37%	19%	£20,001 to £30,000	17%	8%	Detached	33%	68%
31-35	22%	34%	£30,001 to £40,000	26%	17%	Semi detached	26%	16%
36-40	8%	20%	£40,001 to £50,000	24%	22%	Terraced	23%	13%
41-45	3%	13%	£50,001 to £60,000	16%	20%	Other	0%	0%
46-50	2%	7%	£60,001 to £80,000	11%	23%			
51-60	1%	3%	£80,001 to £100,000	2%	7%			
Over 60	0%	0%	over £100,000	1%	2%			