

Open Market Shared Equity Scheme, 2016/17, 2017/18 and 2018/19

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 three years 2016/17 to 2018/19, 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 4,075 log forms provided, which represents around 78% of all OMSE sales across the years 2016/17 to 2018/19. Whilst this is a relatively high response rate, 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.

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 across the 2016/17 to 2018/19 period 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.
- In 2018/19, 44% of purchasers had previously been living in the private rented sector, 28% had been living with parents and relatives, 21% had previously been in social rented accommodation, 2% had been living with friends, 1% had been in owner occupier accommodation, and 4% had been in other types of accommodation.
- The majority of purchasers have been aged 35 or under, with 73%, 69% and 69% of buyers being in this age range in 2016/17, 2017/18 and 2018/19 respectively.
- In the latest year 2018/19, around a half (53%) of sales were to households without any children under 16, with around a quarter (24%) of households having 1 child and a further quarter (23%) of households having 2 or more children.
- Average gross household income in 2018/19 was £26,000, a slight rise on average incomes in the previous two years (£23,000 in 2016/17 and £24,000 in 2017/18).
- Nearly half (48%) of property sales have involved a 2 bedroom size property, with just over a third (36%) involving a 3 bedroom sized property. (2018/19 figures).

- Over a half of sales each year have been in the 40% most deprived areas of Scotland (i.e. quintiles 1 or 2), which has accounted for 59% of sales in 2016/17, 53% of sales in 2017/18 and 52% of sales in 2018/19.

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 Ministers providing assistance to fund the remaining amount. 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.

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 limits on the price of homes for each apartment size category that can be bought.

The Information for Buyers guidance at <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://www2.gov.scot/Topics/Statistics/Browse/Housing-Regeneration> .

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/>.

Characteristics of Households Participating in the Open Market Shared Equity Scheme, 2016/17 to 2018/19

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 have not been existing home owners (i.e. have been first time buyers) in each of the three years 2016/17 to 2018/19. This is consistent with the scheme being open to first time buyers only except for those who are included in specific priority access groups.

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

	2016/17	2017/18	2018/19
Existing home owner	1%	1%	1%
Not an existing home owner	99%	99%	99%
Number of records	1,176	1,253	1,646

Financial years are based on date of entry

The proportion of purchases which involved one named purchaser has ranged between 55% and 61% across the years 2016/17 to 2018/19, with the percentage of purchases involving two named purchasers ranging between 39% and 45% - see Table 2 below.

Table 2: Sales by numbers of named purchasers

	2016/17	2017/18	2018/19
1 named purchaser	61%	55%	56%
2 named purchasers	39%	45%	44%
Number of records	1,176	1,253	1,646

Financial years are based on date of entry

Table 3 shows that In 2018/19 just under a half (44%) of purchasers had previously been living in the private rented sector, 28% had previously been living with parents or relatives, and 21% had been in social rented accommodation. Only 1% had been in owner occupier accommodation, which is consistent with the 1% of purchasers being existing property owners from Table 1. Figures for 2016/17 and 2017/18 are broadly similar.

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

	2016/17	2017/18	2018/19
Parents or relatives	26%	27%	28%
Private rented sector	49%	47%	44%
Owner occupier	1%	1%	1%
Social rented	18%	21%	21%
Friends (where not renting)	2%	2%	2%
Other	5%	3%	4%
Number of records	1,176	1,253	1,646

Financial years are based on date of entry

Around 1 in 10 purchasers had been on a waiting list for social housing in each of the years 2016/17, 2017/18 and 2018/19 (11%, 13% and 12%) respectively, shown in Table 4 below.

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

	2016/17	2017/18	2018/19
On a waiting list	11%	13%	12%
Not on a waiting list	78%	80%	80%
Don't know / prefer not to say	11%	7%	8%
Number of records	1,176	1,253	1,646

Financial years are based on date of entry

Table 5 below shows the proportion of purchasers by age group, based on the age of the first named purchaser. It can be seen that these percentages have remained relatively similar across each of the three years 2016/17 to 2018/19, with the proportion aged 35 or under being 73%, 69% and 69% respectively in each of these years.

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

	2016/17	2017/18	2018/19
18-25	21%	18%	22%
26-30	28%	28%	24%
31-35	24%	23%	23%
36-40	14%	17%	15%
41-45	6%	7%	8%
46-50	4%	4%	4%
51-60	3%	2%	3%
Over 60	<1%	<1%	1%
Number of records	1,057	1,094	1,470

Financial years are based on date of entry

Just over half of purchasing households have children in living in the household (58% in 2016/17, 53% in 2017/18 and 53% in 2018/19), with around a quarter of households having 1 child (22% in 2016/17, 24% in 2017/18 and 24% in 2018/19), and just under a quarter of households having 2 children or more (20% in 2016/17, 24% in 2017/18 and 23% in 2018/19). See Table 6 below.

Table 6: Purchasers by number of children under 16

	2016/17	2017/18	2018/19
0 children	58%	53%	53%
1 child	22%	24%	24%
2 children	16%	18%	18%
3 children	3%	4%	4%
4 children	1%	1%	1%
5 children	<1%	0%	<1%
Number of records	1,176	1,253	1,646

Financial years are based on date of entry

Table 7 shows gross household incomes by income band and year, along with average (mean) values. This shows that the average income of purchaser households has increased slightly from £23,000 in 2016/17 to £24,000 in 2017/18 and then £26,000 in 2018/19. Mean income levels are substantially lower than for the Help to Buy (Scotland) scheme, in which mean income levels have been at £41,000 across each of the last three years.

The vast majority of OMSE purchasing households have had incomes of under £40,000, which has accounted for 94% of purchases in 2016/17, 93% of purchases in 2017/18, and 89% of purchases in 2018/19.

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

	2016/17	2017/18	2018/19
£0 to £20,000	42%	39%	34%
£20,001 to £30,000	36%	36%	35%
£30,001 to £40,000	16%	18%	20%
£40,001 to £50,000	5%	6%	8%
£50,001 to £60,000	1%	1%	2%
£60,001 to £80,000	<1%	<1%	1%
£80,000 to £100,000	0%	0%	<1%
Mean income (rounded)	£23,000	£24,000	£26,000
Number of records	1,172	1,216	1,640

Financial years are based on date of entry

Characteristics of Properties Bought

Across the years 2016/17 to 2018/19, most sales have involved properties which are either semi-detached, terraced or flats, with detached properties making up only 5% of sales in 2016/17 and 6% of sales in both 2017/18 and 2018/19. See Table 8 below.

Table 8: Properties by house type

	2016/17	2017/18	2018/19
Detached	5%	6%	6%
Semi Detached	21%	24%	22%
Terraced	32%	34%	37%
Flat	40%	34%	33%
Other	2%	2%	2%
Number of records	1,176	1,253	1,646

Financial years are based on date of entry

Nearly half of property sales have involved a 2 bedroom size property (46% in 2016/17, 49% in 2017/18 and 48% in 2018/19), with just over a third involving a 3 bedroom sized property (34% in 2016/17, 36% in 2017/18, and 36% in 2018/19). 7% of sales in each year have involved a 4 bedroom size property. See table 9 below.

Table 9: Properties by numbers of bedrooms

	2016/17	2017/18	2018/19
1 bedroom	11%	7%	6%
2 bedrooms	47%	49%	49%
3 bedrooms	34%	36%	36%
4 bedrooms	7%	7%	7%
5 bedrooms	1%	1%	1%
Number of records	1,174	1,253	1,642

Financial years are based on date of entry

The analysis excludes a small number of records with implausible values

Table 10 below shows sales by the Scottish Index of Multiple Deprivation quintile that the property postcode is located in (based on SIMD16). This shows that over a half of sales each year have been in the 40% most deprived areas of Scotland (i.e. quintiles 1 or 2), which has accounted for 59% of sales in 2016/17, 53% of sales in 2017/18 and 52% of sales in 2018/19. Only around 10% of sales each year have been in the least deprived areas of Scotland (i.e. quintile 5), which has accounted for 8% of sales in 2016/17, 10% of sales in 2017/18, and 10% of sales in 2018/19.

Table 10: Properties by Scottish Index of Multiple Deprivation Quintile

	2016/17	2017/18	2018/19
1 - most deprived	22%	23%	20%
2	37%	30%	31%
3	19%	21%	21%
4	15%	16%	17%
5 - least deprived	8%	10%	10%
Number of records	1,161	1,241	1,621

Financial years are based on date of entry

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