The Scottish Government

The Evaluation of Low Cost Initiative for First Time Buyers (Lift)

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THE EVALUATION OF LOW COST INITIATIVE FOR FIRST TIME BUYERS (LIFT)

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The views expressed in this report are those of the researcher and do not necessarily represent those of the Scottish Government or Scottish Ministers.

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EXECUTIVE SUMMARY

Introduction

In June 2010 the Scottish Government commissioned this evaluation of its Low Cost Initiative for First Time Buyers (LIFT) schemes. The aim of LIFT is to help people on low to moderate incomes to buy a home, where this is sustainable for them. The evaluation covers four of the LIFT schemes currently operated by the Scottish Government over the period 2005/06 to 2009/10. These are:

- Shared ownership
- GRO grant for owner occupation
- New Supply Shared Equity (NSSE)
- Open Market Shared Equity Pilot (OMSEP).

Methodology

The evaluation involved:

- a desktop review of data collected by the Scottish Government;
- telephone interviews with 151 individuals who had purchased properties through the LIFT schemes; and
- stakeholder consultation, building on consultations previously undertaken by the Scottish Government.

The research findings were based on an analysis of the information gathered. The report makes a number of recommendations. These should be considered by the Scottish Government in its review of the support it provides to help people on low or moderate incomes to purchase a home.

Key Themes from the Research

LIFT Characteristics
Between 2005/06 and 2009/10, a total of 7,268 properties were provided through LIFT. Almost half (44%) were OMSEP properties, a third NSSE, and smaller proportions GRO (12%) and shared ownership (11%).

Meeting Household Needs

Reaching the Target Groups
LIFT has largely been successful at targeting the households identified as priorities for assistance through the schemes. OMSEP and NSSE have been most successful at targeting first time buyers. GRO and shared ownership schemes often had wider priorities to assist other groups or result in wider housing market changes, resulting in a reduced proportion of first time buyers being housed. For instance, GRO has been used to stimulate owner occupation in areas where there was not a well performing market.

Satisfaction with LIFT
OMSEP and NSSE have generally supported people into positive, sustainable housing situations. GRO is also meeting people's housing needs, with some concerns around build quality and sustainable neighbourhoods. Shared ownership does not appear to be meeting household needs in many cases, due to significant concerns over value for money for the purchaser.

Enabling Home Ownership
Quantitative data suggests that around half of NSSE and a quarter of OMSEP purchasers could have bought at the lower end of the open market. This contradicts qualitative interviews where few purchasers stated that they could have purchased on the open market. The need for a deposit could be a significant factor, as could local variations in ability to purchase and particular housing needs.

Meeting Long Term Housing Needs
Most OMSEP, NSSE and shared ownership purchasers see LIFT as a medium to long term housing solution. GRO purchasers appear more likely to consider moving on within the owner occupied sector in the short term.

Meeting Particular Housing Needs
OMSEP has significantly contributed to meeting particular housing needs of disabled people.

Mobility
LIFT purchasers are experiencing many of the same barriers to mobility as other owners due to housing market conditions. However, the OMSEP and NSSE schemes have created conditions where some owners do not see it in their interest to consider other housing options due to the good value offered by their current circumstances.

The '20 year rules' are creating some concerns about long term security for OMSEP, NSSE and shared ownership purchasers.

Affordability
Average purchaser prices and purchaser contributions were lower for OMSEP than NSSE properties, perhaps reflecting that the former include a far higher proportion of second hand and lower quality houses than new build NSSE properties. Most shared equity purchasers felt that their housing costs were affordable.

Additionality
Over the past five years around 16 per cent of households housed through LIFT were local authority or RSL tenants. This will have freed up 1,130 homes for new lets. A further 18 per cent of people housed were not tenants but were on a social landlord's housing list, although only around an estimated one fifth of these believed they had a realistic chance of being housed by the landlord. Overall, approximately 21 per cent of LIFT purchasers (1,532 households) were living in social rented accommodation or likely to be offered it.

NSSE, GRO and shared ownership are resulting in new build properties, stimulating the construction industry and creating more owner occupied homes. The role that

OMSEP plays is less clear. OMSEP does not add directly to housing supply but may stimulate a chain of sales and purchases which could include newly built housing.

OMSEP and NSSE appear to contribute significantly to quality of life for purchasers, resulting in wider social benefits.

Contributing to Mixed and Sustainable Communities
New supply LIFT has contributed to creating mixed communities. However, there is evidence of some tensions arising from tenure mix and integration.

Value for Money
On average GRO requires the lowest level of subsidy and shared ownership the highest. However, when receipts are taken into account, NSSE and OMSEP generally provide better value for money. OMSEP is a particularly cost effective option. While its upfront subsidy costs are around one third lower than NSSE, its long term costs are estimated to be around one half. However, the impact OMSEP is having on overall supply is less clear.

Data Recording and Monitoring
A recurring theme throughout the evaluation has been a lack of, or inconsistencies in the way LIFT schemes are being monitored.

Recommendations

The Scottish Government should:

1. Consider placing greater emphasis on geographical and purchaser targeting in LIFT schemes.
2. Require RSLs to provide a comparable level of protection to purchasers in LIFT schemes as is available to purchasers from NHBC registered developers.
3. Encourage RSLs and private developers to provide prospective purchasers of new supply property with more detailed information regarding their ongoing housing costs, particularly in relation to anticipated service charges.
4. Continue to promote the contribution OMSEP can make in meeting particular housing needs.
5. Put in place arrangements to pro-actively encourage purchasers to consider their options to acquire additional equity on a periodic basis.
6. Consider offering greater flexibility to the timescales and levels of additional equity NSSE and OMSEP purchasers can acquire.
7. Allow sharing owners to privately let their properties under strict conditions in situations where lack of demand for shared ownership in preventing mobility.
8. Consider introducing interest charges on its equity loan after a period of time.
9. Review the use of the ‘golden share’ in consultation with local authorities, and advise existing purchasers where it does not intend to exercise its right to repurchase a property.
10. Re-examine the golden share model to identify whether there would be value in replacing it with a right of pre-emption.
11. Ensure that prospective purchasers are provided with more prominent information regarding the applicability of the ‘20 year rules’ and consider how to clarify the position for existing purchasers.
12. Undertake further work to assess the economic impact of OMSEP.

13. Encourage RSLs and private developers to draw on existing good practice examples and lessons learned elsewhere in the creation of mixed and sustainable communities.
14. Review the value of retaining three new supply LIFT schemes to support households into home ownership. Consideration should be given to discontinuing GRO and shared ownership.
15. Introduce guidance on the setting of occupancy charges should it decide to retain shared ownership.
16. Review and improve the way data is collected and collated in relation to LIFT schemes.

1. INTRODUCTION

About This Report

1.1 This report sets out the findings of an evaluation of the Scottish Government's Low Cost Initiative for First Time Buyers (LIFT) schemes. The aim of LIFT is to help people on low to moderate incomes to buy a home, where this is sustainable for them. The Scottish Government commissioned ODS Consulting to undertake this evaluation in 2010.

Evaluation Scope

1.2 This evaluation assesses four of the five LIFT schemes:

- Shared ownership was first introduced in Scotland in 1983. RSLs can build or buy new homes for shared ownership, with a grant from the Scottish Government. The RSL markets the properties to priority purchasers who would otherwise be unable to afford to buy a home. The household can acquire an equity stake (of generally 25, 50 or 75 per cent). The purchaser pays their mortgage costs and a reduced rental charge depending on their equity stake to the RSL.

- GRO grant for owner occupation was introduced in Scotland in 1990[1]. The Scottish Government (or local authority in the case of Glasgow and Edinburgh) provides GRO grants to private developers, housing trusts or non-registered housing associations, with the aim of providing low cost owner occupied housing. The aim is to allow developers to build property to stimulate the private housing market, create mixed communities or address local shortages in supply. There are three main types of GRO funded project:

    - projects to diversify the tenure of neighbourhoods;
    - projects to regenerate older urban communities; and
    - projects to provide affordable housing for owner occupation in pressured market areas, often rural communities.

- The New Supply Shared Equity (NSSE) scheme (originally known as Homestake) was launched in September 2005. It was rebranded as part of LIFT in October 2007. It allows RSLs to build or buy new homes for sale on a shared equity basis. This means that purchasers can (generally) buy a majority stake of the equity, depending on their income. The remaining equity is held by the Scottish Government. The purchaser owns the property outright, but the interests of the Scottish Government

[1] GRO Grants were originally provided for owner occupation and market rent. This evaluation solely focuses on GRO Grant for owner occupation which are referred to as 'GRO Grants' throughout the report. GRO Grants will be renamed as Partnership Support for Regeneration under forthcoming Scottish Government guidance.

are secured by a mortgage (or standard security) on the property. There are three types of NSSE scheme:

- o RSLs build new properties for sale on a shared equity basis;
- o RSLs purchase properties from private developers (at an appropriate discount) for onward shared equity sale; and
- o RSLs develop new properties for sale on a shared equity basis to existing owners whose homes are scheduled for demolition.

- The Open Market Shared Equity Pilot (OMSEP) was originally set up in September 2005, covering Edinburgh and the Lothians. It ran as a pilot in these areas for over two years, and was then expanded to cover further areas in January 2008 and then the whole of Scotland in March 2009. The scheme operates on the same principles as the New Supply Shared Equity scheme. It allows eligible purchasers to acquire a property on the open market rather than through an RSL's newly built properties.

  The scheme is administered locally by five RSLs[2] – each with responsibility for certain parts of Scotland. Scottish Ministers hold the equity stake, but the RSLs enter into an agreement to enable them to act for Scottish Ministers. Owners then enter into an agreement with Scottish Ministers.

1.3 The review focuses on the operation of these schemes from 2005/06 to 2009/10. A detailed description of these schemes is included as Appendix 1.

1.4 The review does not include Rural Home Ownership Grants which were evaluated in 2006[3]. Nor does it consider the New Supply Shared Equity with Developers trial launched in 2010.

Evaluation Aims

1.5 This evaluation focuses on the outcomes achieved by the LIFT schemes. It looks specifically at six key areas:

- Meeting people's needs – are the schemes helping to meet needs?
- Allowing for mobility – are people able to move on when they need to?
- Affordability – are the schemes affordable for households?
- Additionality – what does LIFT add that would not otherwise have happened?
- Mixed communities – are the schemes contributing to creating and maintaining strong, sustainable, mixed communities?
- Value for money – do the schemes offer value for the public purse?

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[2] In some cases administration is undertaken by non registered subsidiaries of some RSLs. For the purposes of this report we refer to them all as RSLs.
[3] Satsangi M. Morgan J. & Wager F. Evaluation of the Communities Scotland Rural Home Ownership Grant. Communities Scotland. Edinburgh

Methodology

1.6 A detailed note on our evaluation methodology is included as Appendix 2. The evaluation involved a mix of qualitative and quantitative research, including:

- **Data analysis** – We reviewed data collected by the Scottish Government. We found gaps in the availability of quantitative data in some areas which we have highlighted where relevant. We reviewed data including:
    - the database of sales logs with information collected from NSSE and OMSEP purchasers;
    - information held on the Scottish Government's Resource System (TRS), providing details of schemes approved, including costs and subsidy levels;
    - a survey of RSLs conducted by the Scottish Government in April 2010 to establish the number and profile of shared ownership properties they own; and
    - survey information historically collected by GRO developers from house purchasers and collated as GRORE (GRO Recording system).

- **Interviews with purchasers** – We undertook telephone interviews with 151 individuals who had purchased properties through one of the LIFT schemes. The sample was stratified by LIFT scheme, location and date purchased and included 58 NSSE purchasers, 64 OMSEP purchasers, 22 shared ownership purchasers and seven GRO purchasers. In view of the relatively low numbers of shared ownership and GRO purchasers, some caution is required in drawing conclusions from qualitative data.

- **Stakeholder consultation** – We held a consultation event with Scottish Government staff and undertook consultations with a range of other stakeholders, building on consultations already undertaken by the Scottish Government.

LIFT Characteristics

1.7 Between 2005/06 and 2009/10, a total of 7,268 properties were provided through LIFT. Almost half (44%) were OMSEP properties, a third NSSE, and smaller proportions GRO (12%) and shared ownership (11%). A third of the programme was delivered in 2009/10, largely due to an increase in the OMSEP programme as it was rolled out across Scotland.

1.8 The prevalence of LIFT schemes varies across Scotland. OMSEP was initially piloted in Edinburgh and the Lothians, so over two-thirds of purchases are in these areas. Since the roll out across Scotland, Glasgow, Highland and Aberdeen have also seen relatively high numbers of OMSEP purchases.

1.9 NSSE has been largely used in Highland, Edinburgh and Glasgow, with over half of purchases in these areas. GRO is most commonly used in west central

Scotland, with a third of schemes in Glasgow. In addition, nearly a third of schemes have been developed in pressured market areas.

1.10 One third of shared ownership properties are in Glasgow, with significant use in Edinburgh and Perth and Kinross. Over half of shared ownership properties are houses, while flats are the predominant house type in the other schemes.

1.11 A detailed note on programme characteristics is included as Appendix 3.

2. MEETING HOUSEHOLD NEEDS

Introduction

2.1 This chapter explores how LIFT has met the housing needs of the households which have participated in the schemes. It also explores the role of LIFT in meeting particular housing needs, including the needs of disabled people.

Purchaser Characteristics

2.2 Between 2005/06 and 2009/10, purchasers of shared equity and GRO properties had an average household size of just over two. Our survey of shared ownership households also highlighted an average size of two.

2.3 Although household sizes are, on average, very similar, OMSEP has a significantly higher proportion of one person households than NSSE and GRO. The average age of the primary purchaser was 29.6 for OMSEP, 32 for NSSE and 33.3 for GRO.

Table 2.1: Household composition of LIFT purchasers

Scheme	Single Person		Couple		Single with Children		Couples with Children		Other	
	No.	%	No.	%	No.	%	No.	%	No.	%
NSSE	503	35.5	464	32.8	134	9.5	286	20.2	29	2.0
OMSEP	677	45.4	295	19.8	133	8.9	344	23.1	41	2.8
GRO	17	23.9	22	31.0	6	8.5	22	31.0	4	5.6

Source: LIFT Sales Log Database & GRORE Returns

2.4 Approximately two per cent of NSSE purchasers were disabled (3), and 15 per cent of OMSEP purchasers (157)[4]. Information on disability is not available for GRO or shared ownership purchasers.

2.5 Information on the ethnic origin is also available through sales log records[5]. Unfortunately, there is a single category for ‘white’, which can include many people from ethnic minorities. The records show the following proportions of households with purchasers of ‘non white’ ethnic origin:

- 2.8 per cent of OMSEP households (41 households)
- 2.0 per cent of NSSE households (28 households)
- 5.7 per cent of GRO households (4 households).

2.6 Although these are small numbers of households, there are clear differences in the ethnic origin of ethnic minority purchasers:

[4] Information on whether the purchaser is disabled was gathered consistently from 2009/10 onwards. Information is available for 70 per cent of purchasers in 2009/1.

[5] Information available for 84 per cent of NSSE households, 51 per cent of OMSEP households and 62 per cent of GRO households.

- OMSEP – the largest proportion of ethnic minority purchasers were black African, Caribbean or other black (32%).
- NSSE – the largest proportion of ethnic minority purchasers were ‘other’ (29%), Chinese (21%) or other Asian (21%).
- GRO – of the very small sample, half were Pakistani, and half were of unknown ethnic minority origin.

2.7 Information on ethnic origin is not recorded for shared ownership purchasers, but our interviews found that two out of 22 purchasers were from ethnic minorities.

2.8 Analysis of the economic status of the first named purchaser for each sale shows that the vast majority were working full or part-time (at the time of purchasing the property). GRO purchasers were most likely to be working full time. Slightly more NSSE purchasers were retired or unemployed[6].

Table 2.2: Economic activity of LIFT purchasers

Scheme	NSSE		OMSEP		GRO	
	No.	%	No.	%	No.	%
Working full time	1267	89.9	1377	92.8	67	94.4
Working part time	65	4.6	71	4.8	2	2.8
Sick or disabled	11	0.8	8	0.5	0	-
Unemployed	16	1.1	11	0.7	0	-
Retired	34	2.4	6	0.4	2	2.8
Other	17	1.2	10	0.7	0	-

Source: LIFT Sales Log Database & GRORE Returns

2.9 Information on household income is available for a sample of OMSEP, NSSE and GRO purchasers[7]. It highlights that the majority of purchasers had a household income of between £15,000 and £25,000, across all schemes. NSSE household incomes were slightly higher than OMSEP, perhaps reflecting the high proportion of younger, single person households within the OMSEP scheme. GRO purchasers tended to have a higher income level, with most having a household income of £20,000 plus. In comparison with the shared equity schemes, a considerably higher proportion of GRO purchasers had household incomes of over £30,000.

2.10 No information is collected nationally on the household income of shared ownership purchasers.

2.11 Analysis of the previous postcode of purchasers shows that 35 per cent of GRO purchasers previously lived in the 15 per cent most deprived areas in Scotland[8]. This is much lower for OMSEP and NSSE purchasers, with around 15 per cent of purchasers for both schemes previously living in the 15 per cent

[6] Information on economic profile is available for 84 per cent of NSSE purchasers, 52 per cent of OMSEP purchasers and 63 per cent of GRO purchasers. Information is not available for shared ownership purchasers.

[7] Information is available for 51 per cent of OMSEP purchasers, 78 per cent of NSSE purchasers, and 47 per cent of GRO purchasers.

[8] Post code information available for 1,397 NSSE purchasers, 1,408 OMSEP purchasers and 110 GRO purchasers

most deprived parts of Scotland. This demonstrates that GRO properties were strongly targeted at purchasers from the 15 per cent most deprived areas in Scotland. No information is available on where purchasers of shared ownership properties previously lived.

Previous Circumstances

2.12 Information is available on the previous housing circumstances of GRO and shared equity owners, for a sample of owners[9].

Table 2.3: Previous housing circumstances of LIFT purchasers						
Scheme	**NSSE**		**OMSEP**		**GRO**	
	No	**%**	**No**	**%**	**No**	**%**
Living with parents/relatives	585	42.0	629	43.1	16	22.9
Living with friends	20	1,4	26	1.7	2	2.9
Renting – privately	409	29.3	541	36.2	17	24.3
Renting – Council	89	6.4	101	6.8	2	2.9
Renting – RSL	133	9.5	103	6.9	1	1.4
Renting – Other	39	2.8	34	2.3	1	1.4
Owned house/flat	89	6.4	39	2.6	30	42.9
Other	30	2.2	20	1.3	1	1.4

Source: LIFT Sales Log Database & GRORE Returns

2.13 This highlights that for both shared equity schemes, the majority of purchasers were previously either living with parents or relatives, or were renting privately. This was also evidenced through our survey of shared equity purchasers, demonstrating that a large proportion of young people and young couples were setting up home for the first time through shared equity.

2.14 The vast majority of shared equity purchasers were first time buyers - 88 per cent of NSSE purchasers and 93 per cent of OMSEP purchasers. In contrast, 43 per cent of GRO purchasers were moving into a GRO property from another owned property. In addition, our interviews with seven GRO purchasers showed that just under half had previously owned a home. This will be influenced by the fact that many GRO schemes intended to stimulate demand for owner occupation in an area, rather than specifically targeting first time buyers. GRO purchasers also tended to be slightly older than shared equity purchasers. NSSE and OMSEP purchasers were much more likely to have moved from social rented accommodation than GRO purchasers.

2.15 Information on shared ownership purchasers is not collated nationally, but our interviews with a small sample of shared ownership purchasers showed that over half had previously owned a home. Our survey of 22 shared owners found that:

- a third had moved into shared ownership directly from outright ownership;
- a third had moved from social rented accommodation;
- a fifth had moved from private rented accommodation; and

9 Information is available for 83 per cent of NSSE purchasers, 52 per cent of OMSEP purchasers, and 62 per cent of GRO purchasers.

- less than a fifth had been living with parents.

2.16 The shared equity sales logs and GRORE also record whether purchasers previously lived within the same local authority area, or moved from a different area[10]. This demonstrates that the vast majority of purchasers (over 80 per cent) across all three schemes moved within their local authority area. OMSEP purchasers were slightly more likely than others to have bought their new home outwith their existing local authority area.

Housing Needs

2.17 The sales logs record why shared equity and GRO purchasers wanted or needed to move home. For NSSE and OMSEP, the opportunity for purchasers to buy their own home was the most important factor, followed by consideration of value for money and the size of the house. This is likely to reflect the high proportion of first time buyers and new households within the shared equity schemes.

> *"We were instantly attracted as it gave us access to home ownership which wouldn't have happened otherwise."*
>
> NSSE purchaser

2.18 For GRO, the main reason was that the property was good value for money, followed by considerations about the size and location of the house. The small sample of GRO purchasers highlighted that they were attracted to GRO due to affordability, location, ability to purchase at a fixed price, and ability to buy new build property.

> *"I was attracted because of the price and that it was in (x), which I could never have afforded otherwise."*
>
> GRO purchaser

2.19 The principle attraction of all LIFT schemes was the opportunity to own a property, in an affordable way. Many purchasers – across all schemes – indicated that they would not have been able to purchase a home without the LIFT schemes, while others indicated that it made purchasing more affordable. The lack of requirement for a deposit (at that time) was also a factor for a small proportion of purchasers.

2.20 Our discussions with OMSEP, NSSE and GRO purchasers found that the main reason for moving was to access home ownership – often away from private renting, or to become independent of parents. Other factors included to obtain larger accommodation or to move to a more desirable area. Relationship breakdown was also a factor.

2.21 The sales logs show that over a third of NSSE purchasers needed to move because their home was unsuitable. This fell to a quarter for OMSEP

[10] Information available for 83 per cent of NSSE purchasers, 52 per cent of OMSEP and 62 per cent of GRO purchasers

purchasers and less than a fifth for GRO. However, our interviews with LIFT purchasers showed that OMSEP purchasers had the most significant issues with their previous housing circumstances. The key housing needs arising were:

- Lack of security of tenure – Shared equity and GRO purchasers raised issues of lack of security within the private rented sector. A small number of OMSEP purchasers had problems as their home was to be sold (if living with parents) or demolished. A small number were living with friends, and one had been living in a caravan, in poor quality accommodation.
- Formation of a new household – Individuals and young couples often needed to set up home for the first time, and required the independence offered by a home of their own.
- Property quality – A small minority of OMSEP purchasers mentioned that their home was in poor condition, meaning that they required to move.
- Financial concerns – NSSE, OMSEP and shared ownership purchasers raised financial pressures, particularly of rented accommodation.
- Occupancy – A number of purchasers raised issues of overcrowding (generally if sharing with parents) and under occupancy.

> *"I was attracted by the security offered, which you don't get in rented accommodation."*
>
> OMSEP purchaser

2.22 Data on the reason for moving home is not collated for shared ownership purchasers. However, our interviews highlighted that many purchasers were moving from outright ownership – with reasons including marriage breakup, bankruptcy, business problems, desire for larger property or the prospect of freeing up money for retirement. For shared ownership purchasers who had not previously owned their home, the main motivations for moving were:

- to move to an area which they would otherwise be unable to afford;
- to move to an area in which they would not be able to obtain social rented housing;
- to obtain a bigger house than they would otherwise be able through renting or buying.

> *"Shared ownership offered me the chance to get back on my feet. It was far less financially demanding than owning a house outright."*
>
> Shared ownership purchaser

2.23 In a small number of cases, shared ownership was seen as a route to obtain a home quickly, in comparison to the length of social rented housing lists. It was seen as a quick route into desirable areas and a route out of poor areas or living conditions.

> *"Shared ownership offered me the only and certainly the quickest way to get out of my terrible living conditions."*
>
> Shared ownership purchaser

Housing Options Considered

2.24 The sales logs show that almost half of all NSSE purchasers were on a housing list for social rented accommodation at the time of purchase, compared with just under a third for OMSEP and GRO purchasers[11]. However, our interviews found that only a small minority of purchasers felt that they had a realistic chance of being housed.

2.25 The majority of shared equity purchasers had considered purchasing a home outright, but found that it would be too expensive or could not access a mortgage for the amount required. Very few GRO or shared equity purchasers had considered private renting, if not already within the sector – although OMSEP purchasers had considered this option more than others.

2.26 Our interviews with shared ownership purchasers highlighted that only half had considered any alternative housing options. Of those who had considered other options, two-thirds had considered buying a property outright. A minority had considered renting from a social landlord, but were put off by the length of social landlord housing lists

> *"We considered buying a house but realistically we couldn't afford to buy so it (shared ownership) was our only option really."*
>
> Shared ownership purchaser

2.27 Our discussions with purchasers explored what would have happened if shared equity, shared ownership, or GRO had not been an option. GRO purchasers were most likely of all LIFT purchasers to say that they would have bought another house.

2.28 Almost all OMSEP and NSSE purchasers said that they could not have bought their property at the time without shared equity. However, a minority stated that they would have purchased another property without shared equity, although this would have been smaller or in a less desirable area. Most would have rented a house privately or tried to obtain social rented housing. A minority stated that they simply did not know what they would have done, feeling that they had no other options.

> *"Without shared equity I would still be renting. I could never afford to purchase outright."*
>
> OMSEP purchaser

> *"I would probably only be able to afford a smaller house if I was going to get a mortgage outright now."*
>
> NSSE purchaser

[11] Information available for 1,295 NSSE purchasers, 1,400 OMSEP purchasers and 63 GRO purchasers

2.29 A small proportion of shared ownership purchasers indicated that if shared ownership wasn't available they would have purchased a smaller or cheaper house. A third said that they would have remained on or applied for social housing waiting lists, and a third would have remained in or obtained private rented accommodation.

Concerns about LIFT

2.30 Our interviews also explored whether purchasers initially had concerns about any aspect of the LIFT schemes. The level of concern varied. OMSEP purchasers exhibited the highest level of concern, and GRO the lowest. The main concerns for shared equity purchasers were:

- **Mobility** – Concerns about not owning the whole property, and not being financially able to increase their share – potentially leading to difficulties if they wanted to move on and purchase elsewhere.
- **Confusion** – Confusion about the equity proportions, and the practicalities of how and when to buy more equity.
- **Government share** – Concern about the Government benefitting from any improvements that the purchaser made to the house, when it came to be sold.
- **Home ownership in general** – Concerns that they felt "any home owner would face" including what would happen in a declining housing market and concerns about the responsibilities of home ownership.

> *"I really didn't have any worries about the scheme, which I thought met my needs, apart from a slight worry that any increase in the value of the property as a result of improvements will also benefit the Scottish Government."*
>
> OMSEP purchaser

2.31 Generally shared equity purchasers felt that the written information provided helped to reduce these concerns. There were varied views on the quality of verbal information and advice on the schemes.

> *"We were concerned what would happen if we wanted to move on. But the information booklet they (the RSL) provided answered this query and we now feel happy with the situation."*
>
> OMSEP purchaser

2.32 Shared ownership purchasers had different concerns. Affordability was raised as an issue, with a minority being concerned that they would not be able to afford their mortgage. Shared ownership purchasers also raised specific concerns about responsibility for maintenance. These purchasers had not always had concerns about maintenance from the outset, but these had become apparent throughout the purchase and subsequent liaison with social landlords. These concerns are explored in more detail below.

Satisfaction

2.33 Our interviews with LIFT purchasers explored whether their home met the household's needs; wider views on location and neighbourhood; and views on whether overall the LIFT scheme was the right option for them.

2.34 Generally, OMSEP purchasers were happiest with the quality of their home. OMSEP purchasers in particular often talked of managing and adjusting their expectations, as they saw what they could afford on the open market. Some purchasers were not entirely satisfied with all aspects of their home, and highlighted things that they would change if they could. Purchasers generally took responsibility for improving their property themselves, and often explained that they would invest in their property once they had saved enough money. Only a small minority of OMSEP purchasers were very unhappy with the quality.

> *"The home is very poor quality. I didn't do a complete survey (just the basic one). After two months I found that the flat was not connected to the mains water supply."*
>
> OMSEP purchaser

2.35 Most sharing owners were happy with their property, but just over a third of sharing owners felt that their home had been poorly built and cited problems with snagging, plumbing and structural problems. And almost half of NSSE purchasers had concerns about the quality of their property. These ranged from issues around finishing and snagging, to major structural issues. There was a general sense that owners had not received any help in dealing with the snagging issues. Similarly, over half of GRO purchasers interviewed had either snagging issues or were unhappy with the quality of the build.

2.36 NSSE purchasers raised specific concerns about the support offered by RSLs in dealing with property defects. Some purchasers indicated that the RSL would not provide any support in dealing with problems, even where the issue was significant and affected a number of owners.

> *"I am unhappy with the quality of workmanship and defects remain three years after completion. In my view I've had to deal with these issues without any support from the RSL."*
>
> NSSE purchaser

2.37 Others NSSE purchasers raised issues about factoring and ongoing maintenance of common parts of the building. A particular concern was the level of services charges being considerably greater than they had anticipated at the time of purchase.

2.38 The majority of LIFT purchasers were happy with their neighbourhood.

> *"We love our home. It is on a nice street, with good neighbours who are friends. It is pretty safe and we have had no problems."*
>
> OMSEP purchaser

2.39 However, a minority viewed their neighbourhood negatively, or had mixed views – such as having concerns about one or two households in the area. A third of GRO respondents mentioned issues around mix, lack of community spirit or lack of integration of affordable housing within schemes. Almost half mentioned that GRO properties were being sub-let, creating a high turnover of tenants in the neighbourhood. Issues around integration and mix were also mentioned by NSSE and OMSEP purchasers. These issues are explored further in Chapter Seven.

2.40 Overall, almost all OMSEP, NSSE and GRO purchasers felt that LIFT was the right option for them. A minority mentioned that their circumstances had changed, or that they felt shared equity was their only option.

> *"The scheme has been brilliant for me. It has allowed me to get back on my feet and re-enter the housing market."*
>
> NSSE purchaser

> *"It was the right housing option and has been a good buy."*
>
> GRO purchaser

2.41 However, only half of shared ownership purchasers felt that it was unequivocally the right option for them. A further quarter felt that it was the right option, but had some reservations – such as the costs. Just under a quarter said that shared ownership was categorically the wrong option for them. This was due to feeling that shared ownership was not a good deal financially, and some concerns over the 20 year rule.

> *"Shared ownership is absolutely not the right option for me. I wish I'd never done it at all and would not recommend it to anyone. It is an awful arrangement for people on low income."*
>
> Shared ownership purchaser

Meeting Particular Housing Needs

2.42 The available data shows that at least 160 households in which one or both purchasers are disabled have purchased their home through LIFT. Almost all (157) have purchased through OMSEP. Information is not available for the shared ownership or GRO households. Information on the profile of disabled shared equity purchasers shows that the household composition of purchasers is broadly similar. The table below compares the profile of disabled purchasers with all OMSEP and NSSE purchasers.

Table 2.4: Comparison of NSSE & OMSEP disabled purchaser characteristics			
	Disabled Purchasers	**All OMSEP Purchasers**	**All NSSE Purchasers**
Average Age	31.5	29.6	32
Average Household Size	2.2	2.1	2.1
% Minority Ethnic	5	2.8	2.0
% First Time Buyers	89	93	88
% Plan to Increase Equity Stake	85	87	80
% In Full Time Work	86	93	90
% Unemployed	3	0.7	1.1

Source: LIFT Sales Log Database

2.43 There is strong evidence that LIFT has contributed to meeting particular housing needs which could not otherwise have been met. Evidence from qualitative interviews with disabled purchasers and/ or their families found that LIFT could contribute through supporting people to:

- move out of unsuitable accommodation – with issues around access, quality of life and mobility within and outwith the home;
- stay in the same area meaning that relationships with existing carers and support network could continue;
- establish independent living – providing longer term security than private renting or living with parents, and allowing establishment of flexible and suitable care arrangements; and
- achieve a better quality of life – for disabled people, their families and carers.

OMSEP – A purchaser's perspective

Mr C has a learning disability and is bipolar. He lived at home with his parents, but wanted to live independently. His parents helped him to review options. He applied for a Council flat but thought he had limited chance of being housed, and really needed to live near his parents and in a familiar area. He was reluctant to rent privately, and he really needed a routine and security. It was "impossible" for him to purchase a house without shared equity as his only income was benefits.

His parents applied to the OMSEP scheme on his behalf. It was greatly stressful going through the process. It was also very difficult to get a mortgage, despite having a good deposit. There was a particular difficulty as the scheme didn't work with a guarantor mortgage, but they worked with the housing association to change this in this instance.

They found a suitable fixed price property. They didn't have to compromise and "exceeded expectations" in the house they were able to buy. The property has made "a huge difference" to Mr C's quality of life. He is now more independent and is preparing for the future, giving his parents peace of mind. If shared equity wasn't available, Mr C would probably have stayed at home until his parents died – and they don't know what would have happened after that. Overall, shared equity was a very good deal.

OMSEP – A purchaser's perspective

Mr E and his family have very specific housing needs as a result of a disability. They needed a property with all rooms on the level, with an extra room for storing medical equipment. Mr E's previous housing situation meant that he was confined to one room, and did not have access to adequate sleeping and bathing facilities. He was also unable to leave the property without considerable assistance.

Mr E applied to the OMSEP scheme and was accepted. The family identified a suitable home, and negotiated with the Scottish Government to obtain a higher limit to enable the purchase of this home. This took into account the average price of homes in the area, proximity to care and support structures, cost of adapting alternative properties, and impact on quality of life.

The new home means that Mr E can access all parts of his home, and can enter and leave the property more easily. This has been a positive and life changing experience, and has significantly improved his mental wellbeing.

2.44 OMSEP is a preferable option to NSSE, as it can be very responsive to an individual's needs, and can allow them to purchase a property where it is needed.

> *"Location is very important...it's not just about bricks and mortar".*
>
> Support organisation

2.45 However, six of the eight disabled purchasers we interviewed indicated that they had no particular housing needs as a result of their disability. It is therefore important not to overestimate the impact that the scheme is having.

2.46 There are also some practical issues. Firstly, the funding available for shared equity was used up very quickly, meaning that there was limited opportunity for disabled people who required support to access the scheme. Secondly, the three month limit on passports places additional constraints on disabled people, who often have very specific housing requirements. A home which meets these requirements simply may not be on the market during these three months. Finally, while one RSL has been pro-active in using the scheme, there is anecdotal evidence of disabled people receiving inaccurate information from RSLs suggesting that if they are not first time buyers, the scheme is not available to them.

2.47 Some stakeholders raised issues around value for money, suggesting that some OMSEP homes purchased by disabled people were expensive. Stakeholders felt that while it was positive that the Scottish Government was flexible in increasing the price limits for OMSEP for disabled people, it may also be useful to have an upper limit for purchases by disabled people and considering social rent as an alternative. However, as we discuss in Chapter 7, we found the average subsidy provided for the top ten per cent of properties acquired by people with disabilities was around 20 per cent less than the average subsidy provided for a social rented property.

Enabling Home Ownership

2.48 A core aspect of each of the LIFT schemes is to support purchasers to obtain a home that they own. Our qualitative interviews with purchasers indicated that most felt that they could not have purchased a property without assistance through LIFT. However, almost a third of GRO purchasers, a fifth of shared ownership purchasers and a small proportion of NSSE and OMSEP purchasers said that they could have purchased another property – although this may have been smaller or in a less desirable area.

2.49 To test this, we compared average house prices at the lower end of the market[12] for each local authority, with purchasers' income brackets. We then used average lending multiples to establish whether purchasers could have accessed a mortgage for the lower end house prices on the open market. We have classified those who could have accessed a mortgage to cover the full purchase price as being able to afford to purchase on the open market.

2.50 The overall figures for Scotland suggest that almost half of NSSE purchasers could have afforded to purchase on the open market and a quarter of OMSEP purchasers. Income data for GRO purchasers is only available for a very small sample (53 households). However, these figures show that it is likely that 51 per cent of GRO purchasers could have bought on the open market.

2.51 However, this is a relatively crude calculation. Firstly, it suggests that purchasers could have afforded to buy at the lower end of the market (the most affordable 25 per cent of properties in the area). It does not take account of purchasers with specific housing needs, for example due to disability, who may require a more expensive house. It also does not take into account pressured housing markets within the local authority area. This would be a particular issue in rural areas where travelling and relocating is not always a feasible option, and would also be an issue for disabled people requiring to be living near support networks.

2.52 Secondly, affordability has been calculated using income bands (of £5,000), rather than exact incomes. This is the way in which income information is gathered from purchasers. It is therefore likely that a proportion of those assessed as able to afford to purchase on the open market would be on the very margins of affordability, or would not actually be able to do so due to being at the lower end of the income bracket.

2.53 Thirdly, the calculation does not take into account the need for households to provide a deposit. It simply shows whether a household could have achieved a mortgage for the entire property price. This means that there will be some households who did not have a deposit available and would therefore not have

[12] Sasines data for date, calculating average prices at the top of the 25 per cent lowest priced properties

been able to access a mortgage. However, there will be others who did have a deposit and would therefore have required a mortgage for less than the full property price, meaning that more households could be assessed as able to afford to purchase on the open market. The general lack of a requirement by lenders for mortgage applicants to provide a deposit (at that time) was mentioned as a key attraction of the LIFT schemes by a small proportion of purchasers interviewed.

2.54 Finally, the ability to purchase on the open market varied significantly by local authority area. Only two per cent of NSSE and OMSEP purchasers could have bought on the open market in Edinburgh. Other areas in which NSSE and OMSEP purchasers would have found it particularly challenging to purchase on the open market were:

- East Lothian – Just three per cent of OMSEP and 11 per cent of NSSE purchasers could have bought on the open market;
- East Renfrewshire – Just 10 per cent of OMSEP and 12 per cent of NSSE purchasers could have bought on the open market; and
- Aberdeenshire – just six per cent of OMSEP purchasers could have bought on the open market. However, 25 per cent of NSSE purchasers could have. It is important to note, however, that property prices vary across Aberdeenshire, and it may not have been feasible for people to relocate to the more affordable areas of this large rural authority.

2.55 A table setting out ability to purchase by local authority area is included as Appendix 4. A breakdown of property prices by local authority area is provided in Appendix 5.

2.56 Another test of whether it would have been possible for households to buy a home without LIFT is a comparison of the purchaser's financial contribution with the average house prices at the lower end of the market. Overall, for NSSE this shows that the average purchase price for a property at the lower end of the market was £85,000, and the average purchaser contribution was £74,106[13]. For OMSEP, the figures show that against the average price for a property at the lower end of the market of £85,000, the average purchaser contribution was £64,918. The average NSSE purchaser contribution was 13 per cent below the top of the lower quartile price, and it was 24 per cent below the top of the lower quartile price for OMSEP. As purchasers are required to borrow as much as reasonably possible, this indicates that in general, purchasers could not have afforded to purchase a property outright without the help of NSSE or OMSEP.

2.57 None of the purchasers interviewed mentioned that they had considered a shared equity scheme operated by a private developer. These schemes were often introduced as problems arose in the housing market, so this option would not have been available to most LIFT purchasers we interviewed as part of this study.

[13] See Table 4.1 within this report for further detail and local authority level analysis

2.58 Consultations with private sector house builders would suggest that developer shared equity schemes are likely to be time limited, linked to market conditions. A number of house builders suggested that they would withdraw schemes if funding became more accessible to prospective purchasers.

Housing Aspirations

2.59 Since 2008 shared equity purchasers have been asked at the time of purchase how long they planned to stay in their home. However, less than half of purchasers provided this information in 2008/09 and 2009/10. The information should therefore be treated with caution. This information was not gathered from GRO purchasers.

2.60 The available information shows that over half of NSSE and OMSEP purchasers planned to stay for five to ten years. OMSEP purchasers exhibited a trend to plan to stay for slightly less time than NSSE purchasers.

Table 2.5: Length of time LIFT purchaser plans to stay in home

Scheme	<5 Years	5 - 10 Years	11 - 20 Years	>20 Years
	%	%	%	%
NSSE	3.8	55.7	21.4	19.1
OMSEP	5.4	56.8	22.1	15.6

Source: LIFT Sales Log Database

2.61 Shared equity purchasers were also asked whether they planned to increase their equity stake. The available information shows that the vast majority of NSSE and OMSEP purchasers indicated, at the time of purchase, that they intended to increase their share. Overall, 87 per cent of OMSEP purchasers intended to increase their share, and 80 per cent of NSSE purchasers.

2.62 Information on whether shared equity purchasers have actually increased their share is limited. The information gathered by the Scottish Government suggests that just one NSSE and 15 OMSEP purchasers increased their stake between 2005/06 and 2009/10. The changing economic climate during this time is likely to have considerably influenced this. It is also likely that owners have become more realistic about their aspirations, having lived in their home for a period. Our consultations with RSLs also suggest that there is less incentive for owners to acquire additional equity where a 'golden share' exists and an owner can never acquire the full equity outright.

2.63 In our interviews with purchasers, we found:

- Although over three quarters of shared owners said that they would still be in their property in five years time, a very small proportion said that they planned to increase their share of the property in the next five years.
- A higher proportion of OMSEP purchasers (a quarter) than NSSE purchasers (a fifth) planned to move in the next five years. OMSEP purchasers were also more likely to anticipate moving up the property ladder, while NSSE purchasers were also considering other options.

Around a fifth of OMSEP and NSSE purchasers planned to increase their share of the property in the next five years. Only one had definite plans to increase their stake in the very near future.

- All of the GRO purchasers anticipated moving in the next five years, often from a flat to a house. There were, however, some issues about mobility within the housing market for GRO purchasers.
- More than a third of shared ownership purchasers planned to move in the next five years – and most of these hoped to move into social rented housing, supported housing or move in with family members. A very small minority planned to stay and increase their equity stake.

2.64 The main factors influencing the decision to staircase among shared equity purchasers were: future income; current housing market conditions; the barrier of not being able to staircase in smaller increments; and the administrative and legal costs. Most said that their financial circumstances would have to change in order to increase their stake.

> *"I would like to buy more equity... I think that the option to buy smaller increments should be available as it is financially restrictive and a bit risky to have to commit to increasing your mortgage by such a large amount."*
>
> NSSE purchaser

2.65 Our consultation with other stakeholders found that there was some demand for the Scottish Government to take a more proactive approach to managing its shared equity property portfolio. A number of stakeholders suggested that it would be useful to introduce more regular contact with purchasers, ensuring that they are fully aware of their housing options.

2.66 Information on whether shared ownership purchasers have increased their share is available for a sample of purchasers, from a Scottish Government survey of RSLs. Approximately three per cent of sharing owners have increased their share (129), a very low level over the life of the scheme. However, between April 200 and March 2010, a total of 1,489 sharing owners purchased their home outright. This indicates that purchasing outright is a more popular option for sharing owners than increasing their share gradually.

Summary

Household Characteristics

2.67 The characteristics of the households accessing LIFT varied between the four schemes. Shared equity purchasers tended to be younger, newly forming households, with the vast majority being first time buyers. Almost half previously lived with parents or friends. In contrast, almost half of GRO and shared ownership purchasers were not first time buyers.

2.68 GRO purchasers were almost all working full-time, and tended to have higher household incomes than NSSE and OMSEP purchasers. OMSEP household incomes were lower than NSSE, perhaps reflecting the high proportion of single person households within the OMSEP scheme. However, OMSEP is also offering more flexibility in house size, allowing some larger households to purchase.

Previous Housing Circumstances

2.69 Although around a third of shared ownership purchasers moved from the social rented sector, relatively few GRO and shared equity purchasers did so. About half of all NSSE purchasers had applied for social rented property, compared with about one third for OMSEP and GRO. However, most people who had applied for social rented housing felt that they had very little or no chance of being offered a property.

Meeting Particular Housing Needs

2.70 There is strong evidence that OMSEP is contributing to meeting particular housing needs that it would be difficult to meet through other routes.

Satisfaction

2.71 OMSEP purchasers appeared happiest with their property. OMSEP purchasers have had to manage their expectations through considering what is available on the open market, and felt a strong sense of responsibility and ownership. NSSE, GRO and shared ownership purchasers had more issues with the quality of their home. Many NSSE purchasers were surprised at the lack of support from RSLs in dealing with defects, and had concerns about quality of factoring services. In some cases purchasers had limited information about factoring charges (particularly in relation to services) and maintenance responsibilities prior to purchase.

2.72 Although almost all NSSE, OMSEP and GRO purchasers felt that the scheme had been the right option for them, less than half of shared ownership purchasers felt this. Costs and value for money were the main factor.

Enabling Home Ownership

2.73 A simple calculation of affordability based on lending multiples suggests that almost half of NSSE purchasers could have afforded to purchase at the bottom end of the open market and a quarter of OMSEP purchasers. However, this does not account for the requirement for a deposit, particular housing needs, or local variations in house prices.

Aspirations

2.74 Most purchasers thought that they would still be in their home in five years, but few planned to increase their equity stake. OMSEP and GRO purchasers generally planned to move on more quickly than NSSE purchasers, and were most likely to plan to move up the property ladder. Shared ownership purchasers were often considering other options – like social rented or supported housing.

3. MOBILITY

Introduction

3.1 This chapter explores the extent to which LIFT purchasers were able to move on within the housing market as household needs and aspirations change.

Property Sales

3.2 Scottish Government sales log records show the number of NSSE and OMSEP purchasers who bought between 2005/06 and 2009/10, and have since sold their property. We gathered information on GRO sales from Sasines property sale records, based on those properties recorded in GRORE. As none of the datasets are complete there will some margin of error.

Table 3.1: NSSE, OMSEP and GRO Resales (excluding repossessions)

	New Supply	Open Market	GRO
2005/06	-	-	2
2006/07	0	1	6
2007/08	1	10	13
2008/09	0	15	6
2009/10	1	15	7
Total Sales	**2**	**41**	**34**
Total Purchases	**1,676**	**2,854**	**113**
% Sold	***0.1***	***1.4***	***30***

Source: LIFT Sales Log Database and Sasines Records

3.3 However, the data demonstrates that GRO purchasers are highly mobile, with a third moving on in less than five years. Almost all purchasers made a profit on their sale – an average surplus of £20,056 (28%) on the price they originally paid. On average, these purchasers stayed in their property for 25 months.

3.4 The figures suggest that OMSEP and NSSE purchasers are significantly less mobile. However, evidence from stakeholders such as RSLs suggests that the actual level of resales, particularly of NSSE properties, is likely to be considerably higher. For example, one RSL participating in NSSE estimated that, on average, ten to fifteen NSSE properties were sold annually.

3.5 Information on sales of shared ownership properties purchased between 2005/06 and 2009/10 is not available. Between 2005 and 2010 a total of 603 sharing owners sold their property. However, this includes all shared ownership purchasers since 1983.

Views on Mobility

3.6 A number of purchasers indicated that they initially had concerns about mobility when considering buying a home through LIFT. Purchasers had concerns that they would not be financially able to increase their share, and that this may lead to difficulties if they wanted to move on and purchase elsewhere. However, most purchasers felt that their concerns about mobility were put to rest due to good information at the outset about how the LIFT schemes worked.

3.7 GRO purchasers reported greatest concern about mobility. Around a quarter of GRO purchasers consulted were worried about either lack of demand for their property causing difficulties selling, or the requirement to repay the grant if moving within a certain time frame.

> *"Me and my husband are hoping to start a family and would want to move... we are concerned that we would have to repay the grant to the developer before moving on and this would be at least £22,000."*
>
> GRO purchaser

3.8 Most OMSEP, NSSE and sharing owners felt that they could not afford to buy a property outright in the current climate, and would instead remain where they were. A number of LIFT purchasers (particularly NSSE and OMSEP purchasers who bought at the height of the market) were in negative equity and therefore did not believe that it was a sensible time to consider moving on. Some NSSE and shared ownership purchasers had tried to sell or considered selling their properties but had experienced issues with demand.

3.9 Three OMSEP purchasers wished to rent out their existing property, and buy another, and were concerned that the scheme did not allow this.

> *"I would like to move on but ideally I would like to retain ownership of my current flat and use it to let out to support another mortgage. I think the shared equity scheme is a bit restrictive in this regard."*
>
> OMSEP purchaser

3.10 A minority of shared ownership purchasers felt that the scheme 'trapped' them in a very expensive option. A similar proportion felt that the re-sale process was unfair, as the RSL takes its share back without reflecting the investment and maintenance that the owner has put into the house.

Shared ownership – A purchaser's experience

Mr and Mrs A were owner occupiers living in poor quality overcrowded conditions 15 years ago. They were unable to afford to purchase another house of a suitable size. They heard about shared ownership for the first time through an RSL. They were attracted to being able to purchase a suitable house and gradually tranche up to full ownership over time.

Mr and Mrs A purchased a 25 per cent share of the property for £15,000 with a 95 per cent mortgage. Over the past 15 years they feel the cost of their occupancy charge has increased disproportionately. It is currently £200 each month. In addition they pay for insurance, maintenance and factoring.

While they are able to afford these housing costs, the increase in the value of the property together with the level of occupancy charge prevents them from tranching up to a 50 per cent share. They feel they are now ‘trapped’ in an expensive housing option which does not represent good value for money but they have no option but to remain where they are.

Mobility and the Golden Share

3.11 In some cases, the Scottish Government holds a ‘golden share’ of shared equity properties. This means that the purchaser can never buy the property outright, and the Government has the option of purchasing the property when it is sold. This allows the property to remain in the affordable housing sector.

3.12 There is no central record of the properties over which the Government holds this golden share. However, it is in common usage in some parts of the country. For instance, all NSSE schemes in the Highlands, Aberdeen, Aberdeenshire and Moray have golden shares. This includes regeneration areas where there may not be market pressures. OMSEP properties provided in the Highlands and Cairngorm National Park have golden shares.

3.13 None of the shared equity purchasers reported the use of ‘golden share’ acting as a problem in relation to mobility within the housing market. However, a number of purchasers with golden shares did mention that they were unlikely to increase their equity stake as they could see no advantage to this if they could never own their property outright.

3.14 The RSLs we consulted generally felt that the golden share performed two key roles. Firstly, it retained affordable housing in areas where it may be difficult to replace it. Secondly, for NSSE, the subsidy required to organise a resale was lower to that required in providing a new house. Stakeholders were less sure about the value of using golden share for OMSEP, and as far as we can ascertain there have been no buybacks of OMSEP properties. This is in part due to the cost, but also the issue of houses often being located in areas where future demand may be uncertain.

Security

3.15 Some shared equity and shared ownership purchasers expressed significant concerns about security of tenure. Shared equity and shared ownership schemes are subject to the ‘20 year rule’ on leases and standard securities applied by the Land Tenure Reform (Scotland) Act 1974.

3.16 Many purchasers did not appear to be aware of the 20 year rule. A small number specifically raised the 20 year rule, and its implications. Perhaps not surprisingly there appeared to be greater awareness among sharing owners, some of whom have been in their homes longer than 20 years.

3.17 Although it is possible for RSLs to enter into a new Occupancy Agreement (for another 20 years), a small number of sharing owners indicated that they had been in communication with the RSL involved and the Scottish Government but had been unable to resolve the matter to their satisfaction.

> *"My plans for the future were to stay in the property for the rest of my life but then there is the issue of the 20 year rule, which I had only heard about in passing and it had never properly been explained to me."*
>
> Shared ownership purchaser

3.18 Three shared equity owners we interviewed also expressed concern about the '20 year' standard security rule. They felt that the rule had not been sufficiently explained to them at the time of acquiring their property, and that it was not clear what would happen after 19 years when their agreement came to an end. As security of tenure was a significant reason for many purchasers wanting to move into home ownership, this was understandably a major concern.

Summary

Property Sales

3.19 GRO purchasers appear to be highly mobile within the housing market, with 30 per cent moving on in less than five years. On average, GRO purchasers stayed in their home for just over two years.

3.20 Figures suggest that OMSEP and NSSE purchasers are significantly less mobile. However, there is evidence that there have been more resales than have been recorded, particularly within the NSSE scheme.

Views on Mobility

3.21 Although many purchasers had concerns about mobility at the outset, most shared equity purchasers no longer had worries. GRO purchasers had the most significant concerns, with worries about the level of demand for their property, or about repaying grants in pressured market areas. A minority of shared ownership purchasers also felt trapped. OMSEP purchasers reported some frustration that they were not able to let their property out.

Use of Golden Share

3.22 There is limited information on the use of the golden share for shared equity purchases. However, the golden share does not appear to be causing purchasers any issues in terms of mobility and being able to move on. However, it is discouraging some purchasers from increasing their equity stake, as they can never own 100 per cent of the equity in their home.

Security of Tenure

3.23 There are significant concerns about the lack of security for shared equity and shared ownership purchasers, due to the '20 year' rules. Purchasers also have concerns about the lack of communication and information around the implications of the '20 year' rules.

4. AFFORDABILITY

Introduction

4.1 This chapter looks at the affordability of LIFT schemes for purchasers.

Equity Stake Purchased

4.2 Table 4.1 gives average, minimum and maximum equity stakes for NSSE and OMSEP[14]. A breakdown by local authority area is given in Appendix 6.

Table 4.1: NSSE and OMSEP purchases 2005/06 to 2009/10 – mean, median and min / max %age stake purchased

	NSSE %	OMSEP %
Average stake	62	65
Median stake	60	62
Minimum stake	25	25
Maximum stake	88	80

Source: LIFT Sales Log Database

4.3 Across Scotland the average stake purchased was slightly higher for OMSEP (65%) than NSSE (62%). However, in some local authority areas stakes purchased under OMSEP were, on average, significantly higher than for NSSE. This was most notably the case in North Lanarkshire (20% higher), East Dunbartonshire (17%), East Lothian (17%), Moray (16%) and Angus (15%).

4.4 Table 4.2 shows the percentage owned by sharing owners according to survey returns from RSLs at March 2010. This data does not cover all RSLs with shared ownership properties, but gives a reasonable picture of patterns of shares. A breakdown by local authority area is given in Appendix 7.

Table 4.2: Percentage tranche purchased by sharing owners – March 2010

% Share Purchased	No.	%
25%	2,632	62.9
50%	1,390	33.2
75%	162	3.9
Total	**4,184**	**100**

Source: Scottish Government survey of RSLs providing shared ownership property

4.5 The data shows that despite the option to increase their share, very few sharing owners own more than half of their home, with 96 per cent owning either a 25 per cent or 50 per cent share. A strong majority of sharing owners (2,632 – 62.9%) own 25 per cent of their home. A third (1,390 – 33.2%) own a 50 per cent share. In comparison with NSSE and OMSEP purchasers, sharing owners tend to own lower amounts of equity in their homes.

[14] There were some issues with the available data: monitoring entries where price was missing were removed; and entries stating that 100 per cent had been purchased were removed.

Assessing Affordability – Borrowing

4.6 We have considered the affordability of LIFT purchasers' borrowings based on available data[15]. Since purchasers' income has been recorded within bandings (e.g. £15k to £20k) we have calculated lending multiples for the mid and top end of the income range. All of the available mortgage data related to the financial years 2008/09 and 2009/10 and the vast majority of data (97%) related to 2009/10.

4.7 Current Scottish Government guidance on assessing shared equity applications indicates that as a 'rule of thumb' an individual applicant should borrow a maximum of three times their salary, and joint purchasers twice their salary. Applicants are required to obtain quotations from three mortgage lenders. If the level of borrowing achieved is less than the rule of thumb the applicant must provide justification. If the level of borrowing is more than the rule of thumb, the applicant must provide evidence that they have taken independent financial advice.

4.8 As the LIFT guidance has changed over time in response to market conditions we have drawn on the Scottish Government's Housing Need and Demand Assessment Guidance[16]. This states that (for both open market and intermediate affordable housing) a "household is considered able to afford a home if it costs up to 3.5 times the gross household income for a single earner household or 2.9 times the gross income for a dual income household".

4.9 Data collected through the LIFT Sales Log Forms should include the total household income. However, in the majority of cases where there is more than one earner, our view is that the income range recorded is for the first occupant (rather than the household). As such we have used the single earner multiple in our analysis. Looking at the lending multiples for each sale we have been able to calculate the number of purchasers borrowing at greater than 3.5 times for the mid-point and top end of the income range.

Table 4.3: NSSE and OMSEP purchasers borrowing above affordable borrowing level*

No. borrowing at greater than 3.5 times income	NSSE		OMSEP	
	No.	%	No.	%
At mid-point of income range	33	19	253	31
At top end of income range	12	7	82	10

*of total number of purchasers where mortgage information is available.

Source: LIFT Sales Log Database

4.10 Table 4.3 show that at the mid-point of the purchaser income ranges, nearly a fifth of NSSE purchasers and a third of OMSEP purchasers were borrowing at levels greater than the Scottish Government assessment of affordability. This proportion reduced to seven per cent for NSSE and ten per cent for OMSEP when compared to the top end of the income range. However, this assumes that the income information provided for the sales log form included all income taken into account in the mortgage calculation.

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15 Sales log data shows the sums that 172 NSSE and 816 OMSEP purchasers borrowed.

16 Scottish Government. Housing Needs and Demand Assessment Guidance. March 2008

4.11 The analysis of shared equity prices and borrowing levels suggests that while the cost of full home ownership was greater for NSSE, housing costs were more affordable for NSSE purchasers compared to OMSEP.

Accessing Mortgages

4.12 As part of our telephone interviews we asked purchasers about their experiences of accessing mortgages, and their views on the affordability of their home.

4.13 There were varied experiences of accessing mortgage finance. However, all of the people that we spoke to had successfully financed the purchase of their home and most had done so prior to the credit crunch. Experiences may be different in the current economic situation.

4.14 Of the sharing owners that we spoke to that had financed their share with a mortgage, nearly three-quarters said that they had experienced some difficulty in obtaining a mortgage. However, this was mainly to do with the process in terms of legal and administrative procedures rather than any issues of affordability. In particular some consultees expressed concern that they were forced to use a lender designated by the RSL.

> *"I approached a number of banks about lending for shared ownership, but found that they were not willing to lend for this. Most knew nothing about shared ownership."*
>
> Sharing owner

4.15 There were general concerns about the limited choice of lenders providing mortgages for shared ownership.

4.16 A significant minority of the shared equity purchasers that we spoke to told us that they had experienced some issues with obtaining mortgage finance. A recurring theme was the difficulty in obtaining three quotes from separate mortgage lenders. Several consultees also noted that they were surprised that they had to pay Stamp Duty on the transaction.

> *"The key issue for me was finding a lender. The RSL pointed me in the direction of some lenders. All had very different approaches toward shared equity and I found it quite hard to get the three mortgage quotes required."*
>
> NSSE purchaser

4.17 The LIFT shared equity procedures require RSLs to encourage applicants to seek independent financial advice. We found there were positive comments from shared equity purchasers who had accessed the support of independent financial advisors or mortgage brokers. Purchasers found that these professional advisors generally had a good level of awareness and understanding of shared equity and of mortgage lenders that were active in this market.

4.18 None of the GRO purchasers that we spoke to identified any issues in terms of accessing mortgage finance.

Perceptions of Affordability

4.19 Sharing owners had mixed views on whether shared ownership was an affordable option. In particular there were concerns about the occupancy charge paid to RSLs and additional costs for maintenance to be met by the sharing owner.

4.20 For the sharing owners we spoke to, the average occupancy charge was £146 a month. The highest was £230 a month and the lowest approximately £100. We asked participants to tell us about occupancy charges excluding additional maintenance charges but the figures should be treated with caution as some consultees were unclear about their charges and what was included. We surveyed RSLs to find out current occupancy charges excluding maintenance. We found significant variation in occupancy charges, with a 62 per cent difference (or £921 per annum) between the highest and lowest charges.

4.21 Many sharing owners were unhappy at the management and maintenance charges that they pay. Some felt that it is unfair that the sharing owner has to meet full maintenance costs and pay a rental charge. Some consultees felt that they had not been made fully aware of maintenance responsibilities and costs at the time of purchase.

> *"I do not find my housing costs affordable. It is fundamentally wrong to have to pay the total cost of maintenance on top of the occupancy charge. It defeats the purpose of low cost home ownership."*
>
> Sharing owner

4.22 Roughly half of the sharing owners we spoke to said that shared ownership had been a good deal for them financially. However, half the consultees said that it had not been a good deal and some argued that other housing options would have been better for them.

4.23 The majority of NSSE purchasers said that their shared equity home was affordable. None of the consultees would have been able to afford their current home without shared equity although some said that they would have been able to afford a smaller property or one in a less attractive area.

> *"If I hadn't used the shared equity scheme I think I might have bought a smaller flat using a mortgage."*
>
> NSSE purchaser

4.24 Some NSSE purchasers were more reserved about the affordability of the scheme, mainly stating that it was "just" or "reasonably" affordable. Several consultees said that the scheme was made less affordable by unexpected management and maintenance costs.

4.25 The vast majority of NSSE purchasers stated that it had been a good deal for them financially. However, one consultee questioned whether this will be the case when she comes to sell her property.

> *"It was a great deal financially but now, when I want to sell it, it probably isn't going to work out because I will be left with a big loss."*
>
> NSSE purchaser

4.26 A majority of OMSEP purchasers said that that their housing costs were affordable and had given them access to home ownership. However, a relatively small proportion of OMSEP consultees stated that the costs were difficult but manageable.

> "*We find our housing costs quite tight but manage and accept that we have made lifestyle choices."*
>
> OMSEP purchaser

4.27 We spoke to three OMSEP purchasers that were struggling to afford their housing costs. In one case, the purchaser was a (RTB) owner that had moved into an OMSEP property following regeneration activity. This person was now living in a higher Council Tax band area and felt 'forced into' shared equity. The other two were experiencing difficulties as a result of household circumstances.

4.28 Most OMSEP purchasers felt that it was a good deal for them financially, although a small number were either unsure or argued that it had not been a good deal for them.

> *"In some ways shared equity was a good deal financially as it allowed me to buy. But I will lose out if I improve my home and then sell."*
>
> OMSEP purchaser

4.29 The GRO owners that we spoke to were generally positive that their homes were affordable and some said that affordability was the main attraction for purchasing. All but one of the consultees stated that their ongoing housing costs were affordable. One person was concerned about growing mortgage and factoring costs. A majority of the GRO purchasers stated that it was a good deal for them financially.

> *"This was the right option for me, as I could make a lot of money from it."*
>
> GRO purchaser

Property Resales and Repossessions

4.30 Up to 2009/10, one NSSE property and five OMSEP properties had been repossessed. Two OMSEP properties had converted to rent under the Mortgage to Rent scheme. All repossessions and conversions to Mortgage to

Rent took place in 2008/09 and 2009/10. The overall number represents less than 0.2 per cent of properties. Income data is not available to draw any conclusions about the borrowing multiples of the purchasers involved.

4.31 The Scottish Government's shared ownership survey found that from 2005/06 to 2009/10, 22 shared ownership properties had been repossessed; 18 had been repurchased by the RSL (as a result of the sharing owner experiencing financial difficulties), and 12 repurchased under Mortgage to Rent. This is around 0.9 per cent of sharing owners identified in the survey and is a higher proportion than for shared equity. However, as the majority of shared equity owners had not been in their homes for as long a period, the figures are not directly comparable. Information on repossessions and Mortgage to Rent is not available for GRO properties.

Summary

Purchase Prices

4.32 The average purchase price and purchaser contribution was lower for an OMSEP property than a NSSE one. On average OMSEP purchasers had lower income levels.

Borrowing Levels

4.33 Nearly a fifth of NSSE purchasers were borrowing at levels greater than the Scottish Government assessment of affordability (3.5 times income) when taking the mid-point of their stated income range. Assuming all purchasers were at the top end of the stated income range, seven per cent (12) were borrowing at a level greater than the affordable rate. This is despite the fact that shared equity purchasers must provide evidence that they have taken independent financial advice.

4.34 At the mid-point of the OMSEP purchaser income ranges nearly a third borrowed at multiples greater than 3.5. At the top end, ten per cent were borrowing at a level greater than the affordable rate. On this basis, NSSE purchasers had more affordable housing costs when compared with OMSEP purchasers.

4.35 The data suggests that while housing costs were more affordable for NSSE purchasers, the cost of outright home ownership was greater for NSSE compared with OMSEP.

Views on Affordability

4.36 The majority of NSSE and OMSEP purchasers were positive that their home was affordable to them. We identified a very small number of purchasers experiencing difficulties as a result of household circumstances.

4.37 No NSSE or OMSEP purchasers said that they would have been able to afford their current home without the help of shared equity – but some said that they would have been able to afford a smaller home or one in a less attractive neighbourhood.

4.38 Sharing owners raised some concerns about occupancy charges but there were more complaints about bearing full maintenance costs. We found significant variation in occupancy charges for shared ownership. Of the GRO owners we spoke to, all but one felt that their housing costs were affordable.

Financial Difficulties

4.39 The proportion of LIFT purchasers losing their homes as a result of financial difficulties was significantly higher among sharing owners than shared equity purchasers.

5. ADDITIONALITY

Introduction

5.1 This chapter explores the extra value offered by the LIFT schemes, over and above meeting the needs of individual households and enabling home ownership. This includes exploring the impact of LIFT in relation to:

- reducing pressure on social rented housing;
- stimulating and sustaining the owner occupied sector; and
- achieving wider social benefits.

Reducing Pressure on Social Rented Housing

5.2 Through supporting households into affordable home ownership, the LIFT schemes have the potential to reduce pressure on social rented housing. There are two main ways in which this could occur:

- through freeing up Council and RSL properties directly, with people moving from the social rented sector into home ownership; and
- through reducing future pressure on Council and RSL properties, with people moving from the waiting list for social rented accommodation.

5.3 Information gathered by the Scottish Government, supplemented by our interviews with purchasers, identifies that the proportion of people previously living in social rented accommodation varies across the LIFT schemes. This information shows that the LIFT schemes are likely to have directly freed up approximately 1,130 social rented properties across Scotland.

Table 5.1: LIFT purchasers moving from social rented accommodation

Scheme	All households	Estimated no. moving from social rented accommodation	Estimated % moving from social rented accommodation
NSSE	2,409	385	16
OMSEP	3,198	448	14
GRO	867	35	4
Shared Ownership	794	262	33
Total	**7,268**	**1,130**	**16**

5.4 The LIFT schemes also have the potential to reduce future pressure on social rented accommodation. Overall, approximately a third of LIFT applicants were on a housing list for social rented accommodation. However, some of these households were actually existing tenants of social landlords seeking a transfer or alternative social rented property. These households have already been accounted for in calculating the social rented property freed up directly as a result of LIFT, and have therefore been removed from the housing list figures below.

Table 5.2: LIFT purchasers on social rented housing list			
Scheme	**All households**	**Estimated no. on social rented housing list**	**Estimated no. on housing list and not in social rented housing**
NSSE	2,409	1,132	634
OMSEP	3,198	991	605
GRO	867	277	N/A*
Shared Ownership	794	79	46**
Total	**7,268**	**2,479**	**1,285**
*Sample size very small. ** Information not available – estimated figure.			

5.5 The adjusted figures suggest that approximately 1,285 households were on the housing list for social rented accommodation, but not living in the social rented sector.

5.6 However, many of these 1,285 households would not have had a realistic chance of being housed in the social rented sector. Our interviews with LIFT purchasers suggest that only around a quarter of NSSE purchasers, 17 per cent of shared ownership purchasers and 10 per cent of OMSEP purchasers felt that they had a realistic chance of being housed by a social landlord. Of the very small sample, no GRO purchasers thought that they had a chance of being housed by a social landlord. This would indicate that between 2005/06 and 2009/10 LIFT reduced pressure on housing lists by around 247 applicants who may have had a realistic chance of being housed.

Table 5.3: LIFT purchasers likely to be offered social rented housing			
Scheme	**Estimated no. on housing list and not in social rented housing**	**Estimated no. of households who believed they had a realistic chance of being housed by a social landlord**	**Estimated % of households who believed they had a realistic chance of being housed by a social landlord**
NSSE	634	178	28
OMSEP	605	61	10
GRO	Unknown	0	None
Shared Ownership	46	8	17
Total	**1,285**	**247**	

5.7 This suggests that in total, the LIFT schemes are likely to have provided an alternative housing option for 1,532 households who would otherwise either have been in social rented housing, or likely to have been offered it. This represents 21 per cent of all LIFT households.

Producing New Properties

5.8 The LIFT schemes have directly resulted in the provision of new properties within the owner occupied sector, through NSSE, GRO and shared ownership. The NSSE database shows that 96 per cent of NSSE properties are newly built, two per cent are conversions or improvements, and one per cent is 'other'. Applying this information to the overall NSSE figures would suggest that 2,313 new build properties were developed through this scheme between 2005/06 and 2009/10. All GRO properties were newly built, and although information is not available for shared ownership it would be reasonable to assume that all (or the vast majority) are new build. In addition, approximately three per cent of OMSEP purchases were new build properties.

5.9 Overall, this means that between 2005/06 and 2009/10 a total of 4,070 new properties were developed through LIFT. This means that LIFT represents 3.5 per cent of new house completions in Scotland between 2005/06 and 2009/10[17].

5.10 Our consultation with stakeholders found that some believe OMSEP does not add as much value as the other LIFT schemes, as it does not directly produce a significant volume of new build homes. However, the OMSEP scheme also has the potential to impact on the housing market and availability of owner occupied housing. It would be interesting to track the 'property chain' for OMSEP, to see what happened to households that sold their homes to OMSEP purchasers. There are a number of possibilities:

- the household could move on within the owner occupied sector in Scotland, through upsizing, downsizing or a sideways move;
- the household could move on within the owner occupied sector, but outwith Scotland, thereby leaving the housing market in Scotland;
- the household could move on within another sector – including the social rented and private rented sectors;
- the household could leave the housing market entirely through staying with friends or relatives, or death; or
- the household could break into more than one household, due to relationship breakdown or independence.

5.11 If households do remain within the owner occupied sector, this essentially means that OMSEP has resulted in one additional household being in owner occupation. This should, theoretically, result in stimulation of the housing market, and ultimately new build of properties for owner occupation. OMSEP could therefore be contributing to sustaining the new build owner occupation market.

5.12 Another impact of OMSEP could be that, by supporting one household to enter the owner occupied market, another household on the margins of home ownership seeking to enter may be unsuccessful as a result of the increased competition and therefore pushing up house prices. This likely to be more prevalent in pressured market areas.

5.13 Unfortunately there is little evidence available to allow further exploration of the impact which OMSEP is having on the wider housing market. The Scottish Government could consider undertaking detailed work tracking the impact of OMSEP sales.

[17] Scottish Government, Housing Statistics for Scotland, All Sector New Build, August 2010

Wider Social Benefits

5.14 Qualitative interviews with purchasers demonstrated that some had experienced wider social benefits as a result of participating in LIFT. Shared ownership purchasers and GRO purchasers reported very few outcomes in relation to quality of life or wider social benefits. One GRO purchaser stated that the house had improved quality of life for her and her daughter, allowing her daughter to settle in one school.

> *"If this opportunity had not come along we would still be living a transient life in the private rented sector."*
>
> GRO purchaser

5.15 NSSE and OMSEP purchasers had significantly more to say about the wider social impact of participating in the LIFT scheme. Over one third of NSSE purchasers and half of OMSEP purchasers said that their new home had improved their quality of life. This ranged from removing stress, being closer to work, being closer to children's schools, being able to walk to work, having a feeling of being 'at home' to simply being happier. In many cases, purchasers with children mentioned that their home enabled children to play outside, to live near their school, and to be more settled. Overall, 15 per cent of purchasers felt that they were now more secure and settled.

> *"It has changed my life really... It's given me a sense of stability and pride".*
>
> OMSEP purchaser

5.16 In addition, almost a fifth of NSSE purchasers and a quarter of OMSEP purchasers mentioned having become more independent and having more privacy as a result of moving home. A small number also mentioned being happier through being closer to friends and family.

> *"It gives her a degree of freedom – everything is hers. If she wants to paint it; we can, and she has the garden..."*
>
> NSSE purchaser's carer

5.17 Six NSSE and OMSEP purchasers felt that their home had resulted in wider financial benefits, including being able to run a business from the home, being able to walk to work, having an improved credit rating, and being able to work because the children were so settled. In one case establishing a business had motivated a purchaser to cease smoking so he "was fit enough to undertake physical work".

OMSEP – A purchaser's experience

One OMSEP household was previously living in an overcrowded home, sharing with in-laws. Their new home has greatly improved their quality of life. It has increased their daughter's confidence, as she now has stability, friends and can attend school in the same area she lives. It has also reduced the stress of sharing a home.

Summary

Freeing Up Social Rented Properties

5.18 Through supporting households into home ownership, LIFT is likely to have freed up 1,130 social rented properties across Scotland. It has also taken approximately 1,285 households off of social rented waiting lists. Of these, an estimated 247 people believed they had a realistic chance of being housed.

5.19 Overall, approximately 1,532 LIFT purchasers were living in social rented accommodation or likely to be offered it. This is 21 per cent of all LIFT households.

Producing New Properties

5.20 Almost all GRO, NSSE and shared ownership properties are new build, as are approximately three per cent of OMSEP properties. LIFT has developed over 4,000 new build properties between 2005/06 and 2009/10, which represents 3.5 per cent of all new house completions in Scotland during this time. The way in which OMSEP contributes to the housing market is not clear. It potentially contributes to the housing market through supporting new households into owner occupation, and stimulating demand for owner occupation.

Wider Social Benefits

5.21 GRO and shared ownership purchasers did not feel that LIFT had helped them to achieve any wider social benefits. However, many NSSE and OMSEP purchasers had seen real improvements in their quality of life due to their new home, including removing stress, stability for children’s education and friendships, independence and privacy. A small number had also seen wider financial benefits such as being able to run a business from home.

6. MIXED AND SUSTAINABLE COMMUNITIES

Introduction

6.1 This section considers how successful the LIFT schemes have been at supporting mixed and sustainable communities in Scotland. Supporting neighbourhoods to become more 'sustainable' has become a key objective in regeneration activity. Establishing a strong housing balance and encouraging positive neighbourhood attributes can help places become more sustainable in terms of self-sufficiency and durability.

6.2 However sustainability can be difficult to define and approaches to deliver sustainability can vary for different types of neighbourhood in different locations. Good practice guidance on *Creating and Sustaining Mixed Income Communities* set out key components for a sustainable community:

- a 'sense of place' but connection to the wider area;
- an integrated mix of housing of different types and tenures to support a range of household sizes, ages and incomes;
- appropriate size, scale and density and the right layout to support basic amenities;
- a strong local economy providing jobs and wealth;
- good quality public services for all age groups; and
- good urban design and transport infrastructure.[18]

Location and Deprivation

6.3 Across Scotland LIFT has been used to deliver low cost home ownership alongside other tenures. This has included neighbourhoods where there has been a predominance of social rented accommodation. LIFT has also provided affordable housing alongside market-value homes.

6.4 In order to assess the LIFT schemes in relation to introducing low cost home ownership in areas of relative deprivation we analysed the SIMD datazone ranking for all available LIFT postcodes[19]. A breakdown by local authority area is provided in Appendix 8.

Table 6.1: SIMD ranking of location of LIFT properties 2005/06 to 2009/10

Relative deprivation by SIMD ranking	Most deprived 5%		Most deprived 10%		Most deprived 15%		Average %age rank		Total
	No.	%	No.	%	No.	%	Mean	Median	
NSSE	132	7.9	227	13.5	389	23.2	40.7	38.5	1,676
OMSEP	86	3.0	218	7.6	366	12.8	43.0	40.9	2,857
GRO	0	0	39	34.5	51	45.1	29.1	32.8	113

Source: LIFT Sales Log Database

18 Bailey N et al (2006) Creating and Sustaining Mixed Income Communities – A Good Practice Guide, Joseph Rowntree Foundation, York

19 Data not available for shared ownership properties

6.5 Nearly a quarter of NSSE properties were in the 15 per cent most deprived datazones. There was significant variation across Scotland with NSSE properties being developed in both affluent and deprived areas. Of the 27 local authority areas where NSSE was used, 11 (40.7%) did not build NSSE properties in any of the 15 per cent most deprived datazones in Scotland. Overall, NSSE properties were developed in the more deprived half of Scotland's datazones.

6.6 All of the NSSE properties that were developed in East Renfrewshire, Falkirk and West Dunbartonshire were located in datazones within the most deprived 15 per cent. There were proportionately high volumes of NSSE properties in deprived areas in Inverclyde, Stirling, Glasgow, North Ayrshire and Edinburgh. Just more than half of the NSSE properties developed in Glasgow were in the most deprived 15 per cent of datazones.

6.7 Just 13 per cent of OMSEP properties were in the 15 per cent most deprived datazones in Scotland. This is significantly lower than the comparable figure for NSSE. Just three per cent were in the most deprived five per cent of datazones. However, overall OMSEP properties were purchased in the more deprived half of Scotland's datazones.

6.8 There were proportionately high volumes of OMSEP properties located in the most deprived 15 per cent in South Ayrshire, Inverclyde and Renfrewshire (respectively with 50 per cent, 47.1 per cent and 45.5 per cent in the 15 per cent most deprived datazones). South Ayrshire, Inverclyde and Glasgow had the highest proportions of OMSEP purchases in datazones in the most deprived five per cent although the highest number of units in the most deprived five per cent were in Edinburgh (where the largest volume of OMSEP sales have been).

6.9 A much higher proportion of GRO properties were in the 15 per cent most deprived areas – almost half. However, the data is only available for a small amount of GRO properties (13% of completions) and should be treated with caution. More than a third (39 – 34.5%) were in the most deprived 10 per cent of datazones. None of the GRO properties were in datazones in the most deprived 5 per cent. The average datazone for GRO properties was ranked in the most deprived third (29.1%; median 32.8%).

Perceptions of Mixed Communities

6.10 Our qualitative interviews with LIFT purchasers gathered views on the communities where the purchasers lived. Almost half of the GRO purchasers interviewed felt that their community was mixed, but none felt that it was a strong, supportive community. Three felt strongly that there was no community spirit, with concerns about properties being rented privately resulting in high turnover of households. One purchaser felt very isolated due to high levels of private renting and lack of community spirit.

6.11 NSSE purchasers had mixed views on the neighbourhoods they lived in. Almost a third felt that there was a mix of households in the area, but many didn't know or felt that there should be more of a mix. A quarter of NSSE purchasers felt that there was a sense of community spirit in their area.

6.12 OMSEP purchasers had far less to say about the mix of people within their area, with many not knowing or having contact with their neighbours. A fifth felt that their area was mixed and a similar proportion felt that their area had good community spirit.

6.13 Although almost half of the sharing owners felt that they now lived in a mixed community, there were different views on whether this was a positive outcome, with some concerned about anti-social behaviour. Very few felt that they lived in a strong, supportive community with community spirit. Some sharing owners that we consulted had been in their home for a number of years and spoke about the area changing over the period. There were some concerns about neighbourhoods deteriorating as a result of owners moving on and renting out properties privately.

Views on Housing Mix

6.14 Most sharing owners did not have strong views on the tenure mix in their neighbourhood. NSSE consultees tended to have clearer views, and several raised concerns about other groups of residents, reflecting some tensions resulting from tenure diversification. Some NSSE owners raised issues in relation to problem tenants being housed in social rented accommodation in their area.

6.15 Other NSSE consultees raised concerns about the insufficient mix of households in their area, and attitudes towards shared equity owners. Some felt that a lack of tenure-blindness in the neighbourhood meant that there was stigma towards people living in shared equity homes.

> *"I am concerned about some of the tenants in the neighbourhood. (The RSL) don't want to know about it. In my view, there should have been a wider mix of households."*
>
> NSSE owner

> *"We feel there is some tension as the owners think the shared equity houses are owned by the RSL and they look down on them. It is unfortunate that the shared equity houses are the semi-detached ones and look different to the other [private] houses in the development."*
>
> NSSE owner

6.16 GRO owners also raised concerns about stigma towards residents in affordable housing – and suggested that there should have been better 'pepper-potting' of properties around the neighbourhood.

6.17 Our consultations revealed a number of tensions between tenure groups. In summary, some NSSE purchasers raised concerns about neighbourhood problems resulting from residents in social housing. Other NSSE purchasers were worried about being stigmatised as the 'poor neighbours' by private owners and as a result of distinct housing design. Some OMSEP and GRO owners also raised concerns about social renters living nearby – and GRO purchasers were also concerned about private renters and anti-social behaviour from these properties.

Community Safety

6.18 Experiences in relation to community safety varied across LIFT purchasers. Overall, sharing owners were positive about the level of safety in their neighbourhood. Some were concerned about anti-social behaviour and a couple of respondents said that they felt unsafe in their area at night.

> *"The area is safe during the day, but I would not go out at night... Other owners are now renting out their properties which is creating problems and bringing the area down. There is noise in the block late at night."*
>
> Sharing owner

6.19 OMSEP and GRO owners were broadly positive about community safety, although a minority reported problems in their neighbourhood. One OMSEP purchaser said that social tenants were responsible for anti-social behaviour and vandalism in their block. Some GRO purchasers were concerned about anti-social behaviour among residents in GRO funded properties which had passed into the private rented sector.

6.20 In contrast, roughly a fifth of NSSE owners felt that there were real problems in their area. These related to anti-social behaviour, personal safety and/or drug abuse. A minority said that they felt "trapped" in a poor neighbourhood.

Lessons from Three Mixed Neighbourhoods

6.21 We carried out three case studies looking at mixed communities where LIFT subsidy had been used.

- Ruchazie (Glasgow) – a mix of NSSE and social rented housing;
- St Andrews – GRO, shared ownership and social rented housing; and
- Aviemore – NSSE, social rented and private housing.

The three case studies, and a note of the indicators that we used to explore mixed and sustainable communities, are included as Appendix 9.

Housing and the Environment

6.22 In the three areas we looked at there was a strong mix of housing types, sizes and tenures. Tenure mix was more limited in Ruchazie where NSSE had only recently been introduced.

6.23 There were different levels of integration of tenures across the three sites. This was most successful in Aviemore where there was a strong masterplanning process and commitment that affordable housing would be available throughout the site (including in the most ‘attractive’ parts of the neighbourhood). The imperative to give NSSE homes a high profile in the Ruchazie area (in the first phase of NSSE) meant that the homes are distinct from the other housing in the neighbourhood.

6.24 Purchasers in the three areas were generally positive about the attractiveness of their neighbourhoods and design of their homes. This was particularly the case in Aviemore where innovative housing design has been used and where it is very difficult to distinguish between the private and affordable housing.

6.25 In St Andrews, developers had to modify the site design in response to strong objections from local residents. Residents felt that the neighbourhood is an attractive place to live but there were concerns about the quality of houses.

6.26 Residents in Aviemore were happiest with the public spaces available to them. However, in both Aviemore and St Andrews, where the Homezone concept was used, residents had grievances in relation to available parking and boundaries for children’s play. There were no significant concerns about cleanliness although one NSSE owner felt that the social housing was less well maintained by residents.

Population

6.27 Sales log data shows a strong mix of household types living in the LIFT properties. These included single people, couples and families with children. In Ruchazie and Aviemore, NSSE properties had been purchased by couples of pensionable age. In both areas the average age of LIFT purchasers was less than 40, as would be expected for first-time buyers. In St Andrews the age profile of GRO owners was low (averaging 28 years). This reflected the way in which properties were targeted. Household data was not available for shared ownership (or social rented) properties but it might be assumed that the spread of ages would be greater across the neighbourhoods (with the LIFT properties having a younger age profile).

6.28 The LIFT properties have been built to Housing for Varying Needs standards. However, we are not aware of any LIFT purchasers in the three areas having a disability. In St Andrews the neighbourhood includes housing to support independent living.

Crime

6.29 Overall, the residents in the three areas felt that the neighbourhoods were safe although there were some concerns in Ruchazie about personal safety in the area at night.

6.30 Residents had some concerns about anti-social behaviour. RSLs felt that issues of managing anti-social behaviour were no greater than would be expected in other areas where there is social housing. Interestingly, in St Andrews there were concerns that anti-social behaviour was happening at homes that had been sold as GRO properties but had moved into the private rented sector.

6.31 Residents were not experiencing any significant issues with vandalism, fly tipping etc and felt that the neighbourhoods were well maintained in respect of these issues.

Community Cohesion

6.32 In all areas, residents had a sense of belonging to their neighbourhood. Although difficult to measure from brief case study research, community cohesion seemed strongest in Aviemore. This may be the result of strong local bonds in a semi-rural community but has been helped by close integration of LIFT homes with social and private housing. In Ruchazie, NSSE purchasers came from the local area and there was a sense that people 'get along' sufficiently well. However, people are still settling into the neighbourhood. There was less evidence of social mixing compared with Aviemore.

6.33 Community cohesion appears more of an issue in St Andrews. Residents noted the distinction between social renters, sharing owners and GRO owners. There was a particular issue about GRO properties being lost to the private rented sector with high local demand for student accommodation. The presence of private renters was causing some tension in the area.

6.34 In St Andrews and Ruchazie there was a suggestion that cohesion and community spirit would be strengthened through the provision of better community facilities. In Ruchazie, the RSL hopes that this can be enhanced through the development of the local park.

Services

6.35 In each area, residents were happy with access to local shopping facilities. Very few of the residents that we spoke to in the case study areas had children attending school but where this was the case it was a clear reason for wanting to remain in the neighbourhood.

6.36 There were some concerns in Aviemore about the lack of a local community / social venue that would be a focus for adults living in the area. In St Andrews, GRO owners were less concerned about community facilities; there was a sense that purchasers were more focused on accessing home ownership in the St Andrews area than on improving facilities in their immediate neighbourhood.

Transport

6.37 Residents felt that public transport links are good in each of the areas. Homezones were used in Aviemore and St Andrews and there are good walking links to the main town.

Summary

Location and Deprivation

6.38 Shared equity homes have been delivered in both deprived and affluent areas in Scotland. Nearly a quarter of NSSE properties were developed in the 15 per cent most deprived datazones. Overall, NSSE properties tended to be developed in the more deprived half of datazones in Scotland.

6.39 Nearly 13 per cent of OMSEP properties were purchased in the most deprived 15 per cent of datazones. This means that NSSE properties were more likely to be found in deprived areas.

6.40 The data shows that GRO subsidy was far more likely to be used in deprived areas than shared equity. The available data shows that 45 per cent of GRO completions were in the most deprived 15 per cent of datazones.

Views on Mixed Communities

6.41 We spoke to LIFT purchasers about their neighbourhoods. Sharing owners did not have particularly strong views on the tenure mix in their area. NSSE owners expressed views reflecting some tensions between different tenure groups within neighbourhoods, and raised concerns about social renters in their local area. There were also concerns about the way they are perceived by full owners – and calls for better balance of tenures and pepper-potting in neighbourhoods.

6.42 OMSEP purchasers were generally less concerned about issues of mix in their neighbourhood.

6.43 GRO owners were concerned about the profile of their neighbourhood changing over time and there were also concerns about the visibility of the affordable housing in mixed neighbourhoods.

Case Studies

6.44 Our case studies demonstrated that LIFT schemes have contributed to a strong mix of housing types, sizes and tenures. A variety of household types have been accessing LIFT properties within neighbourhoods. Tenure integration has succeeded where there has been good neighbourhood design and strong masterplanning.

6.45 LIFT has been used in safe, popular areas where there is a growing sense of community cohesion. However, in some areas there is evidence of tension between tenure groups. These might be eased through better 'tenure blindness' and developing shared community facilities.

7. VALUE FOR MONEY

Introduction

7.1 This chapter provides a comparative value for money assessment of the LIFT schemes. In order to provide a 'rounded perspective' we have considered the cost to the public purse and the cost to the home owner.

Value for Money to the Public Purse

7.2 We have reviewed the initial costs of the four LIFT schemes in terms of the public subsidy required to fund them and their longer term costs, taking account of purchasers' ability to acquire additional equity or sell their home and generate a receipt for the Scottish Government.

7.3 A significant challenge in comparing the capital costs has been the way information is currently recorded by the Scottish Government. NSSE and shared ownership funded projects are currently recorded as a single 'Low Cost Home Ownership' cost centre. In order to disaggregate them, we have used sales log information collected by the Scottish Government (which does not include all properties funded) to arrive at a breakdown of costs for NSSE and OMSEP funded properties on a consistent basis. We have assumed an average development allowance of £3,607 for a NSSE property and £702 for an OMSEP property. Shared ownership costs have been extracted from scheme data provided by the Scottish Government for design and build schemes only. In all three cases we have established average figures for the period 2005/06 to 2009/10. Information on GRO and shared ownership schemes is based on annual data published by the Scottish Government.

7.4 We have brought all capital costs to a three person equivalent house size to provide an accurate comparison, using the conversion factor agreed by the Scottish Government for comparing its social rented housing programme.

Upfront Costs

7.5 In comparing the capital costs for each scheme some caution is required for two reasons. Firstly, the number of units is relatively low in some cases and could be distorted by 'exceptional' scheme costs. Secondly, in the case of NSSE scheme, the existing datasets do not allow us to compare the relationship between scheme costs and property values. We therefore have no way of establishing whether property values overall are greater or lower than scheme costs.

7.6 As Table 7.1 identifies, the average capital cost of an OMSEP property over the past five years is the lowest at £98,340. This is in part a reflection of the fact that the majority of properties are second hand and may be of varying standards. GRO properties were on average around 12 per cent higher than OMSEP properties; NSSE properties around 20 per cent higher; and shared ownership around 21 per cent higher.

Table 7.1: Comparison of Average Capital & Subsidy Costs for 3 person equivalent LIFT & Social Rent Schemes 2005/06 to 2009/10					
	NSSE	**OMSEP**	**SO**	**GRO**	**Social Rent**
No. of Units	1,658	1,530	127	379	24,125
Average cost/unit £ (3pe)	118,290	98,340	119,270	110,463	111,298
Average subsidy/unit £ (3pe)	51,109	34,158	55,843	26,696	71,965
Average subsidy rate %	40.3	34.7	51.4	24.4	65
The number of units is based on information for which data is available. Shared ownership subsidy levels include other public contributions.					

7.7 On average GRO required the lowest level of subsidy at £26,696 per property. The average subsidy level for OMSEP properties was around 28 per cent higher; 91 per higher for a NSSE property; and 109 per cent higher for a shared ownership property.

7.8 Within the OMSEP scheme we were able to identify 157 properties purchased by a household that included a person with a disability. We have not been able to establish the proportion of these households where specific housing needs may have affected capital costs.

7.9 The capital value of these properties ranged from £57,000 to £210,000. The average level of subsidy provided (adjusted to a three person equivalent) was £43,005 per property and the average grant rate 36 per cent.

7.10 Taking the top ten per cent of these OMSEP properties (on the basis that they are more likely to have been purchased to meet a specific housing need), the average cost per unit (adjusted for a 3 person equivalent) was £156,688. The average subsidy per unit was £58,943 and the average grant rate 37.6 per cent. The most expensive property was a four person property that required subsidy of £84,702 and had a subsidy rate of 40.2 per cent. This suggests that, only in very exceptional cases, did the level of subsidy required exceed the average for a social rented property.

Receipts

7.11 There is no comprehensive database maintained of receipts received by the Scottish Government for the four LIFT schemes. Data available for receipts received for NSSE and OMSEP identify three NSSE and 46 OMSEP sales had concluded up to the end of 2009/10. During the same period the data identifies that one owner in a NSSE property and 15 in OMSEP properties acquired additional equity. In all but two cases this resulted in the owners acquiring outright ownership of their homes. In these two cases it is not possible to determine whether a 'golden share' exists preventing the owner acquiring the property outright.

7.12 However, as we have previously highlighted these figures appear to be an underestimate of what has actually taken place. Conclusions drawn from the following analysis must therefore be treated with some caution.

7.13 Based on the data available, there is no significant difference in the average level of receipts being received between NSSE and OMSEP properties, although numbers are low to make meaningful comparisons.

7.14 The data available identifies that the Scottish Government received receipts of £2,702,189 from equity loans of £2,795,180, a net loss of £92,991. The position was particularly worsened by the downturn in the housing market in 2009/10 when receipts were significantly lower than the original equity loan.

Table 7.2: Receipts from staircasing and sales of NSSE and OMSEP properties 2005/06 to 2009/10

	Year	Value of Equity Loan Provided	Number of Receipts	Value of Receipts	Gain/ Loss
NSSE	2005/06	-	-	-	-
	2006/07	87,714	-	-	(87,714)
	2007/08	128,524	1	62,062	(66,462)
	2008/09	-	1	41,300	41,300
	2009/10	-	2	73,933	73,933
	Total	**216,238**	**4**	**177,295**	**(38,943)**
OMSEP	2005/06	318,363	-	-	(318,363)
	2006/07	1,562,480	1	38,200	(1,524,280)
	2007/08	588,928	12	596,908	7,980
	2008/09	73,841	24	1,015,149	941,308
	2009/10	35,330	24	874,637	839,307
	Total	**2,578,942**	**61**	**2,524,894**	**54,048**
Cumulative	2005/06	318,363	-	-	(318,363)
	2006/07	1,650,194	1	38,200	(1,611,994)
	2007/08	717,452	13	658,970	(58,482)
	2008/09	73,841	25	1,056,449	982,608
	2009/10	35,330	26	948,570	913,240
	Total	**2,795,180**	**65**	**2,702,189**	**(92,991)**

Assumes an average development allowance of £3607 for a NSSE property and £702 for an OMSEP property.

7.15 Taking account of the loan period and the value of receipt compared to loan, the rate of return (for those transactions we can identify) for NSSE properties was -12 per cent, for OMSEP properties –1 per cent, and cumulatively -2 per cent.

7.16 In the case of shared ownership, the Scottish Government requires an RSL to repay the HAG element of any receipt they obtain as a result of an owner acquiring an additional share or selling their property.

7.17 During 2009/10 the Scottish Government has identified receipts of £2,324,690 being received in respect of 96 shared ownership properties. This suggests the average receipt was £24,216. However, no information is available on when the property was provided or the amount of shares being purchased.

7.18 The Scottish Government receive a receipt from GRO funded property purchased at below market value in a pressured housing market area which is sold within a prescribed period (generally ten years). Receipts have been received for 25 properties provided in the period 2005/06 to 2009/10, totalling £516,100. This represents an average of around £20,600 per property.

Table 7.3: Receipts received from GRO funded properties provided between 2005/06 and 2009/10

Year	No. of Receipts	Value of Receipts
2005/06	-	-
2006/07	3	£54,738
2007/08	7	£153,079
2008/09	10	£200,836
2009/10	5	£107,447
Total	**25**	**£516,100**

7.19 Based on our estimate of 140 GRO properties provided in pressured housing market areas over the past five years, this suggests that around 18 per cent have now been sold.

Net Long Term Costs

7.20 Given that all the LIFT schemes have the potential to generate receipts, these require to be factored into a Net Present Value calculation to provide an objective comparison of their relative costs to the public purse. The challenge however is predicting the level of receipts each scheme will generate, given the lack of consistent historic data.

7.21 In order to estimate the receipts that might be generated for NSSE and OMSEP schemes we have drawn on our survey of purchasers. Our survey of NSSE purchasers found that around 16 per cent of those interviewed indicated they intended to move over the next five years, and around 20 per cent of the remainder said that they would purchase some additional equity over the next five years. We have assumed that, on average these purchasers will acquire 20 per cent more equity.

7.22 We estimate this would result in average annual receipts of 4.9 per cent of the upfront subsidy provided. On the basis that purchasers may be more optimistic in predicting their action than actually transpires, we have considered the impact of the level of receipts reducing to 2.5 per cent annually.

7.23 Of the OMSEP purchasers interviewed, 26 per cent indicated they intended to move over the next five years and just under 20 per cent of the remainder said they would purchase additional equity over the next five years. We have assumed that, on average these purchasers would acquire 20 per cent more equity.

7.24 Our assessment is that this would result in average annual receipts of 5.9 per cent of the upfront subsidy provided. Again, we have considered the impact of a lower level of receipts of three per cent annually.

7.25 Given the lack of information on shared ownership receipts by year of provision, we have used the (limited) survey data we have available suggesting that 23 per cent of sharing owners wish to move house over the next five years. When compared against an average receipt per house of £24,216, this suggests that Scottish Government may receive an average annual receipt of two per cent of the upfront subsidy. As an alternative we have considered the impact of receipts reducing to one per cent annually.

7.26 In terms of GRO funded projects, we estimate that, if the trend over the past five years was to continue, this would provide an average annual receipt of around 0.85 per cent of the upfront subsidy provided for the next five years and none thereafter.

7.27 However, as the period gets closer to the security being discharged, the likelihood of purchasers selling their property will decrease. We have considered as an alternative no further receipts being received.

Table 7.4: Comparison of long term subsidy costs for LIFT schemes

	NSSE	NSSE	OMSEP	OMSEP	SO	SO	GRO	GRO
	Option 1	Option 2	Option 1	Option 2	Option 1	Option 2	Option 1	Option 2
Projected annual receipt %	4.9	2.5	5.9	3	2	1	0.85	0
Up front subsidy £	51,109	51,109	34,158	34,158	55,843	55,843	26,696	26,696
NPV subsidy cost 20 yr. £	11,624	30,537	5,117	17,776	37,670	46,281	25,196	26,696

Assumes net house price inflation of -1% in 2011, 0.6% in 2012, 1.2% in 2013 and 1% in 2014 based on Office for Budget Responsibility predictions and 1% thereafter.
Assumes Treasury discount rate of 3.5%.

7.28 Care needs to be taken about interpreting the NPV subsidy costs, given the inconsistency in information on receipts currently held. However, the figures demonstrate that, if receipts can be achieved for shared equity as purchasers interviewed predict, both NSSE and OMSEP have the lowest subsidy requirements in the long term. In particular OMSEP properties, whilst requiring more upfront subsidy than GRO provide significantly better value for money in the longer term. Shared ownership provides least value for money in terms of both upfront and long term subsidy cost.

7.29 It is also worth noting that whilst the application of the golden share may have the effect of reducing the level of receipts from shared equity properties (and hence lead to a higher NPV), it does result in affordable housing being ‘recycled’ at the point of sale, with limited additional expenditure.

Value for Money to the Purchaser

7.30 In terms of value for money to the purchaser, we have compared typical housing costs of a sharing owner and a purchaser of a shared equity home. The Scottish Government's survey of RSLs providing shared ownership property identified considerable variations in occupancy charges between landlords. We resurveyed these RSLs to clarify their current occupancy charges excluding maintenance, and received responses from 25 RSLs. We found the average annual occupancy charges for a 3 person 3 apartment flat to be:

25% sharing owner's stake	£2,003
50% sharing owner's stake	£1,451
75% sharing owner's stake	£835

7.31 Within the range of charges, there were considerable variations. For instance, the difference between the lowest and highest charge made by an RSL to a sharing owner with 25 per cent equity was £941 per annum or 62 per cent.

7.32 As an illustrative example, we have compared the cost of a sharing owner acquiring a 25 per cent share in a house valued at £115k. Based on an average occupancy charge, they would pay £2,003, plus a mortgage of £3,156 (assuming an interest rate of 7 per cent over 15 years). They would therefore have annual outgoings of around £5,159. This compares with annual outgoings of around £7,576 for a shared equity owner with 60 per cent equity in a similar valued property.

7.33 Put another way, a purchaser acquiring 25 per cent equity in a shared ownership property with a value of £115,000 paying average charges could acquire around 40 per cent of a shared equity property with the same level of outgoings.

7.34 To compare the cost of shared ownership to social renting, we have taken the notional rent for a 3 person 3 apartment property used by the Scottish Government to calculate subsidy levels for social rented property (£3,224) and deducted notional maintenance costs (£992). This suggests an equivalent annual rental cost for a tenant would be £2,232. A tenant in social rented accommodation is therefore notionally paying just £265 per year more in rental charges than a sharing owner with 25 per cent equity pays in occupancy charges. In addition, the sharing owner has full responsibility for the maintenance of their home and has to fund the 25 per cent of equity they own. Based on these assumptions social renting represents better value to a household than shared ownership.

7.35 Perceptions of value for money was significantly different among shared equity and shared ownership purchasers. Whilst 29 (out of 30) respondents who had acquired their home through NSSE and 38 (out of 44) respondents felt that shared equity represented a good financial investment for them, the position was far more mixed among sharing owners. Although ten households indicated that it was the right option for them, a further 11 had reservations or felt that it was categorically the wrong option.

7.36 Of the 113 GRO properties we have purchaser details for the periods 2005/06 to 2009/10 where the Scottish Government does not hold a Standard Security, we can identify from Sasines records that 34 (30%) have been the subject of a resale.

Table 7.5: GRO resales in properties provided between 2005/06 and 2009/10 where the Scottish Government does not hold a Standard Security*

Year	No. of Resales	Average Length of Ownership (months)	Average Purchase Price (£)	Average Resale Price (£)	Average Gain (£)
2005/06	2	11.5	104,000	117,500	13,500
2006/07	6	17.2	73,542	102,750	29,208
2007/07	13	17.2	89,069	112,269	23,200
2008/09	6	19.3	86,083	108,583	22,500
2009/10	7	37.9	87,857	104,138	16,281
Total	**34**	**25**	**88,208**	**108,264**	**20,056**

*for which data is available.

7.37 The average length of ownership of these 34 properties was 25 months with purchasers achieving, on average, a surplus of £20,056 (28%) on the price they originally paid. The minimum period of resale was one month for which the purchaser made a gain of £16,500 (23%). The largest gain made was £39,500 (41%) over a 27 month period. In one case a purchaser made a loss. This was of £16,985 (-16%) for a property that had been owned for 44 months and was sold in 2009/10. However, this was an exception with only one other purchaser not making a gain, and selling a property for the original purchase price.

7.38 Given that there is no claw back available to the Scottish Government to recover any of the subsidy provided, these purchasers have generally achieved a very good rate of return on their investment.

Summary

Value for Money to the Public Purse

7.39 When compared against other LIFT schemes, OMSEP properties generally provide best value for money. Although they require more upfront subsidy than GRO, they require substantially less subsidy in the longer term.

7.40 Conversely, whilst GRO properties require the lowest level of upfront subsidy, in the longer term they represent least value for money, as receipts are only received if a purchaser sells a property which the Scottish Government holds a security over within an agreed timeframe. Shared ownership is the least cost effective in terms of both upfront and long term subsidy costs.

Value for Money to the Purchaser

7.41 Shared ownership is a relatively expensive option to the purchaser compared to shared equity or social renting. This is due to the level of occupancy charges sharing owners have to pay which vary significantly between some RSLs.

7.42 GRO purchasers in properties where the Scottish Government does not hold a security have benefited significantly from the resale of their home, with average surpluses after two years equating to around three-quarters of the upfront subsidy provided.

8. Findings and Recommendations

Introduction

8.1 This chapter sets out the key findings of the evaluation, and makes recommendations on the future operation of the four LIFT schemes. A table summarising the outcomes from the schemes is included as Appendix 10.

Meeting Household Needs

Reaching the Target Groups

8.2 LIFT has largely been successful at targeting the households identified as priorities for assistance through the schemes.

8.3 Shared equity has been highly successful at targeting first time buyers. The vast majority of NSSE and OMSEP purchasers were first time buyers, falling to around half for GRO and shared ownership. The low proportion of GRO first time buyers may reflect that in many cases targeting was relaxed in order to achieve the wider aim of stimulating the housing market in deprived areas.

8.4 Both OMSEP and NSSE have largely helped newly forming, rather than existing households. Few had moved from the social rented sector, and few felt there was a realistic chance of achieving a social rented house. In contrast, a third of shared ownership purchasers were previously social rented tenants.

8.5 Overall, most LIFT purchasers were attracted to the scheme due to the opportunity to own their home. Around a quarter of LIFT purchasers said that they needed to move because their home was unsuitable. Others mentioned wider housing needs including lack of security of tenure, formation of a new household, financial pressures or occupancy levels.

8.6 OMSEP is offering purchasers more flexibility in house size, location and type. It is driven by the needs of individuals, rather than being property based.

Key Finding
OMSEP and NSSE have been most successful at targeting first time buyers. GRO and shared ownership schemes often had wider priorities to assist other groups or result in wider housing market changes, resulting in a reduced proportion of first time buyers being housed.

Recommendation
At a time of significant restrictions in the availability of public finance the Scottish Government could place greater emphasis on geographical and purchaser targeting in LIFT schemes. In particular it could focus its investment more closely on those parts of the country where first time buyers are experiencing greater difficulty in entering the housing market, or where there is a strategic objective to introduce mixed tenure as part of regeneration activity.

Satisfaction with LIFT

8.7 OMSEP and NSSE were primarily seen as an affordable route into home ownership, and a chance to obtain a first step on the property ladder. Almost all purchasers felt that shared equity had been the right option for them. OMSEP purchasers were slightly happier with the quality of their homes than NSSE purchasers, who often had issues with snagging and factoring services. OMSEP purchasers appeared to manage and adjust their expectations of their home, due to experience of purchasing on the open market.

8.8 RSLs appear to be operating different practices and providing different levels of service when dealing with property defects in new supply LIFT schemes. This is both a cause of concern to some purchasers and raises questions about protecting the Scottish Government's investment.

8.9 GRO purchasers were also generally happy with their home. However, almost half had snagging or build quality issues and a third raised issues about mix and lack of community spirit in the neighbourhood.

8.10 Shared ownership purchasers were least happy with their home. Less than half felt that it was the right option for them. Many felt it was not a good deal financially, and some had issues about security due to the '20 year rule'.

Key Finding
OMSEP and NSSE have generally supported people into positive, sustainable housing situations. GRO is also meeting people's housing needs, with some concerns around build quality and sustainable neighbourhoods. Shared ownership does not appear to be meeting household needs to the same extent, due to significant concerns over value for money.

Recommendations
There is a need to promote consistent practice among RSLs in dealing with new property defects. In addition some RSLs are offering a lower level of consumer protection to purchasers than those afforded by private house builders and developers that comply with the new Consumer Code for House Builders. NHBC registered builders are required to adopt the Consumer Code for House Builders for properties constructed or reserved since April 2010. The purpose is to ensure that home buyers:

- are treated fairly;
- know what service levels to expect;
- are given reliable information on which to base a decision; and
- know how to access speedy, low cost dispute resolution arrangements.

We would recommend that the Scottish Government requires RSLs to provide a comparable level of protection to shared equity and shared ownership purchasers.

The Scottish Government should encourage RSLs and private developers to provide prospective purchasers of new supply property with more detailed information regarding the ongoing housing costs, particularly in relation to anticipated service charges.

Enabling Home Ownership

8.11 An analysis of whether LIFT purchasers could have afforded to purchase on the open market suggests that almost half of NSSE purchasers could have purchased at the bottom end of the open market, and a quarter of OMSEP purchasers. However, this hides variations at a local level – with a much smaller proportion of purchasers in Edinburgh, East Lothian, East Renfrewshire and Aberdeenshire able to afford to purchase on the open market. It also does not take into account other factors such as particular housing needs or the need to provide a deposit.

8.12 Interviews with shared equity purchasers suggest that only around 10 per cent believe that they could have purchased on the open market. This increases to a fifth for shared ownership and a third for GRO purchasers.

Key Finding
Quantitative data suggests that around half of NSSE and a quarter of OMSEP purchasers could have bought at the lower end of the open market. This contradicts qualitative interviews where few purchasers stated that they could have purchased on the open market. The need for a deposit could be a significant factor, as could local variations in ability to purchase and particular housing needs.

Meeting Long Term Housing Needs

8.13 Around three-quarters of OMSEP and NSSE purchasers believe that their home is a medium to long term solution to their housing needs. Few are aiming to move on in the next five years. Those who want to move generally wish to move on to full ownership, and believe that the shared equity schemes have contributed substantially to achieving their long term housing aims.

8.14 Only a fifth aim to increase the level of equity they hold in their property in the next five years. Some do not think that they will ever increase the equity share that they hold. This potentially creates issues around the sustainability of the shared equity schemes. The current economic climate is likely to affect this situation, as is the desire among many to pay off their current mortgage before increasing their equity stake.

8.15 Very few sharing owners planned to increase their share of the equity in the property, with concerns about value for money. However, over three-quarters anticipated remaining in their current property for the medium to long term.

8.16 GRO purchasers exhibited the greatest mobility. Of the small sample interviewed, all intended to move on to another owner occupied property in the next five years.

Key Finding
Most OMSEP, NSSE and shared ownership purchasers see LIFT as a medium to long term housing solution. GRO purchasers appear more likely to consider moving on within the owner occupied sector in the short term.

Meeting Particular Housing Needs

8.17 OMSEP, NSSE and shared ownership specifically aimed to help people with particular housing needs, for example due to disability. There is limited information available for shared ownership. Information from the shared equity schemes demonstrates that OMSEP is making a significant contribution to meeting particular housing needs. The scheme offers flexible housing solutions for disabled people with particular housing needs, including flexibility on location, design and size.

8.18 There may, however, be some barriers to accessing the scheme due to anecdotal evidence of misinformation.

Key Finding
OMSEP makes an important contribution to meeting the particular housing needs of disabled people.

Recommendation
The Scottish Government should continue to promote the value of OMSEP and the contribution it can make in meeting particular housing needs.

Mobility

8.19 LIFT purchasers exhibit varying degrees of mobility. GRO purchasers were highly mobile, with almost a third moving on within five years. A minority of purchasers across all schemes felt 'trapped' or that there were constraints on their mobility. There were a number of factors affecting this.

- **Affordability** – Most OMSEP, NSSE and sharing owners felt that they could not afford to buy a property outright in the current climate, and would instead remain where they were.
- **Negative equity** – A number of LIFT purchasers (particularly NSSE and OMSEP purchasers who bought at the height of the market) were in negative equity and therefore did not believe that it was a sensible time to consider moving on.
- **Lack of demand** – Some NSSE and shared ownership purchasers had tried to sell or considered selling their properties but had experienced issues with demand.
- **Motivation** – A number of LIFT purchasers did not believe that it was financially in their interests to increase their equity stake either at all (particularly if older), or while owing money on their mortgage.
- **Golden share** – Some purchasers with a golden share on their property did not see the value in increasing their equity stake if they could never own their property outright.

- **GRO claw back** – GRO purchasers in pressured market areas would have to pay back the grant received if moving within a specific time period (usually 5 to 10 years). This was a major consideration and impacted on mobility during this time period for these purchasers.

8.20 Issues around affordability, negative equity and lack of demand will affect owners across much of the property market in this climate, rather than just LIFT purchasers. However, some shared ownership purchasers felt that lack of demand related to value for money offered by shared ownership.

Key Finding
LIFT purchasers are experiencing many of the same barriers to mobility as other owners due to the current housing market conditions. However, the OMSEP and NSSE schemes have created conditions where some owners do not see it in their interest to consider other housing options due to the good value offered by their current circumstances.

Recommendations
Encouraging purchasers to consider their options
Over time shared equity purchasers may become less aware of the options available to them or require a reminder to actively progress them. We believe there would be value in reminding owners of their options to acquire additional equity on a periodic basis. This could take the form of mailings, with the opportunity for subsequent telephone support. In the case of OMSEP schemes the Scottish Government could contract this work to the five RSLs contracted to administer the scheme. In the case of NSSE more detailed consideration would require to be given to the relative merits of the work being undertaken by the RSL developer or contracted to a smaller group of organisations.

Providing greater flexibility
The current restrictions placed on the timescales and the amount of additional equity NSSE and OMSEP purchasers can acquire may be creating an unnecessary barrier. We would recommend that the Scottish Government consider removing these restrictions and offering greater flexibility.

In a small number of cases sharing owners are unable to dispose of their properties due to a lack of demand for shared ownership and RSLs are not willing to exercise a buy back option. In these circumstances we would recommend that sharing owners are allowed to privately let their property under strict conditions.

Introducing financial incentives
There is arguably no financial incentive to a shared equity purchaser to acquire additional equity within a particular timeframe as they are receiving an interest free loan from the Scottish Government on the equity it owns. We would recommend that consideration be given to introducing interest charges on the loan after a period of time, similar to the HomeBuy scheme in England. Care would need to be taken regarding issues of affordability, purchasers acquiring property as a result of demolition, disabled purchasers and where a

‘golden share’ was applied. However, we believe that this would provide more of a financial incentive for purchasers to consider acquiring additional equity where they could afford to.

The use of the golden share
The use of the golden share is prevalent in parts of Scotland as a mechanism to retain affordable housing in perpetuity. However, it would appear to be acting as a disincentive to shared equity purchasers acquiring additional equity. We would recommend that the Scottish Government consults with local authorities with a view to targeting its use. For instance, we can see no value in it being applied in regeneration areas. We can also see no value in it being applied to OMSEP properties in situations where the Scottish Government do not intend to exercise their right of pre-emption at the time of a resale. We would suggest that the Scottish Government advises OMSEP purchasers currently in these circumstances that it does not intend to exercise the buy back option which may make acquiring additional equity more attractive.

In addition we would recommend that the Scottish Government re-examines the golden share model to identify whether there would be value in replacing it with a right of pre-emption that does not restrict the amount of equity a purchaser can acquire.

8.21 A key attraction of the LIFT schemes was security, particularly in comparison to the private rented sector. However, our interviews with purchasers demonstrated considerable concern about the security offered by NSSE, OMSEP and shared ownership properties due to the ‘20 year rule’. This was raised by a minority of purchasers who were fully aware of the issue. Others confessed not to understand or did not seem aware of it at all.

Key Finding
The ‘20 year rules’ are creating some concerns about long term security for OMSEP, NSSE and shared ownership purchasers.

Recommendations
We would recommend that prospective purchasers are provided with more prominent information regarding the length of their agreement when applying for and buying a property.

We would recommend that the Scottish Government gives consideration to issuing guidance to RSLs in the case of shared ownership properties on the options for entering into new occupancy agreements after 20 years, to ensure consistent practice and allay the concerns of owners. In the case of shared equity properties, we would recommend that the Scottish Government indicates to those making enquiries that it would consider sympathetically requests to enter into a new standard security after 19 years.

Affordability

8.22 Average purchaser prices and purchaser contributions were lower for OMSEP than NSSE properties, perhaps reflecting that the latter include a far higher proportion of second hand and lower quality houses than new build NSSE properties. On average OMSEP purchasers had lower income levels.

8.23 Analysis of the lending multiples achieved by NSSE purchasers during 2008/09 and 2009/10 found that 19 per cent had borrowed more than 3.5 times their income, at the mid-point of their income band. Seven per cent had borrowed more than 3.5 times their income at the very top end of their income band.

8.24 The same analysis for OMSEP purchasers during 2008/09 and 2009/10 shows that 31 per cent had borrowed more than 3.5 times their income at the mid-point of their income band and 10 per cent at the top point. This may in part be a reflection of the proportion of OMSEP purchasers located in Edinburgh and the Lothians.

8.25 Feedback from purchasers suggests that most NSSE and OMSEP purchasers feel that their housing costs are affordable. However, a minority of OMSEP purchasers indicated their housing costs were difficult but manageable. Three were experiencing some difficulties with their housing costs.

8.26 Among sharing owners and GRO purchasers no information is available on borrowing multiples. However, we found more mixed views about whether shared ownership was an affordable option, and particular concern about occupancy charges.

Key Finding
Whilst the cost of outright home ownership was greater for a NSSE purchaser as opposed to an OMSEP purchaser, housing costs were more affordable to the former.

Additionality

8.27 The LIFT schemes are contributing to a number of wider aims, beyond simply helping to meet the needs of households in Scotland. Over the past five years LIFT has reduced pressure on social rented property, through freeing up approximately 1,130 properties as people move from social rented to owner occupied property. It has also reduced social rented housing lists by approximately 1,285 – of which around 247 would have had a realistic chance of being housed.

Key Finding
LIFT is reducing pressure on the social rented sector through freeing up properties and reducing demand expressed through housing lists.

8.28 NSSE, GRO and shared ownership are resulting in new build properties, stimulating the construction industry and creating more owner occupied homes. OMSEP is also supporting new households to form and purchase in the owner occupied sector, increasing demand for owner occupation. This could either result, ultimately, in new build of properties for owner occupation or could push aside other households at the margins of home ownership. However, at present the impact of OMSEP on the housing market is not clear.

8.29 Some LIFT purchasers are also seeing wider social benefits as a result of their new home. Shared equity purchasers felt that participating in the LIFT scheme had changed the quality of their lives significantly more than GRO and shared ownership purchasers. Shared equity purchasers highlighted wider social benefits including children becoming more settled and secure in education; becoming more independent; wider financial benefits such as working from home; and general improvements in quality of life.

Key Finding
OMSEP and NSSE appear to contribute significantly to quality of life for purchasers, resulting in wider social benefits. The economic contribution that OMSEP makes to the housing market is not clear.

Recommendation
The Scottish Government should undertake further work to assess the economic impact of OMSEP.

Contributing to Mixed and Sustainable Communities

8.30 Shared ownership, NSSE and GRO schemes all have the potential to contribute to the creation of mixed and sustainable communities through the investment they bring to create new residential areas.

8.31 Overall we found that around two-fifths of NSSE properties had been developed in the more deprived half of Scotland's datazones and around one quarter in the 15 per cent most deprived. Limited data that does exist for GRO properties suggests that around 45 per cent are located within the 15 per cent most deprived datazones. This suggests they are more targeted to deprived neighbourhoods. No information is available on the datazones in which shared ownership schemes are located.

8.32 Shared ownership, NSSE and GRO have all been used as a vehicle for introducing mixed tenure into existing predominately social rented neighbourhoods and creating a tenure mix as part of new social housing development. However we found that more GRO than NSSE households felt that their communities were mixed.

8.33 The extent to which LIFT is contributing to sustainable communities is more difficult to judge – not least because there is no commonly accepted definition of a sustainable community. Overall we found those we consulted to be generally positive about their neighbourhoods. However, around a fifth of NSSE purchasers were experiencing anti-social behaviour or community safety issues. NSSE purchasers also expressed issues relating to tenure mix and integration. In particular we found there to be tensions between households of different tenures, either as a result of differences in lifestyle or a perception of differences in social standing.

Key Finding
NSSE, GRO and shared ownership have all contributed to creating mixed communities. However, there is evidence of some tensions arising from tenure mix and integration.

Recommendation
Developers of LIFT schemes should be encouraged to draw on existing good practice examples and lessons learned elsewhere. A good starting point is encouraging membership of the Scottish Government's Mixed and Sustainable Communities Learning Network.

Value for Money

8.34 Our assessment of the upfront costs of the four LIFT schemes found that, on average, GRO required the lowest level of subsidy and shared ownership the highest. However, when receipts are taken into account, NSSE and OMSEP generally provide better value for money.

8.35 OMSEP is a particularly cost effective option. While its upfront subsidy costs are around one third lower than NSSE, its long term costs are around one half. However, the impact OMSEP is having on overall supply is less clear.

8.36 OMSEP has also provided a cost effective solution to meeting the needs of people with particular housing needs. The average upfront subsidy level for the top ten per cent of the most expensive properties was only around 80 per cent of the average cost of a social rented property.

8.37 Purchasers of GRO funded properties not subject to standard securities have been achieving considerable gains on the resales of properties after relatively short timescales. This raises questions about the 'leakage' of public subsidy and whether GRO represents good value for money to the public purse.

8.38 Overall shared ownership was found to provide the poorest value for money in terms of upfront and long term subsidy costs, and the cost to the purchaser. We found considerable variations in the occupancy charges RSLs make to sharing owners.

Key Finding
OMSEP and NSSE provide the most cost effective mechanisms of supporting low and moderate income households into home ownership.

Recommendations
We recommend that the value of retaining three new supply LIFT schemes to support households into home ownership should be reviewed. We believe consideration should be given to discontinuing GRO and shared ownership schemes, with NSSE and OMSEP schemes being modified to allow purchasers to acquire a lower level of equity than currently permitted, and NSSE schemes being the sole vehicle to stimulate housing markets in regeneration areas.

We believe the advantages of this are threefold:

- greater simplicity to purchasers and scheme administrators;
- greater opportunity to target resources to purchasers; and
- better value for money to the public purse.

We would recommend that the Scottish Government introduces guidance on the setting of occupancy charges should it decide to retain shared ownership.

Data Recording and Monitoring

Key Finding
A recurring theme throughout the evaluation has been a lack of data, or inconsistencies in the way LIFT schemes are being monitored.

Recommendation
We would recommend that a review is undertaken to improve the way in which data is collected and collated to ensure that:

- information on the profile of purchasers is collected from all LIFT purchasers as a condition of participating in one of the schemes;
- information on the capital cost and nature of provision is collected for each LIFT scheme; and
- information on the amount and nature of receipts being received is maintained in a consistent format.

APPENDIX 1 – THE OPERATION OF THE FOUR LIFT SCHEMES

Introduction

The Scottish Government established LIFT in October 2007. The aim of the programme is to help people on low to moderate incomes to buy a home, where this is sustainable for them.

LIFT includes five different initiatives:

- Shared Ownership – where people buy a share of a property, and make an occupancy payment to a Registered Social Landlord (RSL) on the remaining portion;
- GRO grants – grants to private developers to build affordable houses for sale, in areas with little or no private housing or to help meet local shortages;
- New Supply Shared Equity (NSSE) – to allow first time buyers to buy a new build property from either a housing association, or a private housebuilder (currently being trialled);
- Open Market Shared Equity (OMSEP) – to allow first time buyers to buy a property on the open market; and
- Rural Home Ownership Grants (RHOGs) – grants to help towards buying, building or renovating a home for people in rural areas who could not otherwise afford to buy.

The funding for all LIFT schemes is administered by the Scottish Government, in all parts of Scotland except Edinburgh and Glasgow. In Edinburgh and Glasgow, the local authority has responsibility for administering grant funding schemes of shared ownership, NSSE and GRO schemes. The administration of OMSEP remains the responsibility of the Scottish Government.

RSLs also have an important role in managing the application and assessment process for some of the schemes, and acting as a local contact point, funding conduit and information and advice source.

Four of the five schemes are included within the scope of this evaluation. The RHOG scheme is excluded as it was subject to a full evaluation in 2006. The New Supply Shared Equity Trial with developers is also excluded, as it had been in operation for a short time at the time of this evaluation.

Shared Ownership

Aims

Shared ownership was first introduced in Scotland in 1983. RSLs can build or buy new homes for shared ownership, with a grant from the Scottish Government. The RSL markets the properties to priority purchasers who would otherwise be unable to afford to buy a home. The household can acquire an equity stake (of 25, 50 or 75 per cent). The purchaser pays their mortgage costs and a reduced occupancy charge to the RSL.

Shared ownership is a way of fulfilling people's aspirations to home ownership. It assists buyers in pressured market areas, and helps to introduce mixed tenure in areas with low levels of owner occupation.

Application and Targeting

People can apply for a shared ownership property by completing a shared ownership application and returning it to a participating RSL. Associations then assess eligibility and prioritise applicants. This normally takes into account:

- income – ensuring a minimum income level is exceeded to ensure affordability;
- tenure – priority is normally given to applicants in social rented housing;
- stage – priority is normally given to first time buyers.

National guidance on shared ownership suggests that priority target groups should include:

- first time buyers;
- owners facing difficulties and unable to sustain or move back into full owner occupation;
- social rented housing tenants or applicants;
- older people and families on low incomes;
- those with special needs unable to purchase a suitable house; and
- (since March 2010) armed forces personnel, veterans and widows/ widowers.

Where shared ownership is used for area regeneration or tenure diversification, the target group does not need to be strictly defined.

People who could afford to buy a house outright on the open market are not eligible for shared ownership housing. Neither are those who could not afford to purchase a 25 per cent share (or 50 per cent depending on the locally set minimum). The application procedure therefore includes an assessment of financial circumstances, to ensure that applicants can truly afford the costs involved.

Level of Funding
The Scottish Government applies a cost value calculation when it considers potential shared ownership developments. The calculation means that the maximum subsidy level is 41 per cent as the market value of the properties must be at least 59 per cent of the total cost of provision. However, in many regeneration areas, the cost of provision will be lower than the market value and no subsidy will be required.

Social landlords building new shared ownership properties are allocated a development allowance to cover the cost of devising and implementing shared ownership projects, as well as an allowance per unit. An initial development allowance is provided at the same level as for all standard developments. In 2009/10 the allowance was £13,827 per project, plus £691 per unit. This development allowance is not provided for shared ownership 'off the shelf' acquisitions. In all cases an additional allowance of £1,659 is provided for each shared ownership unit, to allow for 'complexity factors'.

Occupancy Charges
Sharing owners also pay an occupancy payment which includes a rental charge, a management fee (including insurance) and a service charge (where applicable) for any maintenance or other services provided by the RSL. The guidance on shared ownership states that this occupancy payment should reflect that the sharing owner is responsible for meeting the cost of all repairs and maintenance to the property.

Shared owners sign an Exclusive Occupancy Agreement rather than a lease. However, shared ownership properties are subject to the leasing rules set out in the Land Tenure Reform (Scotland) Act 1974. This states that, in general, a private dwelling cannot be subject to a 'long lease' (more than 20 years in duration). The Occupancy Agreements therefore generally state that by the 20 year deadline, the owner could buy the property outright; the RSL could buy the property outright; or the owner and RSL could sell the property jointly. Another option, not currently stated in the Occupancy Agreement, is that the RSL and sharing owner could agree to enter into a new Occupancy Agreement.

Increasing Share and Future Sales
Shared ownership occupiers have the right to buy further 25 per cent tranches of the property, up to and including 100 per cent, which means that they then become the sole owner of the house. They can buy a maximum of one tranche each year, but there is no obligation on a sharing owner to purchase further shares.

If the sharing owner wishes to sell the property at any time, the RSL has the option to purchase the property. Originally this was only possible if the property was to be re-sold on a shared ownership basis. However, in May 2009 the Scottish Government issued guidance stating that an RSL can purchase the property and make it available for rent (either to the existing sharing owner or a new tenant), provided that no additional grant is required.

If the RSL does not wish to repurchase the property, it can help to facilitate a direct sale from one sharing owner to another; or can agree to jointly sell the property on the open market.

GRO

Aims

The Scottish Government (or local authority in the case of Glasgow and Edinburgh) provides 'GRO grants' to private developers, housing trusts or non-registered housing associations, with the aim of providing low cost owner occupied housing. They were first introduced in 1990. The aim is to allow developers to build property to stimulate the private housing market, create mixed communities, or address local shortages in supply. There are three main types of GRO funded project:

- projects to diversify the tenure of neighbourhoods;
- projects to regenerate older urban communities; and
- projects to provide affordable housing for owner occupation in pressured market areas, often rural communities.

Guidance is currently being updated to comply with State Aid 239/2002 and a revised version is expected towards the end of the year.

Application and Targeting

GRO grants are only available where the properties are offered to prioritised groups of people – such as people unable to obtain social rented housing; local residents living in rented accommodation; first time buyers; or people with connections to the area. The developer is responsible for recording information about the purchaser, and returning this to the grant provider within 28 days. However, in areas where the owner occupied market is limited, selling homes to specific client groups may be of secondary importance to simply successfully selling the homes.

Level of Funding

The Government provides grants at the minimum level required to meet the difference between the production costs and sales value of the property on completion. There is an upper public funding limit of 40 per cent of costs in deprived areas, and a third of costs in other areas. To ensure optimum value for money, wherever possible potential projects are subject to open competition between prospective developers.

Property Sales

The completed homes are then sold either at or below market value. The developers receive a defined, limited return on the sale of the houses. Although the vast majority of properties are sold at market value, properties can be sold at below market value in pressured areas. If properties are sold below market value, there will be arrangements in place to claw back the surplus profit made from re-sale of the property, if it is sold or leased within a certain time period. This is normally a minimum of five and a maximum of ten years. A condition of sale is that purchaser must occupy the property as their sole residence.

New Supply Shared Equity (NSSE)

Aims

The New Supply Shared Equity scheme (originally known as Homestake) was set up in September 2005. It was rebranded as part of LIFT in October 2007. It allows RSLs to build or buy new homes for sale on a shared equity basis. This means that purchasers can (generally) buy a majority stake of the equity, depending on their income. The remaining equity is held by the Scottish Government. The purchaser owns the property outright, but the interests of the Scottish Government are secured by a mortgage (or standard security) on the property.

There are three types of NSSE scheme:

- RSLs build new properties for sale on a shared equity basis;
- RSLs purchase properties from private developers (at an appropriate discount) for onward sale to shared equity purchasers; and
- RSLs develop new properties for sale on a shared equity basis to existing owners whose homes are scheduled for demolition.

Application and Targeting

The scheme is targeted at people who may experience barriers to owner occupation, including first time buyers; people with a disability; and households affected by demolition in regeneration areas. It is also used to deliver mixed communities in regeneration areas where there is not an established owner occupier market.

The RSL is responsible for administering, assessing and prioritising applicants. The RSL agrees a local set of criteria for assessing applications, to ensure that low to moderate income households are targeted. In January 2010, the Scottish Government issued an amendment to existing guidance, specifying that priority should be given to:

- social renters;
- armed forces personnel;
- veterans who left the armed forces in the past year; and
- widows, widowers and other partners of service personnel killed in action in the past year.

Level of Funding

When NSSE was set up, the equity loan provided by the Scottish Government ranged from 20 to 40 per cent in normal circumstances. This meant that the purchaser generally bought 60 to 80 per cent of the equity. However, in exceptional circumstances the purchaser can buy a stake of less than 60 per cent – but generally not less than 51 per cent. This may apply where people have particular housing needs related to a disability, or in areas where house prices are particularly high.

Where existing owner occupiers are affected by demolition, they are expected to invest, as a minimum the value of their existing property in an equity stake in the new property. This may result in them purchasing less than a 51 per cent equity stake. However, the maximum equity stake they can purchase remains 80 per cent of the market value of the property.

The purchaser is responsible for legal costs, survey fees, stamp duty (if applicable) and other costs associated with the purchase – including the documenting and securing of the Scottish Government's interest in the property.

Social landlords building NSSE properties are allocated a development allowance to cover the cost of devising and implementing shared equity projects, as well as an allowance per unit. An initial development allowance is provided at the same level as for all standard developments. In 2009/10 this was £13,827 per project, plus £691 per unit. This development allowance is not normally provided for NSSE 'off the shelf' acquisitions which are smaller than five units. An additional allowance of £1,659 was provided for each NSSE unit, to allow for 'complexity factors'. However, this was reduced to £1,559 in May 2009 to reflect new central conveyancing arrangements.

Increasing Stake and Future Sales

Over time the purchaser can acquire the remaining equity in full, if and when they can afford it. Purchasers must wait at least two years before increasing their initial stake. The first increase must take the purchaser's equity stake to 80 per cent. After another year (or more), purchasers can increase their stake again – this time to 100 per cent.

The exception is where the Scottish Government holds a 'golden share' of 10 or 20 per cent of the equity depending on the circumstances, meaning that the purchaser cannot own the property outright. This is to ensure that the property remains in the affordable housing market. This mechanism is often used in pressured areas, or where the home has been adapted for particular needs.

If households wish to sell a shared equity property, they receive the percentage of the sale value which relates to their equity share. The household is responsible for marketing the property.

Shared equity owners are also affected by The Land Tenure Reform (Scotland) Act 1974. After 20 years a purchaser could redeem their standard security over a property on payment of the sums advanced by the Scottish Government to purchase the property without any capital appreciation. Where a golden share is applied, the right of pre-emption could fall. For this reason shared equity purchasers are required to enter into an agreement with the Scottish Government to either purchase an additional tranche or the property outright (assuming there is no 'golden share') within 19 years if they retain ownership of the property .

Open Market Shared Equity Pilot (OMSEP)

Aims

The Open Market Shared Equity Pilot is a pilot scheme. It was originally set up in September 2005, covering Edinburgh and the Lothians. The pilot was subject to an interim evaluation in 2007[20]. In January 2008, the pilot was extended to a further six local authority areas. In response to the worsening economic conditions, the

[20] Bramley G. & Morgan J. Heriot-Watt University & Littlewood M. Interim Evaluation of the Open Market Homestake Pilot. Communities Scotland. March 2007

Scottish Government announced that it would extend the pilot throughout Scotland from March 2009 for a one year period.

The scheme operates on the same principles as the New Supply Shared Equity scheme. It allows eligible purchasers to acquire a property on the open market rather than through an RSL's newly built properties.

The scheme is administered locally by five RSLs– each with responsibility for certain parts of Scotland. Scottish Ministers hold the equity stake, but the RSLs enter into an agreement to enable them to act for the Scottish Ministers. Owners then enter into an agreement with Scottish Ministers.

Application and Targeting
There is a standard application form, and RSLs must use standard national processes for assessing eligibility. If the potential purchaser is eligible, a 'passport' is issued. This 'passport' gives applicants 12 weeks to find a suitable property and have their offer to purchase accepted. It will also set out a limit for the price of property, and an applicant cannot buy a shared equity property at higher than this limit. This price limit is slightly more flexible for applicants with particular housing needs.

Once a purchaser identifies a suitable property, the RSL has responsibilities in checking that the property meets the LIFT criteria in terms of price, size, equity stake and affordability. The purchase then progresses using standard legal documentation drawn up for OMSEP, to ensure that the Scottish Government's securities are adequately represented.

Level of Funding
Originally the equity loan provided by the Scottish Government ranged from 20 to 40 per cent in normal circumstances. This meant that the purchaser generally bought 60 to 80 per cent of the equity. However, there are two exceptions:

- In exceptional circumstances the purchaser can buy a stake of less than 60 per cent – but not less than 51 per cent. This may apply where people have particular housing needs related to a disability, or in areas where house prices are particularly high.
- For 2010/11 the Scottish Government has reduced its equity loan to range from 10 to 30 per cent, meaning that the purchaser should generally purchase between 70 and 90 per cent (unless there are exceptional circumstances). The aim is to use the funding more effectively, to help to meet high levels of demand for this scheme.

The Scottish Government sets limits on the price of homes that can be bought under the open market scheme (known as threshold prices). These limits are set out by house size and areas. The limits vary according to lower quartile house prices in different parts of Scotland, and are reviewed regularly.

Initially, social landlords participating in the OMSEP scheme received a payment of £1,559 for each completed purchase. When OMSEP was extended to a further six areas in 2008, RSLs administering the scheme in these areas were asked to submit separate bids setting out the amount that they could administer the scheme for. The lowest bid was applied across all areas and was £971. The Scottish Government also reimbursed administration costs for the administering RSLs for each applicant that reached passport stage, but failed to purchase a property – up to a maximum of £1,559. The administrative grant in 2009/10 was reduced to £702.

Increasing Stake and Future Sales

Once the purchaser has bought a property, they can acquire the remaining equity in full, if and when they can afford it. As with NSSE, purchasers must wait at least two years before increasing their initial stake. The first increase must take the purchaser's equity stake to 80 per cent. After another year (or more), purchasers can increase their stake again – this time to 100 per cent. As with NSSE, the Scottish Government can hold a 'golden share' of 10 or 20 per cent equity, (depending when the property was purchased) meaning that the purchaser cannot own the equity in the property outright. This is generally intended only to be used in areas where there are fewest opportunities for supply to be increased – particularly in rural areas.

If households wish to sell a shared equity property, they receive the percentage of the sale value which relates to their equity share. The household is responsible for marketing the property.

As with NSSE, the Land Tenure Reform (Scotland) Act 1974 applies and owners are required to enter into an agreement to either purchase an additional tranche or the property outright (assuming there is no 'golden share') within 19 years if they retain ownership of the property .

Changes in 2010/11

Due to high demand, the scheme was closed to new applicants in 2010/11. However, the Scottish Government allocated £20 million to help some of the existing applicants to buy a property during 2010/11. New application forms were first issued to priority applicants, on RSL waiting lists. Priority applicants were first time buyers currently living in social housing, Armed Forces personnel and veterans or partners of service personnel. Subsequently application forms were issued to other applicants on the waiting lists.

The Other LIFT Schemes

The four schemes outlined above – shared ownership, GRO, NSSE and OMSEP – are all included within the scope of this evaluation. The Scottish Government also runs two other LIFT schemes which are outwith the scope of the study. These are:

- **Rural Home Ownership Grants (RHOG)** – These grants are intended to support home ownership in rural areas. It was launched in 1994 in recognition that some parts of rural Scotland have limited opportunities for local people to buy or build their own homes. This scheme has already been subject to a full evaluation in 2006[21], and is not included within this review.

[21] Satsangi M, Morgan J & Wager F. Herriot Watt University. Evaluation of the Communities Scotland Rural Home Ownership Grant. Communities Scotland. February 2006

- **NSSE with Developers Trial** – This scheme was launched in March 2010. It operates in a similar way to NSSE with RSLs. The purchaser buys an equity stake of between 60 and 80 per cent, and the remaining equity stake is split evenly between the developer and the Scottish Government. Seven developers (which meet certain core criteria) have been selected to participate, providing 100 homes across Scotland. Developers will liaise with an RSL which has experience of the LIFT scheme. The Scottish Government invested £2.5 million in this scheme during 2010/11. As this trial has only recently been launched, it was not included in this evaluation.

Summary

	Shared Ownership	GRO	NSSE	OMSEP
Stated Aims	Meeting aspirations of home ownership	Stimulating the private housing market	Help first time buyers on low to moderate incomes into owner occupation	Help first time buyers on low to moderate incomes into owner occupation
	Assisting buyers in pressured market areas	Create mixed communities – through tenure diversification	To provide options for those whose homes are being demolished	To meet particular housing needs which cannot be met otherwise
	Introducing mixed tenure in areas with low owner occupation	Address shortages in supply	To meet particular housing needs which cannot be met otherwise	
		Regenerate older urban communities		
		Provide affordable housing for owner occupation in pressured areas		
Target Group	First time buyers including: • people living in social housing or applicants; • armed forces, veterans, widows and widowers; • people with special needs; and • older people on low incomes.	First time buyers including: • people unable to obtain social rented housing; and • local residents living in rented housing due to lack of opportunities to purchase.	First time buyers including: • people living in social housing or applicants; • armed forces, veterans, widows and widowers; • people living in private rented housing	First time buyers including: • people living in social housing; • armed forces, veterans, widows and widowers; and • people living in private rented housing.
		People with connections to the area who wish to return	Disabled people	Disabled people
	Owners facing difficulties			
	People with special needs			
			People experiencing significant change	People experiencing significant change
			People whose homes are being demolished	People whose homes are being demolished
Level of Investment	Up to 41% subsidy of capital costs	Up to 40% subsidy in deprived areas	Project development subsidy and complexity factor payments to RSLs	Payments to RSLs to administer scheme
	Up to 75% equity share	Up to 33% subsidy in other	Up to 40% equity stake as	Previously up to 40% equity

		areas	standard	stake
			Up to 49% equity stake in exceptional cases	Up to 30% equity stake from 2010/11
			Potentially higher levels of subsidy in demolition areas	Up to 49% equity stake in exceptional cases for disabled applicants.
				Potentially higher levels of subsidy in demolition areas
Return on Investment	Equity share returned upon sale or if owner increases their share. Grant funding repaid to SG but any remainder kept by RSL Potential of increase or decrease in return due to market values	Surplus profit returned if properties are originally sold below market value and are resold within specified timescale (5 or 10 years)	Equity stake returned upon sale or if owner increases their stake Potential of increase or decrease in return due to market values	Equity stake returned upon sale or if owner increases their stake Potential of increase or decrease in return due to market values
Future Sustainability	20 year lease rule applies – leases last 20 years but can be renewed	20 year rule not relevant	20 year standard security rule applies – agreements last 19 years	20 year standard security rule applies – agreements last 19 years

APPENDIX 2 – METHODOLOGY

The review has drawn on quantitative and qualitative data collected from a number of sources.

Data Collection and Analysis
We have reviewed the data held by the Scottish Government for LIFT schemes for the years 2005/06 to 2009/10. This has included:

- The database of sale logs collected from shared equity purchasers on their characteristics, experiences and views. Sales log information for 2005/06 to 2009/10 is generally available for 82 per cent of NSSE purchasers and 52 per cent of OMSEP purchasers. This increases to 85 per cent of NSSE and 90 per cent of OMSEP purchasers for 2008/09 and 2009/10, with data collection strengthened as a result of a recommendation arising out of the interim evaluation of open market Homestake. However, there are some inconsistencies in the database and surveys are not always fully completed or recorded. This means that while the data is useful for general trends, it does not always stand up to detailed scrutiny.

- Information held on the Scottish Government's Resource System (TRS), providing details of schemes approved, including costs and subsidy levels.

- Survey information historically collected by GRO Grant developers of house purchasers as a condition of grant. The information was collated and analysed as part of GRORE (GRO Recording system) but was discontinued a number of years ago. The quality of information is largely dependent on the housing developer. Between 2005/06 and 2009/10, household data was available for 63 per cent of GRO purchasers.

- A survey of RSLs conducted by the Scottish Government in April 2010 to establish the number and profile of shared ownership properties they own. Thirty-six RSLs responded with 5,582 shared ownership houses. We undertook a further survey of all RSLs with shared ownership properties to identify property addresses to identify a geographical sample of sharing owners to interview.

Interviews with Purchasers
Our objective was to interview 150 purchasers who had participated in one of the LIFT schemes. To achieve this we established a sampling frame of GRO and shared equity funded schemes to provide a proportionate and geographical spread of schemes by year of provision. The sample was boosted to include all purchasers where a member of the household was identified as having a disability and people from ethnic minorities. The sample of sharing owners was based solely on geographical location as information on the date of provision was not available.

The initial sample included 600 purchasers to allow a 25 per cent response rate. However, as this did not generate sufficient responses, the sample was extended to include more households. In the case of GRO purchasers, all for whom addresses are available were contacted and sent a further reminder. A comparison of the proportion of GRO and shared equity telephone interviews conducted is shown in Table A2.1.

Table A2.1: Comparison of Target and Actual Interviews Undertaken												
	2005/06		2006/07		2007/08		2008/09		2009/10		Total	
	Target %	Actual %	Target %	Actual %	Target %	Actual %	Target %	Actual %	Target %	Actual %	Target %	Actual %
New Supply Shared Equity	2.5	0	4.2	9.9	7.0	12.6	8.6	11.2	11	4.7	**33.3**	**38.4**
Open Market Shared Equity Pilot	0.7	1.3	6.8	2.7	8.5	7.9	6.5	7.9	19	22.5	**41.2**	**42.3**
GRO grants	4.1	0.7	4.0	2.6	1.3	0.7	1.6	0.7	0	0	**11.2**	**4.7**
Shared Owner-ship	-	-	-	-	-	-	-	-	-	-	**14.3**	**14.6**
Total											**100**	**100**

In total a telephone survey of 151 owners who have participated in one of the LIFT schemes were conducted including:

- 58 NSSE purchasers;
- 64 OMSEP purchasers;
- 7 GRO Grant purchasers; and
- 22 shared ownership purchasers.

The purpose of the interviews was to build on the quantitative data already held by the Scottish Government and supplement it to gain a better understanding of the attitudes and motivations of those who have participated in each of the schemes.

The discussion guide used for the interviews is attached.

Stakeholder Consultations

We drew on consultative meetings already undertaken by the Scottish Government with:

- private sector developers;
- lenders (including a survey);
- RSLs; and
- local authorities.

In addition we undertook consultations with:

- Scottish Government policy and operational staff;
- lawyers acting for the Scottish Government in shared equity transactions;
- the three RSLs managing the OMSEP in mainland Scotland;
- Council of Mortgage Lenders;
- CIH Scotland; and
- Ownership Options in Scotland.

We invited a small number of other stakeholders to participate who did not respond.

Case Studies

We identified three case studies to provide illustrative examples of the contribution LIFT schemes were making to delivering sustainable mixed communities. These were selected based on feedback from purchaser interviews and consultations with the developers.

For each case study we conducted interviews with the developer and a selection of purchasers. The discussion guide used for each is attached.

New Supply Shared Equity Purchaser Discussion Guide

1. Introduction

1.1 About this study *(brief overview of the objectives of the study)*

1.2 Anonymity *(names and addresses of interviewees will not be divulged)*

2. About your current household

2.1 Can you tell me who lives in your household at the present time?

3. Your previous housing circumstances

3.1 Can you tell me a bit about your housing situation before you bought your home through shared equity?

3.2 Why did you want or need to move home?

3.3 Had you considered buying a home outright? If so, how far did you pursue this?

3.4 What other housing options had you considered and how far had you pursued them over what period of time? *(Check if the households had applied for a housing association or council house. Probe – Did they think they had a realistic chance of being rehoused? If they had been offered a rented house would they have accepted it?)*

3.5 Had you ever owned a home before?

3.6 Did anyone in your household have special housing needs? *(Because of a disability or other factors)*

4. Hearing about the shared equity scheme

4.1 How did you hear about shared equity housing?

4.2 What attracted you to shared equity?

4.3 Did you have any concerns about shared equity and were these concerns met?

5. Applying for the shared equity scheme

5.1 Generally were you happy with the process of applying to be included in the shared equity programme?

5.2 Did you have any particular difficulties with the application process and how were these addressed?

5.3 If you don't mind, can you tell me how your financed your equity share? *(Mortgage, savings, etc.)*

5.4 How easy did you find it to obtain three offers from lenders?

5.5 Did your lender request a deposit from you and did this present any difficulties?

6. Finding your property

6.1 How did you go about looking for properties? Did you approach more than one housing association?

6.2 Did you change your approach as time went on?

6.3 How easy was it to find properties that were affordable for you?

6.4 Did you experience any particular difficulties when finalising your mortgage?

6.5 Do you know if your solicitor and mortgage provider understood the shared equity scheme?

7. Affording home ownership

7.1 What housing options would have been open to you if shared equity had not been available?

7.2 Could you have afforded to purchase your current home or another house if shared equity had not been available?

7.3 Could you now afford to purchase a home outright without shared equity?

7.4 How affordable do you find your property? *(Take into account your mortgage, repairs and maintenance, bills, insurance, etc)*

7.5 How aware were you of the responsibilities of home ownership at the time of purchasing your house? Did anyone discuss with you the responsibilities you would have before you bought your house?

7.6 Do you think the shared equity scheme has been a good deal for you financially?

8. Outcomes from shared equity

8.1 Did the property that you bought meet your household's needs? Did you have to compromise?

8.2 How do you feel about the quality of your home?

8.3 How do you feel about the neighbourhood you live in?

- How safe is it?
- How much community spirit is there?
- Is there a mix of different people and households in the area?

8.4 Has your home made any other difference to your quality of life? *(such as being near family and friends, improved health through improved housing, etc.)*

8.5 How would you compare your current housing circumstances with your previous circumstances?

8.6 Overall, do you think that shared equity was the right housing option for you?

9. The future

9.1 In five years time do you expect to:

- be living in the same house with the same level of equity?
- be living in the same house and purchased additional equity?
- have moved on to another house?

9.2 What are the factors that will influence this and are there any particular barriers that you face?

9.3 How (if at all) has shared equity helped you to achieve your longer term housing aims?

9.4 Do you have any other comments?

(Thank you for participating, a gift voucher will be sent in the post to you in the next 24 hours)

Open Market Shared Equity Pilot Purchaser Discussion Guide

1. Introduction

1.1 About this study *(brief overview of the objectives of the study)*
1.2 Anonymity *(names and addresses of interviewees will not be divulged)*

2. About your current household

2.1 Can you tell me who lives in your household at the present time?

3. Your previous housing circumstances

3.1 Can you tell me a bit about your housing situation before you bought your home through shared equity?
3.2 Why did you want or need to move home?
3.3 Had you considered buying a home outright? If so, how far did you pursue this?
3.4 What other housing options had you considered and how far had you pursued them over what period of time? *(Check if the households had applied for a housing association or council house. Probe – Did they think they had a realistic chance of being rehoused? If they had been offered a rented house would they have accepted it?)*
3.5 Had you ever owned a home before?
3.6 Did anyone in your household have special housing needs? *(Because of a disability or other factors)*

4. Hearing about the shared equity scheme

4.1 How did you hear about shared equity housing?
4.2 What attracted you to shared equity?
4.3 Did you have any concerns about shared equity and were these concerns met?

5. Applying for the shared equity scheme

5.1 Generally were you happy with the process of applying to be included in the shared equity programme?
5.2 Did you have any particular difficulties with the application process and how were these addressed?
5.3 If you don't mind, can you tell me how your financed your equity share? *(Mortgage, savings, etc.)*
5.4 How easy did you find it to obtain three offers from lenders?
5.5 Did your lender request a deposit from you and did this present any difficulties?

6. Finding your property

6.1 How did you go about looking for properties? How did you find this?
6.2 Did you change your approach as time went on?
6.3 How easy was it to find properties within the house size and financial limits set?
6.4 Do you know if your solicitor, estate agent and mortgage provider understood the shared equity scheme?

7. Affording home ownership

7.1 What housing options would have been open to you if shared equity had not been available?
7.2 Could you have afforded to purchase your current home or another house if shared equity had not been available?
7.3 Could you now afford to purchase a home outright without shared equity?
7.4 How affordable do you find your property? *(Take into account your mortgage, repairs and maintenance, bills, insurance, etc)*
7.5 How aware were you of the responsibilities of home ownership at the time of purchasing your house? Did anyone discuss with you the responsibilities you would have before you bought your house?
7.6 Do you think the shared equity scheme has been a good deal for you financially?

8. Outcomes from shared equity

8.1 Did the property that you bought meet your household's needs? Did you have to compromise?
8.2 How do you feel about the quality of your home?
8.3 How do you feel about the neighbourhood you live in?
- How safe is it?
- How much community spirit is there?
- Is there a mix of different people and households in the area?

8.4 Has your home made any other difference to your quality of life? *(such as being near family and friends, improved health through improved housing, etc.)*
8.5 How would you compare your current housing circumstances with your previous circumstances?
8.6 Overall, do you think that shared equity was the right housing option for you?

9. The future

9.1 In five years time do you expect to:

- be living in the same house with the same level of equity?
- be living in the same house and purchased additional equity?
- have moved on to another house?

9.2 What are the factors that will influence this and are there any particular barriers that you face?
9.3 How (if at all) has shared equity helped you to achieve your longer term housing aims?
9.4 Do you have any other comments?

(Thank you for participating, a gift voucher will be sent in the post in the next 24 hours)

Shared Ownership Purchaser Discussion Guide

1. Introduction

1.1 About this study *(brief overview of the objectives of the study)*
1.2 Anonymity *(names and addresses of interviewees will not be divulged)*

2. About your current household

2.1 Can you tell me who lives in your household at the present time and their ages?
2.2 Can I confirm the ethnic origin of the head of your household?

3. Your previous housing circumstances

3.1 Can you tell me a bit about your housing situation before you bought your home through shared ownership?
3.2 Why did you want or need to move home?
3.3 Had you considered buying a house without shared ownership? If so, how far did you pursue this?
3.4 What other housing options did you consider and how far did you pursue them*? (Check if the households had applied for a housing association or council house. Probe – Did they think they had a realistic chance of being rehoused? If they had been offered a rented house would they have accepted it?)*
3.5 Had you ever owned a home before?
3.6 Did anyone in your household have any special housing needs? *(Because of a disability or other factors)*

4. Hearing about the shared ownership scheme

4.1 How did you hear about shared ownership housing?
4.2 What attracted you to shared ownership?
4.3 Did you have any concerns about shared ownership and how were these concerns met?

5. Applying for the shared ownership scheme

5.1 When did you become a sharing owner?
5.2 Generally were you happy with the process of applying for your shared ownership home?
5.3 Did you have any particular difficulties with the application process and how were these addressed?

6. Finding your property

6.1 How did you go about looking for a property? Did you approach more than one housing association?
6.2 Did you change your approach as time went on?
6.3 How easy was it to find properties that were affordable for you?
6.4 What share did you originally purchase in the property?
6.5 If you don't mind, can you tell me how your financed your share? *(Mortgage, savings, etc.)*
6.6 Did you have any difficulty securing a loan *(if applicable)*?
6.7 Did your lender request a deposit *(if applicable)* and did this present any difficulties?

6.8 Do you know if your solicitor and mortgage provider understood the shared ownership scheme?

7. Affording home ownership

7.1 What percentage of the property do you now own?
7.2 What occupancy charge do you pay to the housing association?
7.3 What responsibilities do you have for the maintenance of your home? How aware were you of these responsibilities at the time of purchasing your house? Did anyone discuss with you the responsibilities you would have before you bought your house?
7.4 How affordable do you find your property? *(Taking into account your mortgage, rent, repairs and maintenance, insurance, etc.)*
7.5 Could you now afford to purchase a home outright without shared ownership?
7.6 Do you think shared ownership housing has been a good deal for you financially?

8. Outcomes from shared ownership

8.1 Did the property that you bought meet your household's needs? Did you have to compromise?
8.2 How do you feel about the quality of your home?
8.3 How do you feel about the neighbourhood you live in?
- How safe is it?
- How much community spirit is there?
- Is there a mix of different people and households in the area?

8.4 Has your home made any other difference to your quality of life? *(such as being near family and friends, improved health through improved housing, etc)*
8.5 How would you compare your current housing circumstances with your previous circumstances?
8.6 What do you think would have happened if you hadn't purchased a shared ownership property?
8.7 Overall, do you think that shared ownership was the right housing option for you?

9. The future

9.1 In five years time do you expect to:

- be living in the same house with the same level of equity?
- be living in the same house and purchased additional equity?
- have moved on to another house?

9.2 What are the factors that will influence this and are there any particular barriers that you face?
9.3 How (if at all) has shared ownership helped you to achieve your longer term housing aims?
9.4 Do you have any other comments?

(Thank you, a gift voucher will be sent in the post in the next 24 hours)

GRO Grant Purchaser Discussion Guide

1. Introduction

1.1 About this study *(brief overview of the objectives of the study)*

1.2 Anonymity *(names and addresses of interviewees will not be divulged)*

1.3 Were you the original purchaser of the property? *(Terminate interview if not the original purchaser)*

2. About your current household

2.1 Can you tell me who lives in your household at the present time?

3. Your previous housing circumstances

3.1 Can you tell me a bit about your housing situation before you bought your current home?

3.2 Why did you want or need to move home?

3.3 What other housing options had you considered and how far did you pursued them?
(Check if the households had applied for a housing association or council house. Probe – Did they think they had a realistic chance of being rehoused? If they had been offered a rented house would they have accepted it?)

3.4 Had you ever owned a home before?

3.5 Did anyone in your household have special housing needs? *(Because of a disability or other factors)*

4. Finding your property

4.1 How did you go about looking for properties to buy?

4.2 Did you change your approach as time went on?

4.3 How did you hear about this particular property becoming available?

4.4 What attracted you to the property you purchased?

4.5 Did you have any concerns and were these concerns met?

5. Affording home ownership

5.1 How easy was it to find properties that were affordable for you?

5.2 How affordable was this property compared with others?

5.3 Did you know that the developer had received a grant to make your home more affordable?

5.4 If you don’t mind, can you tell me how your financed your purchase? *(Mortgage, savings, loan, etc)*

5.5 Did your lender request a deposit *(if applicable)* and did this present any difficulties?

5.6 How affordable do you now find your property? *(Take into account your mortgage, repairs and maintenance, bills, insurance, etc)*

5.7 How aware were you of the responsibilities of home ownership at the time of purchasing your house? Did anyone discuss with you the responsibilities you would have before you bought your house?

6. Outcomes

6.1 Did the property that you bought meet your household's needs? Did you have to compromise?

6.2 How do you feel about the quality of your home?

6.3 How do you feel about the neighbourhood you live in?

- How safe is it?
- How much community spirit is there?
- Is there a mix of different people and households in the area?

6.4 Has your home made any other difference to your quality of life? *(such as being near family and friends, improved health through improved housing, etc)*

6.5 How would you compare your current housing circumstances with your previous circumstances?

6.6 What do you think would have happened if you hadn't purchased your home?

6.7 Overall, do you think that this was the right housing option for you?

7. The future

7.1 In five years time do you expect to be living in the same house or have moved on to another house?

7.2 What are the factors that will influence this and are there any particular barriers that you face?

7.3 How (if at all) has this property helped you on your way to achieving your longer term housing aims?

7.4 Do you have any other comments?

(Thank you for participating, a gift voucher will be sent in the post in the next 24 hours)

Case Study Discussion Guide: Developers

1. Introduction

1.1 About this study *(brief overview of the objectives of the study)*

2. Developing the scheme

2.1 Can you tell us the mix of house sizes, types and tenures?
2.2 How was this arrived at – what were the determining factors?
2.3 Specifically how did you agree the tenure mix and LIFT model used?
2.4 Did you set any objectives in terms of trying to create a mixed sustainable community? If so, what were these?
2.5 What level of consultation took place over the design and mix of the development?
2.6 Were any existing/ future residents consulted?
2.7 How were house purchasers targeted and why?
2.8 Was a golden share used for the LIFT properties and why?

3. Marketing the scheme

3.1 How easy was it to market the LIFT properties?
3.2 Do you know where buyers came from?

4. Outcomes

4.1 What are your views about the finished scheme?
4.2 How do you think it contributes to creating a mixed, sustainable community?
4.3 Specifically how has LIFT contributed?
4.4 Do you think that you have got an appropriate housing mix?
4.5 How does the turnover of rented properties compare with average turnover rates?
4.6 Have there been any resales of LIFT properties? If so, what has demand been like?
4.7 Have there been any significant housing management issues to deal with?

5. Other issues

5.1 Are there any other issues relevant to the scheme in terms of creating a mixed sustainable community?

Case Study Discussion Guide: Purchasers

1. Introduction
1.1 About this study *(brief overview of the objectives of the study)*
1.2 Anonymity *(names and addresses of interviewees will not be divulged)*

2. Previous housing circumstances
2.1 Can you tell us about your previous housing circumstances
- o What was the tenure of your home?
- o How close was it to your current home?

3. Your choice of area to live
3.1 What factors influenced your choice to live where you do? How important was the location?
3.2 What do you think of the area in terms of the layout and design?
3.3 Do you think there is a good mix of house sizes and types?
3.4 What do you think of the quality of public spaces in the area? Are there places for children to play?
3.5 Are the streets and public spaces clean?
3.6 Do you think the area is a safe place to live? Are you happy to walk around the area in the evening time?
3.7 Have you ever experienced any crime in the area or know someone who has?
3.8 Do you feel you belong to the area?
3.9 How well do you know your neighbours?
3.10 Do people mix well and get on together?
3.11 How do you travel to work?
3.12 How good is public transport in the area?
3.13 Are there any local shops and do you use them?
3.14 Are there any social facilities in the area and do you use them?

4. The future
4.1 Do you think you'll still be living in your existing home in 5 years time?
4.2 What would influence any decision to move?
4.3 If you think you'll move, what area would you like to live in?

(Thank you, a gift voucher will be sent in the post in the next 24 hours)

APPENDIX 3 – LIFT CHARACTERISTICS

Introduction

This appendix considers the characteristics of the LIFT schemes: the overall scale of the programmes; the geographical spread of the homes provided through LIFT; and gives details of the properties provided (by type and size). The analysis looks at the total units delivered by the four LIFT schemes over the period 2005/06 to 2009/10 and where possible provides a breakdown by local authority area. There is some discrepancy between the figures for total units delivered provided by the Scottish Government and the detailed information provided from the TRS (which, for example, provides the breakdown by local authority area).

Size of Each Scheme

Table A3.1 shows the Scottish Government figures for total units supplied under the LIFT schemes for the period 2005-06 to 2009-10.

Table A3.1: LIFT supply by scheme 2005/06 to 2009/10							
	2005/06	**2006/07**	**2007/08**	**2008/09**	**2009/10**	**Total**	**%**
Shared Ownership (SO)	172	182	75	151	214	**794**	**10.9**
New Supply Shared Equity (NSSE)	195	315	527	651	721	**2,409**	**33.1**
Open Market Shared Equity Pilot (OMSEP)	0	573	654	512	1,459	**3,198**	**44.0**
Grants for Owner Occupation (GRO)	318	310	102	125	12	**867**	**11.9**
Total	**685**	**1,380**	**1,358**	**1,439**	**2,406**	**7,268**	**100**

Source: Scottish Government

Over the five year period the four LIFT schemes have delivered 7,268 homes. Shared equity was the largest tenure (accounting for 77.1%) and OMSEP delivered the most homes (3,198 – 44%). GRO accounted for just less than 12 per cent of properties (867) and shared ownership delivered just less than 11 per cent (794).

There was a significant increase in the supply of LCHO units in 2009/10. This increase was mainly due to greater uptake of OMSEP although there was also an increase in supply of NSSE and shared ownership in comparison with the previous four years. Use of GRO decreased in the past five financial years and was particularly low in 2009/10 at the time of the 'credit crunch'.

Over the five year period shared equity has become increasingly prevalent. The development of NSSE units has grown consistently on an annual basis.

Geographical Location

Table A3.2 gives a breakdown of LIFT completions by local authority area for the period 2005/6 to 2009/10. The data comes from the TRS. Discrepancies in the recorded data mean that totals do not match the LIFT supply totals given above.

However, the data provides a good picture of the implementation of the LIFT schemes across Scotland. The data confirms that shared equity has become the most prominent LCHO mechanism under LIFT and that OMSEP has delivered the greatest number of units across Scotland.

Table A3.2: LIFT supply by local authority area 2005/6 to 2009/10								
	Shared Ownership		**NSSE**		**OMSEP**		**GRO**	
	Units	**%**	**Units**	**%**	**Units**	**%**	**Units**	**%**
Aberdeen City	4	0.4	23	0.9	89	2.8	0	0.0
Aberdeenshire	36	3.3	152	5.9	20	0.6	79	9.1
Angus	0	0.0	41	1.6	10	0.3	16	1.8
Argyll and Bute	10	0.9	65	2.5	7	0.2	8	0.9
Clackmannanshire	0	0.0	26	1.0	6	0.2	0	0.0
Dumfries & Galloway	0	0.0	54	2.1	49	1.5	0	0.0
Dundee City	6	0.5	14	0.5	23	0.7	0	0.0
East Ayrshire	0	0.0	66	2.6	13	0.4	0	0.0
East Dunbartonshire	0	0.0	0	0.0	27	0.8	0	0.0
East Lothian	8	0.7	28	1.1	270	8.5	0	0.0
East Renfrewshire	0	0.0	30	1.2	17	0.5	0	0.0
Edinburgh City	143	13.0	378	14.7	1377	43.2	0	0.0
Eilean Siar	0	0.0	0	0.0	1	0.0	18	2.1
Falkirk	34	3.1	16	0.6	21	0.7	0	0.0
Fife	93	8.4	83	3.2	65	2.0	47	5.4
Glasgow City	356	32.2	351	13.7	176	5.5	275	31.7
Highland	64	5.8	511	19.9	127	4.0	104	12.0
Inverclyde	53	4.8	57	2.2	21	0.7	0	0.0
Midlothian	0	0.0	75	2.9	188	5.9	0	0.0
Moray	0	0.0	10	0.4	6	0.2	35	4.0
North Ayrshire	0	0.0	61	2.4	13	0.4	0	0.0
North Lanarkshire	39	3.5	66	2.6	45	1.4	112	12.9
Orkney Islands	63	5.7	2	0.1	6	0.2	10	1.2
Perth and Kinross	156	14.1	120	4.7	24	0.8	8	0.9
Renfrewshire	0	0.0	17	0.7	18	0.6	0	0.0
Scottish Borders	0	0.0	29	1.1	11	0.3	0	0.0
Shetland Islands	18	1.6	6	0.2	0	0.0	0	0.0
South Ayrshire	0	0.0	25	1.0	28	0.9	0	0.0
South Lanarkshire	0	0.0	145	5.6	44	1.4	70	8.1
Stirling	0	0.0	14	0.5	33	1.0	0	0.0
West Dunbartonshire	21	1.9	46	1.8	24	0.8	85	9.8
West Lothian	0	0.0	59	2.3	426	13.4	0	0.0
Scotland	**1,104**	100.0	**2,570**	100.0	**3,185**	100.0	**867**	100.0

Source: TRS

Shared ownership supply

Although the TRS data shows that more than 1,000 shared ownership units have been provided in the period, there may be some double counting on the system and the Scottish Government believe that 794 units have been provided. In recognising this concern the data can only be used as a guide. It shows that shared ownership has been prominent in Glasgow over the five years with approximately a third of shared ownership completions being delivered in the city. There was also significant use of shared ownership in Perth and Kinross and in Edinburgh. Shared ownership was also used in relatively high numbers in Fife, Highland, Inverclyde and Orkney. There was only limited use of shared ownership in Aberdeen and Dundee.

NSSE supply

The TRS count for NSSE (2,570) is also higher than the Scottish Government's agreed total for the scheme (2,409) suggesting some double counting on the system. However, it shows that there has been significant use of NSSE in Highland (511 – 20%), Edinburgh (378 – 15%) and Glasgow (351 – 14%). There was also strong use of NSSE in Aberdeenshire (152 – 6%), South Lanarkshire (145 – 6%) and Perth and Kinross (120 – 5%). Over the period, NSSE was not used widely in Aberdeen or Dundee.

OMSEP supply

The TRS total figures for OMSEP (3,185) falls slightly short of the official Scottish Government figure (3,198) meaning that some units have been omitted but the breakdown by local authority areas gives a good indication of where OMSEP properties have been purchased. Not surprisingly given the development of the pilot, the most significant numbers are in Edinburgh (1377 – 43%), West Lothian (426 – 13%), East Lothian (270 – 9%) and Midlothian (188 – 6%). However, since roll-out of the pilot there has been significant use of OMSEP in Glasgow (176 – 6%), Highland (127 – 4%) and Aberdeen (89 – 3%). OMSEP has also been popular in Dumfries and Galloway, Fife, and North and South Lanarkshire.

GRO supply

Over the period, the Scottish Government funded 39 GRO schemes providing a total of 867 properties. Use of GRO has been most common in West Central Scotland and in some predominantly rural local authority areas. Nearly a third of GRO subsidised units were developed in Glasgow (275 – 32%). There was comparatively high usage of GRO in North Lanarkshire (112 – 13%), South Lanarkshire (70 – 8%) and West Dunbartonshire (85 – 10%). There was also significant use of GRO in Highland (104 – 12%) and Aberdeenshire (79 – 9%). Over the period, GRO was not used in Scotland's other cities – Edinburgh, Aberdeen and Dundee.

Nearly one third of GRO schemes (31%) involving 140 properties (16 per cent of the total) have been in pressured housing market areas. In these cases the Scottish Government holds a Standard Security over the property allowing it to recover a proportion of any profits on resales, normally within 10 years of the original purchase.

Property Type and Size

This section looks at the properties that have been delivered under the LIFT schemes according to type and size by local authority area. Information for GRO and shared equity was collated by the Scottish Government using sales log forms and interviews. This means that the data does not cover all completions / sales for the schemes. The data is significantly incomplete for GRO for the period 2005/06 to 2009/10 as developers were no longer required to submit GRO returns to the Scottish Government (although some continued to provide this information). There were some gaps in data in relation to house type and size. There were also mistakes in the data in relation to house sizes, for example, in some cases 'apartment size' was given as a figure lower than 'number of bedrooms'. In these cases we have taken the number of bedrooms and added one as a guide.

Some information relating to property types and sizes is available for new shared ownership completions for the five year period. This data was collected for the TRS under different house type categories and is included at the end of the section.

NSSE property types / sizes

Table A3.3 below gives a breakdown of NSSE property types and sizes by local authority area.

Table A3.3: Property types and sizes delivered by NSSE 2005/6 to 2009/10*																		Not known / Other**	Total
Property type	**Flat**					**Terraced**				**Semi-detached**				**Detached**					
Size (Apt size)	**1**	**2**	**3**	**4**	**5+**	**2**	**3**	**4**	**5+**	**2**	**3**	**4**	**5+**	**2**	**3**	**4**	**5+**		
Aberdeen City	0	0	18	1	0	0	0	0	0	0	1	0	0	0	0	0	0	0	**20**
Aberdeenshire	0	4	23	0	0	0	0	0	0	5	36	29	0	0	0	0	0	0	**97**
Angus	0	1	5	4	0	0	4	0	0	0	6	0	0	0	0	0	0	8	**28**
Argyll and Bute	0	0	27	2	0	0	0	0	0	0	26	8	5	1	0	0	0	0	**69**
Clackmannanshire	0	0	0	0	0	0	0	0	0	0	9	7	0	0	0	0	0	0	**16**
Dumfries and Galloway	0	0	0	0	0	0	0	0	0	0	37	24	0	0	0	0	0	0	**61**
Dundee City	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	**0**
East Ayrshire	0	0	1	0	0	0	5	9	0	0	11	9	1	0	0	0	0	0	**36**
East Dunbartonshire	0	0	0	0	0	0	0	0	0	0	4	8	0	0	0	0	0	0	**12**
East Lothian	0	6	4	0	0	0	10	4	0	0	1	1	0	0	0	0	0	0	**26**
East Renfrewshire	0	0	0	0	0	0	0	0	0	0	10	20	0	0	0	0	0	0	**30**
Edinburgh City	0	11	122	1	0	0	11	1	0	0	7	7	0	0	0	3	0	0	**163**
Eilean Siar	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	**0**
Falkirk	0	0	0	0	0	0	4	1	0	0	0	1	0	0	0	0	0	0	**6**
Fife	0	3	7	0	0	0	19	9	0	0	0	0	0	0	0	3	0	0	**41**
Glasgow City	1	17	144	12	0	2	15	11	12	0	18	19	13	0	0	1	1	0	**266**
Highland	0	18	143	4	0	0	13	1	0	0	95	53	0	0	2	0	4	7	**340**
Inverclyde	0	0	39	1	0	0	0	0	0	0	1	0	0	0	0	0	0	0	**41**
Midlothian	0	3	18	0	0	0	4	4	0	0	10	0	0	0	0	0	0	0	**39**
Moray	0	0	0	0	0	0	0	0	0	0	0	10	0	0	0	0	0	0	**10**
North Ayrshire	0	0	0	0	0	0	3	0	0	0	18	22	1	0	0	0	0	0	**44**
North Lanarkshire	0	0	20	0	0	0	12	9	2	0	18	7	2	0	0	0	0	0	**70**
Orkney Islands	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	**0**
Perth and Kinross	0	7	74	1	0	0	9	8	0	0	7	5	0	0	1	0	0	1	**113**
Renfrewshire	0	0	16	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	**16**
Scottish Borders	0	0	0	0	0	0	0	0	0	0	6	2	0	0	0	0	0	0	**8**
Shetland Islands	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	**0**
South Ayrshire	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	**0**
South Lanarkshire	0	0	0	0	0	0	4	0	0	0	12	15	0	0	0	0	0	0	**31**
Stirling	0	0	4	0	0	0	0	3	2	0	0	0	0	0	0	0	0	0	**9**
West Dunbartonshire	0	0	40	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	**40**
West Lothian	0	2	25	2	0	0	0	3	0	0	11	0	0	0	0	1	0	0	**44**
Scotland	**1**	**72**	**730**	**28**	**0**	**2**	**113**	**63**	**16**	**5**	**344**	**247**	**22**	**1**	**3**	**8**	**5**	**16**	**1,676**
%	*0.1*	*4.3*	*43.6*	*1.7*	*0.0*	*0.1*	*6.7*	*3.8*	*1.0*	*0.3*	*20.5*	*14.7*	*1.3*	*0.1*	*0.2*	*0.5*	*0.3*	*1.0*	*100.0*

Source: LIFT Sales Log Database
Note – 6 properties were recorded without address
** 7 properties have been recorded as 'other'. Information is missing for the other units given in this column.

The table shows that NSSE subsidy was used to develop a wide range of property types and sizes. The most common types of home to be developed were flats (831 - 49.6%) and semi-detached houses (618 – 36.9%). Terraced houses were less common (193 – 11.5%) and detached homes were the least typical house type (17 - 1.0%).

The most common size / type of property were three apartment flats (730 – 43.6%). Smaller flats (2 apt/1 apt) were significantly less common. The next most typical house sizes / types were three apartment and four apartment semi-detached homes (344 – 20.5% and 247 – 14.7% respectively). Nearly seven per cent (113) of units were three apartment terraced houses.

The largest properties that were developed (4 apartment and 5+ apartment homes) were usually semi-detached homes.

There were no significant trends across local authority areas in terms of property type and size. Unsurprisingly, comparatively high numbers of flats were developed in primarily urban areas (Glasgow and Edinburgh) although this was also the case in Highland (where the total number of NSSE flats developed was high).

OMSEP property types / sizes

Table A3.4 gives a breakdown of OMSEP property types and sizes by local authority area. It is worth noting that for nearly half of OMSEP sales (1373 – 48.1%) property type / size was given as 'other' or was not recorded.

Table A3.4: Property types and sizes delivered by OMSEP 2005/6 to 2009/10*																		Not known / Other**	Total
Property type	**Flat**					**Terraced**				**Semi-detached**				**Detached**					
Size (Apt size)	**1**	**2**	**3**	**4**	**5+**	**2**	**3**	**4**	**5+**	**2**	**3**	**4**	**5+**	**2**	**3**	**4**	**5+**		
Aberdeen City	0	13	25	2	1	0	14	8	1	0	0	10	1	0	0	1	0	0	**76**
Aberdeenshire	0	1	4	1	0	0	1	3	0	0	1	5	1	0	0	0	0	0	**17**
Angus	0	0	4	0	0	0	0	1	2	0	0	1	0	0	0	0	1	1	**10**
Argyll and Bute	0	2	3	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	**6**
Clackmannanshire	0	0	2	0	0	0	2	1	0	0	0	0	0	0	0	0	1	0	**6**
Dumfries and Galloway	0	0	1	0	0	0	16	9	1	0	8	3	3	0	0	0	0	1	**42**
Dundee City	0	1	3	2	1	0	6	2	2	0	1	1	0	0	1	0	2	0	**22**
East Ayrshire	0	1	2	0	0	0	4	0	0	1	0	2	0	0	0	0	0	0	**10**
East Dunbartonshire	0	3	4	1	0	0	2	5	0	0	1	3	1	0	0	0	0	0	**20**
East Lothian	1	16	21	2	1	5	10	7	1	0	3	4	3	0	0	0	2	165	**241**
East Renfrewshire	0	0	4	0	0	0	0	2	0	0	0	0	4	0	0	0	0	0	**10**
Edinburgh City	5	104	192	13	1	3	22	14	5	1	5	5	3	0	0	0	0	926	**1,299**
Eilean Siar	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	**0**
Falkirk	0	1	5	2	0	0	4	3	1	0	2	0	2	0	0	0	1	0	**21**
Fife	0	0	8	0	0	1	17	8	4	0	5	0	1	0	0	0	2	2	**48**
Glasgow City	0	16	71	10	1	0	14	3	3	0	8	7	3	0	0	0	4	2	**142**
Highland	1	5	16	3	0	0	12	25	7	1	9	13	10	0	0	1	4	0	**107**
Inverclyde	0	0	13	0	0	0	2	1	0	0	0	0	1	0	0	0	0	0	**17**
Midlothian	0	7	14	4	0	3	14	13	0	0	2	3	1	0	0	0	0	117	**178**
Moray	0	0	0	0	0	1	1	0	1	0	1	0	0	0	0	0	0	0	**4**
North Ayrshire	0	1	3	0	0	1	0	3	0	0	0	0	0	0	0	0	0	1	**9**
North Lanarkshire	0	3	8	0	1	1	4	3	2	0	1	0	6	0	0	0	3	1	**33**
Orkney Islands	0	0	0	0	0	0	0	1	0	0	1	1	0	0	0	0	0	0	**3**
Perth and Kinross	0	2	12	2	0	1	5	3	0	0	0	2	3	0	0	0	2	0	**32**
Renfrewshire	0	1	4	0	0	0	1	1	0	0	1	0	3	0	0	0	0	0	**11**
Scottish Borders	0	1	1	0	0	0	1	0	1	0	0	1	0	0	0	0	0	0	**5**
Shetland Islands	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	**0**
South Ayrshire	0	1	5	2	0	0	3	3	1	0	1	1	1	0	0	0	0	0	**18**
South Lanarkshire	0	4	12	0	0	0	6	3	2	0	0	0	2	0	0	0	0	0	**29**
Stirling	0	6	9	1	0	0	7	5	1	0	2	4	0	0	0	1	2	0	**38**
West Dunbartonshire	0	0	8	4	0	0	1	3	0	1	0	0	2	0	0	0	0	0	**19**
West Lothian	0	10	39	2	0	3	64	39	16	3	29	8	6	0	2	1	5	157	**384**
Scotland	**7**	**199**	**493**	**52**	**6**	**19**	**233**	**169**	**51**	**7**	**81**	**74**	**57**	**0**	**3**	**4**	**29**	**1,373**	**2,857**

Table A3.4: Property types and sizes delivered by OMSEP 2005/6 to 2009/10*																		Not known / Other**	Total
Property type	**Flat**					**Terraced**				**Semi-detached**				**Detached**					
Size (Apt size)	**1**	**2**	**3**	**4**	**5+**	**2**	**3**	**4**	**5+**	**2**	**3**	**4**	**5+**	**2**	**3**	**4**	**5+**		
%	*0.2*	*7.0*	*17.3*	*1.8*	*0.2*	*0.7*	*8.2*	*5.9*	*1.8*	*0.2*	*2.8*	*2.6*	*2.0*	*0.0*	*0.1*	*0.1*	*1.0*	*48.1*	*100.0*

Source: LIFT Sales Log Database

Nb – 14 were recorded without date of sale or location

** 36 properties have been recorded as 'other' – use of this classification appears inconsistent but includes, for example, cottage apartments and sheltered accommodation (*selection identified using Google Maps Street View*). Information is missing for the other units given in this column.

The table shows that subsidy under OMSEP helped purchasers buy a range of property types and sizes. The most common type of property was three apartment flats (493 – 17.3%) and two apartment flats were also popular (199 – 7%). There were significant purchases of three apartment terraced houses (233 – 8.2%) and four apartment terraced houses (169 – 5.9%). It was less common for OMSEP purchasers to buy semi-detached or detached homes. However, it is worth noting that for detached properties, by far the most typical house size was five apartments and above.

The data shows some variation in the property sizes purchased under OMSEP by local authority area. OMSEP purchasers in urban areas (notably Aberdeen, Edinburgh and Glasgow) were more likely to buy smaller (2 or 3 apartment) flats compared with rural areas. For example, in Highland higher proportions of OMSEP purchasers bought four apartment terraced houses or larger (4 and 5+ apartment) semi-detached homes.

Comparing NSSE and OMSEP

Table A3.5 compares the property types and sizes supplied under NSSE and OMSEP.

Table A3.5: NSSE and OMSEP supply by property type and size 2005/06 to 2009/10					
Property Type	**Size (apt.)**	**NSSE**		**OMSEP**	
		No.	**%**	**No.**	**%**
Flat	1	1	0.1	7	0.2
	2	72	4.3	199	7.0
	3	730	43.6	493	17.3
	4	28	1.7	52	1.8
	5+	0	0.0	6	0.2
Terraced	2	2	0.1	19	0.7
	3	113	6.7	233	8.2
	4	62	3.7	169	5.9
	5+	16	1.0	51	1.8
Semi-detached	2	5	0.3	7	0.2
	3	344	20.5	81	2.8
	4	247	14.7	74	2.6
	5+	22	1.3	57	2.0
Detached	2	1	0.1	0	0.0
	3	3	0.2	3	0.1
	4	8	0.5	4	0.1
	5+	5	0.3	29	1.0
Not known/Other	-	16	1.0	1373	48.1
Total		**1,675**	**100**	**2,857**	**100**

Source: LIFT Sales Log Database

There were some differences in the property profile of the two schemes. OMSEP appears to offer greater flexibility in house size. Across the house types, OMSEP purchasers were more likely to purchase a large property (5+ apt). OMSEP also saw a greater supply of small homes with a larger proportion buying homes with two apartments or less. While more than a third of NSSE properties were three apartment or four apartment semi-detached homes these property types were far less significant for OMSEP.

GRO property types / sizes

Table A3.6 gives a breakdown of GRO property types and sizes by local authority area.

Table A3.6: GRO supply by local authority area, property type and size delivered 2005/06 to 2009/10								
Property Type	**Size (apt size)**	**Falkirk**	**Fife**	**Glasgow**	**North Lanarkshire**	**West Dunbartonshire**	**Total**	**%**
Flat	2	0	0	0	8	0	8	7.1
	3	1	11	0	27	0	39	34.5
	4	0	10	0	0	0	10	8.8
	5+	0	0	0	0	0	0	0.0
Terraced	2	0	0	0	0	0	0	0.0
	3	0	0	1	0	7	8	7.1
	4	0	0	12	0	4	16	14.2
	5+	0	0	2	0	0	2	1.8
Semi-detached	2	0	0	0	0	0	0	0.0
	3	0	0	1	0	7	8	7.1
	4	0	0	4	8	6	18	15.9
	5+	1	0	3	0	0	4	3.5
Detached	2	0	0	0	0	0	0	0.0
	3	0	0	0	0	0	0	0.0
	4	0	0	0	0	0	0	0.0
	5+	0	0	0	0	0	0	0.0
Total		**2**	**21**	**23**	**43**	**24**	**113**	**100**

Source: LIFT Sales Log Database

The available data for GRO properties delivered between 2005/06 and 2009/10 is significantly incomplete with detailed information only available for 113 units (representing just 13% of the 867 completions for the period). The data shows that for the five local authority areas where monitoring returns were made, GRO was used to subsidise the development of 57 flats, 26 terraced houses and 30 semi-detached houses.

The most typical property developed under GRO was three apartment flats (39 – 34.5%), although the monitoring data also shows that GRO was used to develop comparatively high numbers of four apartment terraced and semi-detached houses (14.2% and 15.9% respectively).

Shared ownership property types / sizes

The available shared ownership data relates to properties completed between 2005/06 and 2009/10. Information on house type and size is available for 207 properties – just more than a quarter of all shared ownership homes supplied over the period according to the Scottish Government's agreed figures (given in Table 3.1). Information for shared ownership properties was categorised differently from the other schemes with flats split into four-in-a-block, tenement and multi-storey. Houses were treated as a single category.

Table A3.7: Shared ownership supply by local authority area, property type and size 2005/6 to 2009/10										Total
Property type	**House**		**4-in-block flat**		**Tenement flat**			**Multi-storey flat**		
Size (Apt size)	**3**	**4**	**3**	**4**	**2**	**3**	**4**	**2**	**3**	
Edinburgh City	0	0	0	0	2	16	3	0	0	**21**
Falkirk	11	13	0	0	0	0	0	0	0	**24**
Fife	25	24	0	0	0	18	0	0	0	**67**
Glasgow City	3	1	4	0	0	29	0	0	0	**37**
North Lanarkshire	3	1	0	0	0	0	0	0	0	**4**
Perth and Kinross	6	3	0	0	0	0	0	8	16	**33**
West Dunbartonshire	1	16	4	0	0	0	0	0	0	**21**
Totals	**49**	**58**	**8**	**0**	**2**	**63**	**3**	**8**	**16**	**207**
%	*23.7*	*28.0*	*3.9*	*0.0*	*1.0*	*30.4*	*1.4*	*3.9*	*7.7*	*100.0*

Source: TRS

Table A3.7 shows that just over half (51.7%) of shared ownership completions were houses of either three or four apartments. The most common flat type was three apartment tenements (63 – 30.4%) and there was some development of three apartment multi-storey flats (16 – 7.7%). There were very few completions of smaller homes: just 10 two apartment flats were developed under the scheme (4.8%).

Across house types, three apartment was by far the most common size accounting for two-thirds of shared ownership properties (136 – 65.7%). Larger, four apartment homes made up 29.5 per cent of shared ownership completions in the period (61).

Summary

- Over the past five financial years LIFT schemes have delivered 7,268 homes. Shared equity was the largest tenure (accounting for 77.1%) and most LIFT homes (44%) were delivered through the OMSEP. GRO accounted for just less than 12 per cent of properties and shared ownership delivered just less than 11 per cent.
- There was a significant increase in the supply of LIFT units in 2009/10 – rising by 67 per cent on the previous year.
- Shared ownership has been particularly popular in Glasgow. NSSE has been used in areas across Scotland and most widely in Highland. OMSEP has been used throughout the country with most units in Edinburgh and the Lothians where the original OMSEP was piloted. GRO has been most common in West Central Scotland.
- Half of the homes supported by NSSE were flats. More than a third (37%) were semi-detached houses. The most common type of NSSE property was a three apartment flat.
- The profile of OMSEP properties showed a greater range of sizes and types suggesting greater flexibility. OMSEP purchasers were more likely to buy larger (5+ apartments) or smaller properties (2 apartment or less) compared to NSSE purchasers. OMSEP purchasers and NSSE purchasers typically bought three apartment homes.
- The available data shows that just over half of shared owner properties (51.7%) were houses – this was higher than the other LIFT schemes which produced higher volumes of flats.

APPENDIX 4 – ABILITY TO PURCHASE ON OPEN MARKET

The table below shows whether NSSE and OMSEP purchasers could have purchased on the open market. This is based on calculating the average house prices for the lowest 25 per cent prices in each local authority area. We have then calculated the lowest income required to obtain a mortgage for this full amount, based on a maximum lending multiple of 3.21. This was the average lending multiple for first time buyers in 2008/09 and 2009/10.

This is a relatively crude calculation of affordability, and should be interpreted bearing in mind the caveats highlighted in Chapter Four. It was not possible to undertake this analysis for shared ownership and GRO purchasers.

Table A4.1: Ability of NSSE and OMSEP purchasers to buy on open market

Local Authority Area	Average House Prices in Bottom Quartile £	Income Required to Purchase * £	% NSSE Could Have Purchased on Open Market	% OMSEP Could Have Purchased on Open Market
Aberdeen City	105,000	32,710	37	21
Aberdeenshire	115,000	35,826	25	6
Angus	80,000	24,922	Not available	77
Argyll and Bute	80,000	24,922	54	34
Clackmannanshire	75,000	23,364	69	60
Dumfries and Galloway	82,000	25,545	28	35
Dundee City	73,548	22,912	Not available	37
East Ayrshire	65,000	20,249	63	0
East Dunbartonshire	110,293	34,359	Not available	15
East Lothian	120,000	37,383	11	3
East Renfrewshire	115,000	35,826	12	10
Edinburgh City	125,000	38,941	2	2
Eilean Siar	60,625	18,886	Not available	Not available
Falkirk	74,000	23,053	4	48
Fife	76,000	23,676	55	56
Glasgow City	80,000	24,922	73	50
Highland	93,000	28,972	40	32
Inverclyde	67,875	21,145	65	36
Midlothian	110,825	34,525	Not available	12
Moray	91,000	28,349	Not available	Not available
North Ayrshire	67,500	21,028	88	22
North Lanarkshire	69,000	21,495	79	55
Orkney Islands	69,000	21,495	Not available	Not available
Perth and Kinross	94,000	29,283	36	37

Renfrewshire	71,000	22,118	Not available	36
Scottish Borders	87,500	27,259	Not available	40
Shetland Islands	63,000	19,626	Not available	Not available
South Ayrshire	83,000	25,857	Not available	0
South Lanarkshire	75,000	23,364	67	28
Stirling	96,900	30,187	Not available	19
West Dunbartonshire	68,000	21,184	88	29
West Lothian	93,000	28,972	32	31
Scotland	**85,000**	**26,480**	**48**	**23**

*Income required calculated using the average lending multiple for first time buyers in Scotland for 2008/09 and 2009/10, using CML figures. The average was calculated at 3.21. Ability to purchase on the open market has been calculated using income information contained in the Scottish Government shared equity database.

APPENDIX 5 – AVERAGE PURCHASE PRICES BY LOCAL AUTHORITY

Table A5.1: NSSE purchase prices against average prices – NSSE 08/09 and 09/10 for all houses									
	Property price			Purchaser contribution				LA Lower Quartile***	Av contribution as % of LA LQ
	Av price	Min Price	Max Price	Av contribution	Av stake** %	Min contribution	Max contribution		
Aberdeen City	159,975	129,000	192,000	91,448	57	70,950	126,400	105,000	87
Aberdeenshire	156,925	111,000	213,750	95,436	61	65,790	136,800	115,000	83
Angus	114,385	85,000	132,500	63,500	56	43,350	94,250	80,000	79
Argyll and Bute	117,949	91,100	152,000	72,624	62	47,481	114,000	80,000	91
Clackmannanshire	127,000	120,000	135,000	84,690	67	72,000	108,000	75,000	113
Dumfries and Galloway	119,100	110,000	125,000	75,660	64	66,000	96,400	82,000	92
Dundee City	-	-	-	-	-	-	-	73,548	-
East Ayrshire	109,033	90,000	125,000	69,291	64	54,000	93,750	65,000	107
East Dunbartonshire	130,000	105,000	130,000	57,150	44	48,000	66,300	110,293	52
East Lothian	130,475	105,000	160,000	77,654	60	63,000	112,000	120,000	65
East Renfrewshire	119,200	12,000	135,000	79,824	67	67,200	100,800	115,000	69
Edinburgh City	155,652	105,000	185,000	87,947	57	52,000	117,000	125,000	70
Eilean Siar	-	-	-	-	-	-	-	60,625	-
Falkirk	88,067	80,000	98,400	57,667	65	40,800	74,500	74,000	78
Fife	109,231	90,000	125,000	67,456	62	54,000	85,735	76,000	89
Glasgow City	125,441	13,000	160,000	77,464	62	41,250	108,750	80,000	97
Highland	121,536	76,000	106,400	78,373	64	46,920	117,126	93,000	84
Inverclyde	114,429	36,000	121,000	71,414	62	36,000	96,000	67,875	105
Midlothian	129,090	115,000	149,995	76,904	60	67,850	89,997	110,825	69
Moray	-	-	-	-	-	-	-	91,000	-
North Ayrshire	123,129	105,000	132,000	76,663	62	66,000	91,920	67,500	114
North Lanarkshire	103,786	82,000	135,000	50,640	49	25,500	92,000	69,000	73
Orkney Islands	-	-	-	-	-	-	-	69,000	-
Perth and Kinross	116,004	76,000	140,000	72,648	63	58,650	91,800	94,000	77
Renfrewshire	-	-	-	-	-	-	-	71,000	-
Scottish Borders	138,500	132,000	145,000	75,325	54	49,300	87,000	87,500	86
Shetland Islands	-	-	-	-	-	-	-	63,000	-
South Ayrshire	-	-	-	-	-	-	-	83,000	-
South Lanarkshire	121,524	107,000	134,000	72,770	60	59,925	88,125	75,000	97

Stirling	116,000	90,000	155,000	68,232	59	54,000	79,050	96,900	70
West Dunbartonshire	124,200	118,000	127,000	79,461	64	63,750	95,250	68,000	117
West Lothian	122,439	100,000	160,000	72,434	59	49,350	84,600	93,000	78
Scotland	**123,722**	**91,324**	**142,961**	**74,106**	**60**	**54,522**	**97,902**	**85,000**	**87**

* Data collected by SG from Sales Log Forms
**Average mean contribution as %age of mean purchase price
***Data from Register of Scotland – calculated for prices ranging from £20,000 to £1,000,000

Table A5.2: OMSEP purchase prices against average prices – OMSEP 08/09 and 09/10 for all houses

	Property price			Purchaser contribution				LA Lower Quartile***	Av contribution as % of LA LQ
	Av price	Min Price	Max Price	Av contribution	Av stake** %	Min contribution	Max contribution		
Aberdeen City	119,739	80,000	185,000	82,150	69	50,020	111,000	105,000	78
Aberdeenshire	130,618	75,000	185,000	83,664	64	50,630	111,000	115,000	73
Angus	97,000	49,500	150,000	66,710	69	39,600	92,000	80,000	83
Argyll and Bute	80,767	70,000	88,000	58,288	72	52,150	65,600	80,000	73
Clackmannanshire	90,417	70,000	130,000	62,133	69	48,000	87,000	75,000	83
Dumfries and Galloway	92,360	68,000	170,000	63,922	69	40,800	103,700	82,000	78
Dundee City	94,361	71,000	185,000	64,162	68	44,709	111,000	73,548	87
East Ayrshire	66,149	56,000	70,000	45,005	68	33,795	51,996	65,000	69
East Dunbartonshire	97,026	60,000	166,000	65,279	67	41,314	99,600	110,293	59
East Lothian	121,206	84,000	249,500	77,944	64	54,045	166,800	120,000	65
East Renfrewshire	106,600	70,000	160,000	71,395	67	50,400	95,970	115,000	62
Edinburgh City	114,686	66,000	235,000	74,315	65	42,000	147,000	125,000	59
Eilean Siar	-	-	-	-	-	-	-	60,625	-
Falkirk	89,810	55,000	160,000	58,890	66	33,000	97,000	74,000	80
Fife	86,841	60,000	185,000	60,629	70	37,780	123,950	76,000	80
Glasgow City	91,839	63,000	260,000	64,068	70	43,800	205,000	80,000	80
Highland	114,195	59,000	180,000	74,523	65	36,000	120,000	93,000	80
Inverclyde	68,985	51,000	87,000	48,788	71	31,800	64,000	67,875	72
Midlothian	119,692	90,000	221,000	78,007	65	58,963	132,600	110,825	70
Moray	81,940	68,760	95,000	59,636	73	47,444	76,000	91,000	66
North Ayrshire	66,388	45,000	80,000	47,124	71	33,000	64,000	67,500	70
North Lanarkshire	92,492	56,000	210,000	62,149	67	34,200	139,040	69,000	90
Orkney Islands	101,667	90,000	115,000	66,677	66	54,100	76,000	69,000	97
Perth and Kinross	108,844	57,000	215,000	70,822	65	25,000	148,771	94,000	75

Renfrewshire	91,409	55,000	209,500	61,486	67	41,735	125,700	71,000	87
Scottish Borders	102,800	65,000	165,000	72,479	71	42,397	131,000	87,500	83
Shetland Islands	-	-	-	-	-	-	-	63,000	-
South Ayrshire	85,778	72,500	127,000	59,303	69	43,500	84,000	83,000	71
South Lanarkshire	76,722	58,500	133,000	53,620	70	39,000	92,000	75,000	71
Stirling	102,006	74,000	180,000	67,806	66	28,250	123,750	96,900	70
West Dunbartonshire	80,947	64,000	140,000	54,287	67	39,405	84,000	68,000	80
West Lothian	111,430	69,995	226,000	72,286	65	41,997	140,000	93,000	78
Scotland	**96,157**	**65,775**	**165,400**	**64,918**	**68**	**41,961**	**108,982**	**85,000**	**76**

* Data collected by SG from Sales Log Forms
**Average mean contribution as %age of mean purchase price
***Data from Register of Scotland – calculated for prices ranging from £20,000 to £1,000,000

APPENDIX 6 – AVERAGE EQUITY STAKES FOR NSSE AND OMSEP

Table A6.1: NSSE and OMSEP purchases 2005/06 to 2009/10 – mean, median and min / max %age stake purchased*									Diff av NSSE and OMSEP stake %
	New Supply Shared Equity (NSSE)				Open Market Shared Equity (OMSEP)				
	Av stake %	Median %	Min stake %	Max stake %	Av stake %	Median %	Min stake %	Max stake %	
Aberdeen City	57	55	51	79	69	69	55	80	+12
Aberdeenshire	61	60	51	80	65	63	60	80	+4
Angus	55	52	51	73	70	72	60	80	+15
Argyll and Bute	61	60	51	80	72	72	60	80	+11
Clackmannanshire	67	66	60	80	70	71	60	78	+3
Dumfries and Galloway	65	61	60	80	69	70	60	80	+4
Dundee City	n/a	n/a	n/a	n/a	69	70	60	80	n/a
East Ayrshire	64	61	60	80	68	65	60	80	+4
East Dunbartonshire	51	51	37	65	68	66	60	80	+17
East Lothian	60	60	56	73	64	61	51	80	+17
East Renfrewshire	61	60	56	75	68	68	60	80	+7
Edinburgh City	56	54	31	80	64	61	31	80	+5
Eilean Siar	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Falkirk	65	68	51	76	66	65	40	80	+1
Fife	68	66	51	88	70	70	60	80	+2
Glasgow City	62	60	25	88	70	71	51	80	+8
Highland	66	64	51	80	66	63	51	80	0
Inverclyde	63	60	60	80	71	71	60	80	+8
Midlothian	62	60	51	80	63	60	51	80	+1
Moray	56	53	51	75	72	72	65	80	+16
North Ayrshire	63	60	60	78	71	73	60	80	+8
North Lanarkshire	48	40	26	80	68	66	57	80	+20
Orkney Islands	n/a	n/a	n/a	n/a	66	61	60	76	n/a
Perth and Kinross	63	60	51	80	65	66	25	80	+2
Renfrewshire	62	60	59	75	70	70	60	80	+8
Scottish Borders	64	63	34	88	70	65	60	80	+6
Shetland Islands	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
South Ayrshire	n/a	n/a	n/a	n/a	70	70	60	80	n/a
South Lanarkshire	63	64	51	80	70	70	60	80	+7
Stirling	60	60	51	70	67	66	25	80	+7
West Dunbartonshire	64	63	51	75	68	68	60	80	+4
West Lothian	60	60	37	77	64	62	30	80	+4
Scotland	**62**	**60**	**25**	**88**	**65**	**62**	**25**	**80**	**+3**

* Data collected by SG from Sales Log Forms

APPENDIX 7 – AVERAGE EQUITY SHARE FOR SHARED OWNERSHIP

Table A7.1: Shared ownership by local authority and %age share purchased – As at March 2010				
Local Authority area	**Number of Sharing Owners**			
	25%	**50%**	**75%**	**Total**
Aberdeen City	196	87	6	**289**
Aberdeenshire	75	23	3	**101**
Angus	6	2	1	**9**
Argyll & Bute	17	31	5	**53**
Clackmannanshire	21	4	0	**25**
Dumfries & Galloway	47	125	6	**178**
East Dunbartonshire	10	0	0	**10**
East Lothian	57	125	6	**188**
Edinburgh City	203	69	11	**283**
Falkirk	57	11	0	**68**
Fife	214	53	14	**281**
Glasgow City	958	550	57	**1,565**
Highland	163	68	3	**234**
Inverclyde	86	16	2	**104**
Midlothian	23	4	1	**28**
Moray	5	3	0	**8**
North Lanarkshire	81	88	14	**183**
Orkney Islands	85	23	10	**118**
Perth & Kinross	196	49	10	**255**
Renfrewshire	75	17	0	**92**
Scottish Borders	2	1	1	**4**
South Ayrshire	6	11	0	**17**
South Lanarkshire	2	10	10	**22**
Stirling	22	13	1	**36**
West Dunbartonshire	5	0	0	**5**
West Lothian	20	7	1	**28**
Total	**2,632**	**1,390**	**162**	**4,184**
%	62.9%	33.2%	3.9%	100%

APPENDIX 8 – RELATIVE DEPRIVATION OF LIFT SCHEME LOCATIONS

Table A10.1: SIMD ranking of NSSE properties 2005/06 to 2009/10*

Relative deprivation by SIMD ranking	Most deprived 5%		Most deprived 10%		Most deprived 15%		Average %age rank		Total
	No.	%	No.	%	No.	%	Mean %	Median %	
Aberdeen City	0	0	0	0	0	0	85.2	94.3	**20**
Aberdeenshire	0	0	0	0	0	0	77.4	74.7	**97**
Angus	0	0	0	0	0	0	40.7	34.1	**28**
Argyll and Bute	0	0	0	0	15	21.7	45.5	45.9	**69**
Clackmannanshire	0	0	0	0	0	0	19.3	19.3	**16**
Dumfries and Galloway	0	0	0	0	0	0	46.9	46.0	**61**
Dundee City	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	**0**
East Ayrshire	2	5.6	2	5.6	2	5.6	32.7	38.5	**36**
East Dunbartonshire	0	0	0	0	0	0	27.1	27.1	**12**
East Lothian	0	0	0	0	0	0	61.7	64.9	**26**
East Renfrewshire	0	0	0	0	30	100	13.4	13.4	**30**
Edinburgh City	10	6.1	38	23.3	40	24.5	32.4	37.7	**163**
Eilean Siar	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	**0**
Falkirk	0	0	6	100	6	100	5.3	5.1	**6**
Fife	0	0	1	2.4	1	2.4	51.6	43.8	**41**
Glasgow City	86	32.3	109	40.9	134	50.4	19.9	13.8	**266**
Highland	23	6.8	23	6.8	38	11.2	50.8	48.2	**340**
Inverclyde	6	14.6	6	14.6	24	58.5	22.1	11.3	**41**
Midlothian	0	0	0	0	0	0	39.3	32.8	**39**
Moray	0	0	0	0	0	0	52.2	52.2	**10**
North Ayrshire	0	0	13	29.5	13	29.5	53.3	72.6	**44**
North Lanarkshire	0	0	0	0	17	24.3	42.4	53.7	**70**
Orkney Islands	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	**0**
Perth and Kinross	0	0	12	10.6	12	10.6	38.5	33.7	**113**
Renfrewshire	0	0	0	0	0	0	58.4	75.9	**16**
Scottish Borders	0	0	0	0	0	0	51.9	51.7	**8**
Shetland Islands	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	**0**
South Ayrshire	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	**0**
South Lanarkshire	0	0	9	29	9	29	30.2	40.7	**31**
Stirling	5	55.6	5	55.6	5	55.6	16.9	4.9	**9**
West Dunbartonshire	0	0	0	0	40	100	14.7	14.9	**40**
West Lothian	0	0	3	6.8	3	6.8	55.5	56.8	**44**
Scotland	**132**	**7.9**	**227**	**13.5**	**389**	**23.2**	**40.7**	**38.5**	**1,676**

* Data collected by SG from Sales Log Database/ Interviews

Table A10.2: SIMD ranking of OMSEP properties 2005/06 to 2009/10*									
Relative deprivation by SIMD ranking	**Most deprived 5%**		**Most deprived 10%**		**Most deprived 15%**		**Average %age rank**		**Total**
	No.	**%**	**No.**	**%**	**No.**	**%**	**Mean %**	**Median %**	
Aberdeen City	0	0	0	0	2	2.6	50.4	46.5	**76**
Aberdeenshire	0	0	0	0	0	0	72.4	74.2	**17**
Angus	0	0	0	0	0	0	48.5	51.4	**10**
Argyll and Bute	0	0	0	0	0	0	40.2	40.6	**6**
Clackmannanshire	0	0	0	0	2	33.3	32.1	28.5	**6**
Dumfries and Galloway	0	0	4	9.5	4	9.5	40.8	35.1	**42**
Dundee City	1	4.5	4	18.1	8	36.4	23.9	18.7	**22**
East Ayrshire	1	10	2	20	3	30	34.1	30.7	**10**
East Dunbartonshire	1	5	3	15	3	15	42.0	35.0	**20**
East Lothian	0	0	0	0	4	1.7	50.1	46.1	**241**
East Renfrewshire	0	0	0	0	3	30	45.7	40.3	**10**
Edinburgh City	57	4.4	132	10.2	191	14.7	42.8	43.2	**1,299**
Eilean Siar	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	**0**
Falkirk	0	0	2	9.5	3	14	44.7	43.0	**21**
Fife	0	0	5	10.4	8	16.7	38.1	37.7	**48**
Glasgow City	16	11.3	30	21.1	50	35.2	28.1	24.7	**142**
Highland	2	1.9	6	5.6	11	10.3	43.7	39.5	**107**
Inverclyde	2	11.8	2	11.8	8	47.1	24.1	17.3	**17**
Midlothian	0	0	2	1.1	9	5.1	44.6	39.1	**178**
Moray	0	0	0	0	0	0	64.1	57.9	**4**
North Ayrshire	0	0	2	22.2	2	22.2	25.9	24.1	**9**
North Lanarkshire	1	3.0	3	9.1	3	9.1	40.1	32.7	**33**
Orkney Islands	0	0	0	0	0	0	59.1	57.0	**3**
Perth and Kinross	0	0	0	0	3	9.4	50.3	51.4	**32**
Renfrewshire	0	0	2	18.2	5	45.5	26.1	15.2	**11**
Scottish Borders	0	0	0	0	0	0	43.9	36.1	**5**
Shetland Islands	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	**0**
South Ayrshire	3	16.7	5	27.8	9	50.0	19.3	16.9	**18**
South Lanarkshire	1	3.4	2	6.9	2	6.9	41.8	43.6	**29**
Stirling	1	2.6	1	2.6	2	5.3	41.4	34.3	**38**
West Dunbartonshire	0	0	2	10.5	7	36.8	30.5	28.1	**19**
West Lothian	0	0	9	2.3	24	6.3	46.4	45.1	**384**
Scotland	**86**	**3.0**	**218**	**7.6**	**366**	**12.8**	**43.0**	**40.9**	**2,857**

* Data collected by SG from Sales Log Database/ Interviews

APPENDIX 9 – MIXED COMMUNITIES CASE STUDIES

Mixed, sustainable communities – neighbourhood indicators

We used the following indicators in considering the three mixed communities case studies we developed.

- **Housing & the environment**
  - a mix of housing types and tenures;
  - attractive; accessible public spaces, including some greenspace; and
  - clean, safe streets.

- **Population**
  - a wide spread of ages; and
  - people with varying needs.

- **Crime**
  - low perceptions of crime;
  - residents feel safe both in their houses and on the streets; and
  - low incidence of graffiti, litter or fly-tipping.

- **Community cohesion**
  - strong sense of community spirit;
  - residents feel like they belong to their local area; and
  - feel that it is a place where people can get on well together.

- **Services**
  - access to quality retail and recreational facilities; and
  - primary and secondary schools that residents want their children to attend.

- **Transport**
  - access to on reliable and user-friendly public transport; and
  - a design that encourages walking and cycling.

Case study – Aviemore North

Aviemore is a small town situated in Cairngorms National Park. As with other rural areas in the Highlands there are issues of housing affordability in part due to the prevalence of properties used as second homes. This case study looks at the development of a new mixed tenure neighbourhood in North Aviemore at a previous greenfield site on the outskirts of the town. The development was a partnership between Albyn Housing Society and Robertson Homes. The first phase took place in 2006.

The scheme

The neighbourhood includes housing for social rent, NSSE properties and private homes for outright sale. Roughly half of the properties in the 208 unit estate are for outright sale. None of the private housing attracted GRO subsidy. Table One gives a breakdown of the affordable housing developed at the site.

Table 1: Aviemore development phases				
Phase	**House types / size**	**Social rented**	**NSSE**	**Total**
One	2 person flat	4	-	4
	3 person flat	4	-	4
	4 person house	6	6	12
	5 person house	4	4	8
Two	3 person flat	-	4	4
	4 person house	10	6	16
	5 person house	4	4	8
	6 person house	5	-	5
Three	2 person flat	8	4	12
	3 person flat	6	-	6
	4 person house	10	4	14
	5 person house	4	-	4
	6 person house	3	-	3
Total		**68**	**32**	**100**

Nearly a third of affordable properties in the scheme were NSSE. The remainder of the housing is for social rent. There is a significant range of property sizes among the affordable stock. NSSE properties range from two person flats to five person houses.

Household information was available for 26 of the NSSE purchasers. Of these, the largest group were couples without children (10 – 38%). Five households (19%) were couples with children, six (23%) were single parent households, four (15%) were single person households and one was ‘other’.

Developing the scheme

The scheme was originally intended to include shared ownership – and received planning and tender approval for Phase One on this basis. However, Phase One was scheduled just as NSSE was being introduced and Albyn Housing Society in conjunction with Communities Scotland felt that Phase One should change to NSSE since future phases would be approved on that basis. They felt that the Aviemore site would be a suitable location for NSSE homes.

The RSL had been supportive of introducing a new LCHO option. They were in favour of NSSE as it allows full legal ownership to the purchaser. Under NSSE they had the option of using a ‘golden share’ (for all units) meaning that they could protect affordable stock. They would also be able to apply the ‘Rural Housing Burden’ giving them the ability to buy back affordable properties if necessary. The RSL felt that compared with shared ownership (and the inclusion of an occupancy charge) NSSE is a much more straightforward contract for the purchaser and their legal agents; as such, it is easier to understand and to sell. The RSL also felt that, in some respects, a minimum stake of 60 per cent is more desirable than the 25 per cent minimum for shared ownership in terms of establishing a long term, sustainable model of home ownership.

The balance between affordable homes and private housing was established by the Council’s affordable homes quota which was set at 50 per cent for the site (due to the limited development opportunities in Aviemore).

The 50/50 split of affordable and private homes meant that the RSL had to work closely with the private developer. The RSL had control of the design of the site and developed a brief to meet social and environmental sustainable issues. This took consideration of distribution of housing and ensured that affordable housing would be mixed throughout the site. The layout plan included integration of the affordable housing and this was increased further following consultation with the Cairngorms National Park Authority Board. Affordable housing is located in some of the most desirable parts of the site – i.e. with the best views of the Cairngorms. But a balance had to be struck to ensure that the design was also desirable for the private sector.

The brief for the site focused on a design with high environmental and sustainable credentials, social integration and trying to create a mixed sustainable community. As part of this they adopted the Homezone approach, putting the importance of the car further down the ‘pecking order’ and empathises things like integrated play.

Consultation for the development was not as extensive as the RSL might have liked but it involved members of the public, potential contractors and various stakeholder groups.

Public consultation was limited by the fact that there was no ‘existing community’ at the development site and also due to the termination of a contract with planning consultants. Nevertheless, there was an open public meeting held in Aviemore at the pre-planning stage. Local people were able to influence design ahead of the planning application.

There was a consultation event with suppliers and contractors. Presentations were made to various stakeholder groups. This included the National Park Board who influenced the integration of affordable housing at the site. There was strong inter-agency consultation between the Council, Scottish Government and the RSL on the mix at the site, pace of development, issues around environmental sustainability etc.

Marketing the scheme

Targeting of purchasers was relatively straightforward due to the consistently high demand for homes in Aviemore. The marketing of properties was limited. There were four weeks of press advertising and inclusion on the Scottish Government website. Most of the shared equity homes were sold before the current problems in the credit market.

Sales log information is available for 27 of the 32 NSSE purchasers. Of these, six (22%) were previously living with relatives or friends. Five (19%) were renting privately and eight (30%) were previously living in social rented accommodation. Four of the purchasers (15%) previously owned their home. Excluding those previously housed in social rented accommodation, 12 purchasers (44%) had their name on council and / or housing association waiting lists.

Purchasers bought stakes ranging between 52 per cent and 80 per cent. The (mean) average size of stake was 68%.

All of the NSSE purchasers came from the local area. In the latest development phase, seven of the eight purchasers were first time buyers. Household incomes ranged between £16,000 and £28,000. The occupation of purchasers included land workers, retail and staff in the hospitality industry. Two of the purchasers in the latest phase were living in social rented accommodation and five were on the Council's housing list.

The RSL feel that demand remains high at the site – to date there has been one buy-back / resale and two are ongoing with new purchasers identified.

Experiences of purchasers
We spoke to four NSSE purchasers to gather views on the neighbourhood. Most of the purchasers that we spoke to had previously lived in private rented accommodation (or hotel staff accommodation) although one person had previously lived in a shared equity home that she had bought outright. This person bought a larger NSSE home when her household size increased and they were unable to afford a suitably sized home on the open market.

For all the purchasers we spoke to location was the key factor when choosing their home. Purchasers were either local to the area and wanted to be near family / friends or wanted to be near their work. All of the purchasers had previously lived close to their new home.

Outcomes – Purchaser views
The NSSE purchasers were broadly positive about the neighbourhood with a few ongoing concerns about the provision of facilities. The purchasers were happy with the design and layout of the neighbourhood. They said that it is "very attractive" and that the "homes are up to a high specification".

The residents were positive about public spaces and were particularly pleased with the two play parks – one for younger children and one for older children. However there was some frustration that there have been delays in the development of a new football pitch.

The NSSE purchasers felt that the neighbourhood was a very safe place to live. None had any concerns about walking around the area and one person said that they frequently leave their house and car unlocked.

Shops have been newly developed in the neighbourhood. Residents also felt that the neighbourhood is well connected with the main town of Aviemore by bus and walking routes. Although restaurants and other facilities can be accessed in the town, some residents felt there was a lack of social facilities in the immediate neighbourhood. One resident was disappointed that the idea of a pub had been rejected and felt that there was the need for a community venue / social hall. NSSE purchasers were particularly positive about the housing mix in the area and the high level of integration between "RSL and private housing".

> *"There is a good variety of housing with 2, 3 and 4 bed flats, and houses including semi-detached and detached homes."*
>
> *"The development is a very integrated one with a good mix of private owners, RSL tenants and shared equity owners."*
>
> *"There's a mix of different tenures on the same street. On my street there are four shared equity homes and two homes for rent."*

The purchasers were positive that NSSE homes were available in some of the best locations in the neighbourhood and not in a poorer location than the homes for outright sale.

> *"I think my house is in the best location in the estate. I've got spectacular views looking out over woodland. You wouldn't think I was living in a 'social housing scheme'."*

The consultees felt that people in the estate 'get on' well and that there is 'mixing' across different tenure groups. They felt that this was due to the integration of tenures and household types in close proximity (i.e. on the same street). One person suggested that there is a strong sense of community because it is a 'new neighbourhood' with a lot of people moving in at the same time. It was also stated that in a relatively small area like Aviemore people tend to know each other and have connections.

All of the NSSE purchasers that we spoke to hoped to continue living in their home in the longer term. They thought that the only reason for moving would be to relocate for work (or study). However, one purchaser raised the issue of the 'golden share' and felt that not being able to staircase above 80 per cent may influence her housing choices in future. This purchaser said that she would like to add a garage to her home but didn't think it would be worth doing financially (without being able to purchase the property outright).

Outcomes – Developer views

The RSL developer feels that North Aviemore has been a very successful scheme. They have received good feedback and are particularly pleased with the level of integration that has been achieved. They are pleased that affordable housing has not been 'relegated' to less desirable parts of the site. The developer feels that in terms of effective housing management 'pepper-potting' throughout the scheme would not have been possible; instead they have phased social housing into groups of 20 to 30 units.

In the neighbourhood shared equity acts as a mechanism which allows the development to appear that it has grown up over time with different income levels, different family circumstances and different tenure patterns, much like any successful existing community.

> *"Shared equity meets real needs of people in a particular income bracket but it has a dual purpose of making a mixed scheme work. It helps avoid a 'them and us' situation between private owners and social renters."*

In terms of design, they have delivered private and affordable homes that are very difficult to distinguish between. This was achieved by establishing a clear Design Code for the site – the private developer understood the requirements.

The RSL developer is pleased that all the NSSE units have a 'golden share'. They didn't want to see 'hard won' affordable homes being lost to the second / holiday home market which is an issue in the area. When developing sites in the National Park area there have been questions from some stakeholders about retaining affordable housing investment – so they feel it was important to protect affordable housing in this way.

There have been no particular housing management issues in the neighbourhood. One issue has been kids being places they are 'not wanted'. This has been a 'side effect' of the Homezone concept and might indicate that it takes time for people to adjust to the approach.

Conclusions

- NSSE was the preferred LIFT scheme as a 'golden share' could be applied to safeguard affordable homes and ensure mix over the longer term.
- A high affordable housing quota and the fact that the RSL had control of the design brief has contributed to strong integration of affordable housing throughout the site. The process benefitted from strong masterplanning.
- The development has been very successful in creating tenure mix at the street level. Affordable housing has not been relegated to less desirable parts of the site and residents back this up in terms of satisfaction with their homes.
- NSSE purchasers were happy with the neighbourhood in terms of housing design and mix, amenities and personal safety. There was some frustration that a promised facility (a football pitch) was taking a long time to develop and some views that the neighbourhood would benefit from more social facilities.
- The 'golden share' was recognised as a limiting factor by at least one resident, in terms of future housing options.

- NSSE was seen as playing an important role in making the ‘mix’ of the scheme work successfully. As an intermediary tenure it acts a bridge between social renters and owner-occupiers.

Case study – Ruchazie, Glasgow

The Ruchazie area in the north-east of Glasgow has seen significant regeneration in recent years. This case study looks at the introduction of mixed tenure housing in the area as a result of demolition and new-build by Ruchazie Housing Association. This included the introduction of NSSE properties in the latest phase of development.

The scheme

The neighbourhood has been developed in six phases since 1997 with NSSE properties introduced in 2009. Table One shows the development phases at the site (including planned final phase). Table Two gives a breakdown of the house types and sizes developed by NSSE.

Table 1: Ruchazie development phases

Phase / date	House types	Social rented	NSSE	Outright sale	Total
1. 1997 (rehab)	Flats	24	-	-	24
2. 1998	Flats / houses	36	-	-	36
3a. 2000	Flats / houses	39	-	-	39
3b. 2001	Flats / houses	41	-	-	41
3c. 2002	Flats / houses	34	-	-	34
4. 2009	Flats / houses	40	18	-	58
Current total	**-**	**214**	**18**	**-**	**232**
5. Planned	*Flats / houses*	*16*	*14*	*30*	*60*
Planned total	**-**	**230**	**32**	**30**	**292**

Table 2: NSSE housing mix – Ruchazie

Type	Size – apts	Size – person	No.
Cottage flat	3 apt	3 person	4
Cottage flat	3 apt	4 person	2
House	3 apt	4 person	6
House	4 apt	5 person	5
House	6 apt	6 person	1
Total	**-**	**-**	**18**

The NSSE properties represent the first introduction of homes for low cost home ownership in the area by Ruchazie Housing Association. They are the first stage of introducing tenure balance in an area which has been predominantly made up of social rented housing.

The NSSE homes are situated on relatively main roads in the neighbourhood. This ensured that they are prominent in the site but means that they are separate from the other housing.

There are a range of households living in the NSSE properties. Household information was available for 17 of the properties. Nearly half (8 - 47%) were couples with children, two (12%) were single parent households, three (18%) were couples without children, three (18%) were single person households and one was ‘other’.

Developing the scheme
Decisions on the tenure and housing mix were made in discussion between the RSL, the Council and the house builder. The process was considered to be pragmatic and the special characteristics of the site influenced decisions – particularly in relation to house sizes.

The RSL had originally considered building a mix of shared ownership and NSSE properties. However, they preferred the option of NSSE as they felt it was best suited to the target group they were hoping to attract and preferred NSSE as there is no management obligation on the RSL.

The house size mix was dictated by available space for the units – some of the NSSE properties are small. The RSL feel that although the units sold quickly purchasers find them small and in future they would want to build with a larger specification.

The main objective for the neighbourhood was to introduce a better tenure balance. Owner occupation rates have been historically low and there has been a low uptake of the Right to Buy in Ruchazie. There has only been a small number of NSSE built (18) but this will be increased in the final phase of development along with provision of homes for outright sale. The RSL told us that for the outright sale properties to 'stack up' financially the land will need to be transferred at a nominal sum. Another option would be the use of GRO subsidy if this is available.

For the final phase, they hope to be at cost plan stage by the end of 2010. They have still to get full planning and roads consent. They hope to have achieved tender approval by the third quarter of 2011.

Consultation on the development has been mainly internal (i.e. between partners). There has been some public consultation on the housing to be developed through open days, forums and newsletters. The RSL said that the shared equity housing was going to be occupied by people previously living outwith Ruchazie.

Marketing the scheme
The NSSE homes were deliberately built in visible locations on main roads in the neighbourhood. The RSL felt that this would help market the properties.

The homes were targeted at first time buyers. All purchasers were first time buyers with the exception of one buyer whose previous home had been demolished. They had assessed what prices people would be able to afford. There was no 'golden share' at the properties.

The NSSE properties sold quickly and were very easy to market. Properties were advertised in local housing offices in the East End of Glasgow and the RSL felt that they "sold themselves". The RSL feel that having the Scottish Government as the other 'purchaser' brings security and is a "big selling point" for NSSE homes (compared with shared equity provided by a private developer).

The majority of purchasers were local to the East End. Sales log information is available for 17 of the 18 NSSE properties. Five purchasers (29%) had been renting from a private landlord, eight (47%) had been renting from an RSL, and three (18%) had been living with friends or relatives. Two of the purchasers that were previously in private rented accommodation were on a waiting list for social housing.

Nine purchasers (of 17) bought 60 per cent stakes, three bought 80 per cent stakes and the (mean) average size of stake was 66 per cent.

Experiences of purchasers
We spoke to four NSSE purchasers to gather views on the neighbourhood. All of the residents we spoke to stressed location as a key factor influencing their choice of home. Most said that they wanted to live near their family, and one person chose their home to remain near their child's school. Purchasers were attracted to NSSE as it was seen as an affordable option. One person said that it gave them the chance to get on the housing ladder.

Outcomes – Purchaser views
Generally, purchasers were positive about the layout and design of the scheme in Ruchazie. Consultees that were familiar with the area felt that the new housing had resulted in "dramatic" change and a "transformation" of the area. Residents were happy with the design and layout of the housing but there were complaints that there had not been enough space allocated for car parking.

Residents were also pleased with the public transport links and with the local shops which are within walking distance. However, one person was concerned about personal safety and said that she does not use the shops for this reason.

The residents we spoke to were pleased that the area is well maintained and kept clean. However, one person felt that social renters tend to have less respect for their homes than the NSSE owners and said that the areas where there is social housing are less tidy.

The residents were positive about the mix of house types and sizes in the area. Consultees liked the fact that houses and flats are mixed together in the same blocks.

It is not clear how much social mixing has taken place between residents living in different tenures within the scheme. This may be affected by the layout of the scheme with NSSE properties located on specific streets. One resident suggested that there hasn't been much mixing due to the newness of the scheme and the fact that residents are still "settling in". One consultee (who was generally dissatisfied with the neighbourhood) told us that she chose a house that was surrounded by other shared equity homes in order to keep away from rented houses, and in the hope that neighbours would respect their properties and environment.

There is a developing ethnic mix in the area with growing numbers of Eastern European people living in the scheme. The RSL feel that this mix has added vibrancy to the neighbourhood. While the residents did not imply that there were any tensions between the two groups, some felt that the Eastern European residents tend to "keep themselves to themselves" and that social mixing was limited.

The residents had mixed views on the level of safety in the neighbourhood and views appear to be influenced by location in the scheme. A majority of consultees felt that the neighbourhood is a safe place to live and half felt that it was a safe place to walk about in at night.

One resident felt unsafe in the area. This resident said that she would not venture out at night and is reluctant to let her son out as well.

Residents were relatively positive about the social facilities in the neighbourhood although use of the facilities varied. These include a community centre and a five-a-side football centre which includes a children's soft-play facility.

Consultees were less positive about public space in the neighbourhood (and lack of play facilities for children).

> *"There's not enough public space and no play areas for younger children within the estate."*
>
> *"There's a big park nearby but nothing in it for kids to do. It's not being used to the advantage of the local community. And there's no play park in the local neighbourhood."*

The RSL is currently in the process of developing a children's play area in the neighbourhood as part of their planning obligations. And an outdoor football court has been developed by the local authority. The RSL is also looking at the potential of establishing a development trust to support improvements at the local park.

Despite these issues the majority of residents consulted felt a strong sense of belonging in the area. The residents were happy with their homes and most had strong connections with family and friends in the nearby area. All but one of the residents we spoke to plan to stay in the area over the long-term. Consultees only expected to move if their household size changes (having more children) but would want to remain in the local area. One person who is unhappy in the area hopes to move when they are able to afford it.

Outcomes – Developer views

The RSL developer believes that the project has met expectations although it is relatively 'early days'. The introduction of NSSE has been the first step towards creating a better tenure balance. They feel that the success of NSSE has disproved any doubts about the market and shown that people want to buy houses in the area.

The RSL are happy with the direction of travel but feel that, if anything, the current level of NSSE is low; and they could probably have developed more in the fourth phase. This will be addressed in the next development phase where more than half will be for shared equity or outright sale.

Although it is relatively early in the life of the neighbourhood turnover is low. There has been no turnover (i.e. resales) at the NSSE properties.

The RSL told us that there have not been any particular management issues at the scheme. The only difficulty they have had has been ensuring adequate car parking. They developed a car parking plaza to deal with the problem of limited on-street parking.

The RSL felt that the development allowance element of subsidy was essential for success. One member of staff had to develop their expertise in shared equity and took control of the NSSE process. They do not think they would have had the capacity for this without the additional allowance. Despite the allowance marketing was done at minimal cost. The RSL also felt that the project has been successful due to partnership working. They have learnt lessons from the experiences of other housing associations and they have received helpful support from the local authority.

Conclusions

- NSSE introduced on a limited scale but will expand in subsequent development phases.
- NSSE has delivered a range of household sizes, with homes ranging from three person to six person. NSSE purchasers were positive about the mix of housing available.
- NSSE was viewed as a good option by the RSL compared with shared ownership.
- Decisions on the development were taken pragmatically and there was limited consultation.
- NSSE has been used to stimulate the housing market in an area where owner-occupation has been very limited.
- NSSE properties were easy to market and have been meeting local demand.
- There has been limited social mixing across tenures / groups. There may be lessons in relation to layout / 'pepper-potting' and the provision of quality public spaces and facilities where local people can interact.
- There are some positive signs in relation to sustainability with a long-term commitment to the neighbourhood from NSSE purchasers.

Case study – St Andrews Braes, St Andrews

The St Andrews Braes development sits on the outskirts of St Andrews near the main road into the town from the south. It was developed as a new neighbourhood in 2006/07 and includes a mix of homes for social rent, shared ownership, and owner-occupation. The homes for owner-occupation received subsidy through GRO grant. The development is within a housing market area that experiences high demand and typically sees high house prices. The development was a partnership between Hillcrest Housing Association and Thomas Mitchell Homes (no longer trading).

The scheme

The development includes 25 homes for social rent, 24 shared ownership properties, 21 GRO-funded homes for owner-occupation and two homes designed to support independent living for people with a physical disability. The wider neighbourhood also includes private retirement flats and a nursing home. We do not have a detailed breakdown of property types and sizes for the shared ownership (or social rented) homes at the site but properties range between two apartment flats and five apartment houses.

All of the GRO properties are flats. Eleven are three apartment, two bedroom flats and the remaining ten are four apartment, three bedroom flats. In 2006, the price of the three apartment GRO flats ranged between £75,500 and £86,750. The price of the larger four apartment flats ranged between £99,250 and £104,250.

Three of the GRO properties have subsequently been resold. Since these resales took place within the grant period this has resulted in a claw-back of £65,871 by the Scottish Government.

Developing the scheme

The brief for the development was based on assessed housing need in the area and the requirements of the local authority's Strategic Housing Investment Plan (SHIP).

There was a drive for introducing affordable housing (through both shared ownership and GRO) due to demand and the comparatively high property prices in St Andrews. It was recognised that there were people in the local area who could not afford to get on the property ladder but could afford more than social renting. This was considered to be a particular issue in relation to people who could be classed as 'key workers' who are important to the local economy but finding it difficult to access full ownership on the open market.

The RSL developer also felt that shared ownership was a favourable option as it reduced the amount of HAG funding that was required to develop the site. Hillcrest received HAG funding and some Social & Environmental Grant (SEGs) for the environmental element. This was not considered to be high at about £1,250 per unit. Planning issues (including design requirement that detail on housing matched the neighbouring nursing home) added about 10 per cent to the costs of the project.

"It took leverage to make the development stack up. Planning issues added to costs and there was limited funding available for the project".

RSL developer

A Homezone approach was included as part of the brief for the site. Although this was successfully established there was some opposition from the Council planners and the roads department who were sceptical about the approach.

There were a number of objections from local people about the site and particularly its visibility for people entering St Andrews from the south. It became a condition of planning that people wouldn't be able to see the rooftops of buildings from the south side of St Andrews. This meant that the elevation of the housing had to be lowered by digging foundations deeper into the sub-structure. As such the development cost an additional £250,000 and took a year and a half to complete.

Public consultation was led by the private developer and involved meetings with Community Councils and a series of public meetings. Discussions focused on design at the site: the Homezone approach, the colours of the properties and the elevation of the site.

Marketing the scheme

The homes were targeted at first-time buyers and at key workers and young people.

Sales log information is available for the 21 GRO properties at the site. All of the GRO purchasers were in full-time employment. Of the 21 GRO households, nine (43%) were couples without children, three (14%) were couples with children and two (10%) were single parents. Five (24%) were single person households and two households (10%) were 'other'.

The average age of the first household member was 28, and none of the first occupants were aged above 39. Sixteen of the GRO purchasers (76%) were in their 20s.

All of the GRO purchasers were first-time buyers. Of the 21 GRO purchasers in the scheme, nine were previously living with parents / relatives and one person was living with friends. This means that nearly half (10 – 48%) were newly forming households. Eight GRO purchasers (38%) were previously living in private rented accommodation. Two (10%) were in social rented accommodation and one person was renting employer-owned accommodation. In addition to the two previously renting from an RSL / Council, 14 of the GRO purchasers (67%) were on an RSL and / or Council waiting list.

The area experiences high housing demand and the developers feel that the shared ownership and GRO properties "marketed themselves". Shared ownership properties were advertised on the RSL website but interest was generated from signs on the construction site and local 'word-of-mouth'. All of the GRO properties sold within a short period of time.

"Demand was so high I think we could have sold or rented the units three or four times over."

RSL developer

Experiences of purchasers

We spoke to seven GRO purchasers / sharing owners living in the neighbourhood. Most of the consultees had previously been living in private rented accommodation although one sharing owner had been renting an RSL property and one GRO purchaser had previously owned her home but been through a marriage break-up. All of the GRO owners had been on the Council's housing list but not been a priority for housing, or expected to be allocated a Council house. One GRO purchaser said that they put themselves on the Council list not to get a home but because she was told she would be kept informed of opportunities at new build developments in the area.

Many residents said that location (and particularly being close to work and family) was an important factor in choosing their home but affordability was also a key issue for the purchasers. Several said that although they aspired to home ownership in the area, house prices in St Andrews were exorbitant and one person said that buying outright was "impossible". Some GRO purchasers said that location was less important than moving out of the expensive private rented sector in St Andrews.

Outcomes – Purchaser views

GRO purchasers were particularly pleased at the affordable cost of their homes, giving them access to home ownership that would not otherwise have been possible in the area.

"I was attracted to the property because of the price. It was heavily subsidised and I was amazed at what we could get for the cost."

GRO purchaser

GRO purchasers were positive that the scheme had helped them onto the housing ladder and that they would have raised significant deposits for a subsequent purchase if they choose to move home. Some GRO purchasers were confident that they would make large profits on their homes.

"It has been an excellent opportunity to get on the housing ladder without overstretching ourselves and our outgoings are less than they would be renting in Edinburgh."

GRO purchaser

Sharing owners were less positive about affordability and one person was hoping to move because they didn't feel it was a good deal paying an occupancy rate and having full responsibility for repairs and insurance costs (despite only owning half the property).

Residents were generally positive about the neighbourhood. All consultees felt that it was a safe place to live. Residents feel that there are good transport links, the housing is near shops and the town centre. There were concerns about limited public spaces in the area. This is not helped by the 'compact' design of the neighbourhood and the fact that it is bordered by a hill at the back of the site. There is one children's play area in the neighbourhood although two were originally planned.

GRO purchasers expressed concern about the quality of their properties and some felt that there had been 'cost-cutting' when developing the affordable homes. Another key concern is limited parking in the neighbourhood. The situation was described as "atrocious" with residents having to double park or park on grass verges.

Although residents generally felt that people in the neighbourhood 'get along' and mix well there were some views indicating tensions between GRO owners and sharing owners. There were also perceptions about 'invalid' occupants at GRO properties including GRO properties being rented out privately. There were issues about growing numbers of students renting GRO properties.

There were concerns that the affordable housing is distinct from private homes in the wider neighbourhood. In the scheme GRO properties are grouped together on one street.

> *"If you build fancy houses all around the scheme and in one little corner have first-time buyers, it's like putting poorer people in with posher people. Why do they have to be in an allocated street – why can't they just be dotted about?"*
>
> GRO purchaser

One GRO owner spoke about the shared ownership properties "at the other side of the estate" and said that police visit these properties regularly.

A key concern (among GRO purchasers) was that GRO properties were not being used to provide affordable homes for those in need. There was general scepticism among consultees that GRO properties had been purchased dishonestly by people hoping to make a profit and there was concern that GRO properties are now being rented out privately.

Three GRO properties in the area have been resold (with claw back of subsidy) and one of these properties is registered under the Scottish Landlord Registration scheme. However, there is a perception among residents that a high number have been lost to the private rented sector. One resident estimated that more than a third of the GRO properties are now being let to students. There was a general (unsubstantiated) view that families are now being replaced by students in the GRO properties and there have been complaints about noise levels from properties rented by students.

> *"It's a lovely neighbourhood but there's now a relatively high turnover of people. It was initially young families but they are moving out and being replaced by students. The GRO funded properties are not supposed to be sub-let more and more appear to be – why is this being allowed?"*
>
> GRO purchaser

> *"People who were not in need of affordable housing bought properties only as a profit making vehicle or to let their student children live in them, whilst people in St Andrews who actually needed affordable housing were not able to get on the scheme."*
>
> GRO purchaser

Nevertheless, the residents that we spoke to were positive about their homes and nearly all intended to stay in their property for a long time. Most GRO purchasers only expected to move due to changes in their household composition or the location of their work.

Outcomes – Developer views

The developer is happy with the design and quality of the scheme. The housing design is of a high quality and many properties are in excess of the Housing for Varying Needs requirements. They are pleased that the neighbourhood is attractive: the homes have been painted a range of colours. There were some problems at the homes with drainage but these issues have been overcome.

They are pleased that the Homezone was delivered. There were some grievances most notably around limited parking (one space per home) but they feel that it takes some time for people to get used to the new approach.

They are positive that there has been mixing between social renters and sharing owners. A residents association was established about a year after the development was completed. Renters and sharing owners are dealing with neighbourhood issues together.

In terms of the housing mix established, types and sizes seem appropriate – the biggest issue was the overall number which was not enough to meet demand.

The RSL developer believes that there is good stability in the neighbourhood with low turnover and voids in the rented and shared ownership homes.

> *"People want to stay in the area. Those moving home have had to do so for a particular reason."*
>
> *RSL Developer*

Conclusions

- GRO and shared ownership have been used to help people in a pressured housing market. High private rental prices (due partly to the student population in the town) added to demand for more affordable housing options.
- The LIFT schemes were targeted at key workers and young people who were particularly affected by high property prices in the area.
- Developing shared ownership homes reduced the level of HAG funding needed at the development. Considerable local objections were overcome through redesigning the site but this impacted on costs.
- Residents feel that 'tender blindness' has not been achieved at the site and there are some tensions between different tender groups.

- There is suspicion that GRO properties were sold to people who were not in real need of affordable housing. There is some evidence that GRO purchasers put themselves on council / RSL waiting lists to make them eligible for GRO properties.
- There is anecdotal evidence that GRO properties are being used as private rented accommodation, typically for students.
- GRO purchasers were confident that they would make a good financial return on their property and that this would help them move up the property ladder. Sharing owners did not feel their housing costs are particularly good value.

APPENDIX 10 – SUMMARY OF LIFT OUTCOMES

The table below summarises the outcomes that each LIFT scheme has achieved in relation to:

- housing outcomes for individuals;
- wider housing market outcomes;
- wider social outcomes; and
- unintended negative outcomes.

	Individual Housing Outcomes	Wider Housing Market Outcomes	Wider Social Outcomes	Negative Outcomes
Shared Ownership	**Meeting aspirations of home ownership** • 502 households moved into home ownership • 247 households sustained home ownership due to shared ownership • 55% were first time buyers • Two thirds happy with the quality of their home • Almost half feel shared ownership was the right option for them	**Reducing pressure on social rented accommodation** • 262 social rented properties freed up as people move into shared ownership • Estimated reduced pressure on waiting list of 46, with 8 with realistic chance of being housed	**Introducing mixed tenure in areas with low owner occupation** • Half feel that they live in mixed area • Minority believe they live in a strong community	**Mobility** • Minority feel concerned about housing mobility or feel trapped • Some concern about the 20 year rule reducing feelings of security
	Security of housing situation • Prevented eviction for a minority of purchasers	**Assisting buyers in pressured market areas** There is not enough evidence to determine outcomes in this area at this stage		**Safety** • Minority experiencing antisocial behaviour or community safety issues

	Affordable housing • Over half believe housing is affordable • 4.5% repossessed or converted to MtR			**Mental Health** • Minority experiencing stress due to housing circumstances
GRO	**Affordable housing** • Almost all believe housing is affordable	**Stimulating the private housing market** • 50% of purchasers first time buyers • 225 new households formed and purchased through GRO • 45% of purchases in 15% most deprived areas	**Creating mixed communities through tenure diversification** • Half feel that they live in a mixed area • None feel that they live in a strong community	**Mobility** • Almost half feel concerned about housing mobility or feel trapped • Minority feel isolated
	Meeting aspirations of home ownership • 494 households moved into home ownership • 373 households sustained home ownership due to shared ownership • Around half were first time buyers • Half of purchasers happy with the quality of their home • Almost all feel GRO was the right option for them	**Addressing shortages in supply** • 867 new build properties developed	**Regenerating older urban communities** • There is not enough evidence to determine outcomes in this area at this stage	**Mix** • A third reported issues as a result of mix or lack of integration • Half reported issues of properties being let to private renters
	Security of housing situation • Minority feel more settled or secure in their housing situation	**Assisting buyers in pressured market areas** • There is not enough evidence to determine outcomes in this area at this stage	**Settled children and young people** • Minority say that their children have become more settled and secure in their education	

		Reducing pressure on social rented accommodation • 35 social rented properties freed up as people move into shared ownership		
NSSE	**Helping first time buyers on low incomes into owner occupation** • 2,260 households moved into home ownership • 144 households sustained home ownership due to shared ownership • 88% were first time buyers • Over half were happy with the quality of their home • Almost all feel NSSE was the right option for them • Most believe their housing is affordable • Very low levels of repossession	**Reducing pressure on social rented accommodation** • 385 social rented properties freed up as people move into shared ownership • Estimated reduced pressure on waiting list of 634, with 178 with realistic chance of being housed	**Mixed communities** • A third feel that they live in a mixed community • A quarter feel that they live in a strong community	**Mobility** • Minority feel concerned about housing mobility or feel trapped • Some concern about the 20 year rule reducing feelings of security
	Providing options for those whose homes are being demolished • There is clear evidence that NSSE is being used to provide options for people affected by demolition • Quantitative information about the extent of use of NSSE for purchasers affected by demolition is not available	**Stimulating the private sector housing market** • 88% of purchasers were first time buyers • 1,033 new households formed and purchased through NSSE • 23% of purchases in 15% most deprived areas	**Quality of life** • Over a third say their quality of life has improved • A fifth are more independent	**Safety** • A fifth experiencing antisocial behaviour or community safety issues
	Meeting particular housing needs • At least three disabled people accessed the scheme (not all with particular housing needs)		**Financial Situation** • Small minority saw wider financial benefits as a result of their new home	**Mental health** • Small minority experiencing stress due to housing circumstances

OMSEP	**Helping first time buyers on low incomes into owner occupation** • 3,098 households moved into home ownership • 96 households sustained home ownership due to shared ownership • 93% were first time buyers • Almost all happy with the quality of their home • Almost all feel OMSEP was the right option for them • Almost all believe their housing is affordable • 0.25% repossessed or converted to MtR	**Reducing pressure on social rented accommodation** • 448 social rented properties freed up as people move into shared ownership • Estimated reduced pressure on waiting list of 605, with 61 with realistic chance of being housed	**Mixed communities** • A fifth feel that they live in a mixed community • A fifth feel that they live in a strong community	**Mobility** • Small minority feel concerned about housing mobility or feel trapped • Some concern about the 20 year rule reducing feelings of security
	Meeting particular housing needs • At least 157 disabled people accessed the scheme (not all with particular housing needs)	**Stimulating the private sector housing market** • 93% of purchasers were first time buyers • 1,437 new households formed and purchased through OMSEP • Just 13% of purchases in 15% most deprived areas	**Quality of life** • Almost half say their quality of life has improved • A quarter are more independent	**Safety** • Small minority experiencing antisocial behaviour or community safety issues
			Financial situation • Small minority saw wider financial benefits as a result of their new home	

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