

Help to Buy (Scotland) Scheme, 2016/17

Monitoring Information on Characteristics of Households

This document provides a summary of the characteristics of households purchasing homes through the Help to Buy (Scotland) Scheme in the 2016/17 financial year, based on 'log form' information returned by participating households.

Note that the completion of log forms is voluntary, and therefore not all sales have a corresponding log form completed. There have been a total of 1,805 log forms provided, which represents 76% of all 2,370 Help to Buy sales in 2016/17. Figures in this report should therefore be treated with some caution, as it is not clear how representative the data is of all households participating in the scheme. In addition, some of the completed log forms have contained missing or inaccurate information, which will also affect the quality of the estimates that can be reported on. Taking these cautions into account, the resulting estimates should be treated as estimates only, but should still provide a reasonable indication of characteristics of households purchasing homes under Help to Buy.

Information on households purchasing through the scheme between September 2013 and March 2016 was previously published in June 2017¹.

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

Key Findings for 2016/17:

- Almost three-quarters (73%) of Help to Buy (Scotland) households were not existing home owners, whilst just over a quarter (27%) were existing home owners.
- More than a third (37%) of purchasers had previously been living with parents or relatives, 28% in a privately rented property, 25% had been previously living in a property they were paying a mortgage on, 6% lived in social rented housing, 1% lived with friends (but not renting), and 2% in other accommodation.
- More than half (55%) of buyers were aged 30 years or under, with over three-quarters (76%) of buyers aged 35 or under. The average (mean) age was 31 years.
- More than half (56%) of purchasing households had a gross household income between £30k and £50k per year.
- There were some clear differences in the profiles of purchasing households between first time buyers and existing home owners, with first time buyers were more likely to be younger purchasers, more likely to have lower household incomes, and less likely to purchase detached properties.

¹ <https://beta.gov.scot/publications/help-to-buy-scotland-characteristics-of-households-report/>

Background to Help to Buy (Scotland) Scheme

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

The monitoring information presented in this report covers the 2016/17 financial year, in which the scheme had an initial budget of £80m and final total spend of £64m.

The purchase price of a property was initially capped up to the value of £400,000 until October 2014, after which it was reduced to the value of £250,000 and then to £230,000 in April 2016 to ensure that more people could benefit from available funding and help to target funding at lower income families and first time buyers.

Help to Buy (Scotland) sales are made through registered participating builders. The scheme is not open to buy-to-let investors. Existing home owner buyers are required to sell existing property prior to purchasing through the scheme. In April 2016, the Scottish Government's contribution to the purchase price was reduced from up to 20% to up to 15% of the purchase price, with the purchaser normally contributing at least a 5% deposit and the remainder of their contribution made up from a mortgage. Whilst this monitoring information report only covers the Help to Buy (Scotland) scheme up to 31 March 2017, it is worth noting that maximum purchase prices and equity shares have reduced further under the replacement Help to Buy (Scotland) Affordable New Build and Smaller Developer schemes.

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

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

Characteristics of Households Participating in the Help to Buy (Scotland) Scheme in 2016/17

Around three-quarters (73%) of Help to Buy (Scotland) households were not existing home owners, whilst around a quarter (27%) were existing home owners. The percentage of buyers that were not existing home owners has varied from 69% to 80% across different quarters of the scheme, as shown in Table 1 below (quarters are based on purchase entry dates).

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

Entry date - Quarter	% Not an existing home owner	% Existing home owner	Number of records
Q1 (March - June 2016)	78%	22%	487
Q2 (July - September 2016)	72%	28%	524
Q3 (October - December 2016)	69%	31%	683
Q4 (January to March 2017)	80%	20%	111
Total	73%	27%	1,805

Just over a third (37%) of purchasers had previously been living with parents or relatives, 28% in a privately rented property, 25% had been previously living in a property they were paying a mortgage on, 6% lived in social rented housing, 1% lived with friends (but not renting), and 2% in other accommodation.

Around 3% of purchasers had been on a social housing waiting list (either a council, housing association or a common housing list).

Just over half (55%) of buyers were aged 30 years or under, with over three-quarters (76%) of buyers aged 35 or under. The average (mean) age of purchasers was 31 years. Table 2 below provides more detail on the percentage of buyers by each age band.

Table 2: Buyers by age band, 2016/17 (based on first named purchaser)

	Percent	Number of records
18-25	23%	392
26-30	32%	558
31-35	22%	378
36-40	12%	213
41-45	6%	108
46-50	3%	52
51-60	2%	34
Over 60	<1%	2
Total	100%	1,737

Note: 88 records were excluded from the analysis of age (33 records because of missing age information and 35 records because of implausible values).

More than half (56%) of households had a household income between £30k and £50k. Table 3 below provides further figures by each income band.

Table 3: Households by gross household income, 2016/17

	Percent	Number of records
£0 to £20,000	2%	41
£20,001 to £30,000	18%	317
£30,001 to £40,000	26%	469
£40,001 to £50,000	29%	525
£50,001 to £60,000	18%	321
£60,001 to £80,000	6%	106
£80,000 to £100,000	<1%	8
Total	100%	1,787

Note: Income data for 2016/17 is based on total income across first and second named purchasers and includes income related to overtime and bonuses. The analysis excludes a small number of records where the income values were missing, or were unlikely values.

Table 4 shows approximate median and mean gross household incomes by quarter of entry date between 2013/14 quarter 3 and 2016/17 quarter 4, based on banded income data. This shows that the mean income of purchaser households has dropped from £50,000 in 2014/15 to £42,000 in 2015/16 and then £41,000 in 2016/17. This is consistent with the timing of the lowering of the purchase price cap from £400,000 to £250,000 in October 2014, and then to £230,000 in April 2016, given that there can

typically be a gap of some months between the issuing of an authority to proceed with a purchase and the entry date following the sale.

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

Entry-Date Quarter	Median Household Income Bands (£s)	Mean Household Income (£) (rounded to the nearest thousand)	Number of records
2013/14 - Quarter 3	40,000 - 45,000	47000	132
2013/14 - Quarter 4	40,000 - 45,000	44000	350
2013/14 - Total	40,000 - 45,000	45000	482
2014/15 - Quarter 1	45,000 - 50,000	48000	721
2014/15 - Quarter 2	45,000 - 50,000	49000	556
2014/15 - Quarter 3	45,000 - 50,000	52000	365
2014/15 - Quarter 4	45,000 - 50,000	50000	85
2014/15 - Total	45,000 - 50,000	50000	1,727
2015/16 - Quarter 1	35,000 - 40,000	41000	382
2015/16 - Quarter 2	40,000 - 45,000	43000	246
2015/16 - Quarter 3	40,000 - 45,000	44000	330
2015/16 - Quarter 4	40,000 - 45,000	42000	133
2015/16 - Total	40,000 - 45,000	42000	1,091
2016/17 - Quarter 1	40,000 - 45,000	41000	485
2016/17 - Quarter 2	40,000 - 45,000	41000	511
2016/17 - Quarter 3	40,000 - 45,000	42000	682
2016/17 - Quarter 4	40,000 - 45,000	43000	109
2016/17 - Total	40,000 - 45,000	41000	1,787

Note: Income data for 2016/17 is based on total income across first and second named purchasers and includes income related to overtime and bonuses. The analysis excludes a small number of records where the income values were missing, or were unlikely values.

Characteristics of Properties Bought

Almost a third (31%) of properties bought were detached, 31% were semi-detached, 21% were terraced, and 15% were flats.

Three-quarters (75%) of properties bought were 3 bedroom or 4 bedroom properties.

Table 5 below provides figures for each property size category.

Table 5: Properties by Number of Bedrooms

	Percent	Number of records
1 bedroom	1%	30
2 bedrooms	22%	426
3 bedrooms	49%	893
4 bedrooms	26%	434
5 bedrooms	1%	21
Total	100%	1,804

Note: these percentages exclude 1 larger property

Profiles of First Time Buyers and Existing Home Owners

There were some clear differences in the profile of purchasing households between buyers that were existing home owners and those who were not. Buyers that were not existing home owners were more likely to be younger purchasers, more likely to have lower household incomes, and less likely to purchase detached properties. Table 6 below provides further detailed figures, for example 29% buyers who were not existing homeowners were aged 18-25 years, compared to 4% of existing home owners.

Table 6: Existing home owner status by age band, household income, and property type, 2016/17.

Age Band:	Not an existing home owner	Existing home owner	Gross Household Income	Not an existing home owner	Existing home owner	Property Type:	Not an existing home owner	Existing home owner
18-25	29%	4%	£0 to £20,000	3%	3%	Detached	24%	51%
26-30	35%	25%	£20,001 to £30,000	20%	11%	Flat	19%	4%
31-35	18%	32%	£30,001 to £40,000	28%	22%	Semi Detached	33%	26%
36-40	9%	20%	£40,001 to £50,000	28%	32%	Terraced	23%	18%
41-45	5%	11%	£50,001 to £60,000	16%	22%	Other	1%	1%
46-50	2%	5%	£60,001 to £80,000	4%	10%			
51-60	2%	3%	£80,000 to £100,000	0%	1%			
Over 60	0%	<1%						

Note: Existing home owner status is based on first named purchaser. Gross household income based on the sum of the values provided by first and second named purchasers in each household.