

Sales of intermediate housing

20.1 Summary	1
20.2 Introduction	1
20.3 Intermediate Housing – who has been housed	2
Table 1. Shared ownership and shared equity sales, 2008/9	2
Fig 1: Total intermediate sales 2005/6 to 2008/9.....	3
20.4 Shared ownership re-sales	3
Table 2. Number of shared ownership re-sales by district, 2009/10	3
20.5 Previous Tenure	3
Table 3. Previous tenure of purchasers: shared ownership and shared equity, Cambridge sub-region Districts.....	4
Fig 2: Previous tenure (%) of shared ownership and shared equity sales	4
20.6 Family Type.....	5
Table 4. Family types of purchasers of shared ownership & shared equity housing	5
Fig 3: Family types of shared ownership and Shared equity completions by percentage.....	5
20.7 Ages of Applicants	6
Table 5. Age of household reference person (HRP), shared ownership & shared equity.....	6
20.8 Type of Property Bought: by number of bedrooms	6
Table 6. Number of bedrooms of shared ownership & shared equity properties purchased .	7
20.9 Type of Property Bought: by type of home.....	7
Table 7. Type of property purchased under shared ownership & shared equity.....	7
20.10 Financial issues	8
Table 8. Key financial data relating to shared ownership & shared equity sales	8
Fig 4: Mean market value of shared ownership and shared equity	9
Fig 5: Comparison of mean mortgages for shared ownership and shared equity purchasers	9
Fig 6: Comparison of gross household incomes for shared ownership and shared equity purchasers by district.....	10
20.11 Family types and finance	11
Table 9. Mean Purchase Price, Mortgage & Gross Household Income for Shared Ownership & Open Market HomeBuy purchasers, Cambridge sub-region	11
20.12 Deposits.....	11
Fig 7: Deposit available – shared ownership purchasers	12
20.13 Size of property and finance	12
Table 10. Properties by Bedrooms, mean price by district, shared ownership and Open Market HomeBuy.....	12
20.14 Family type by number of bedrooms	13
Table 11. Broad family types by size of property purchased (bedrooms); shared ownership & shared equity	13

Chapter 20. Sales of intermediate housing

20.1 Summary

- The most popular size of property is 2 bedrooms. When purchasers have had considerable flexibility as to where and what type of property they can buy, a significant proportion selected 3 bedroom properties.
- Intermediate housing products may help to reduce some overcrowding as some households in need through overcrowding may be able to afford an extra room under shared ownership than they would be able to under open market purchase or rent. This is examined further in Chapter 21, *Current affordability by tenure and size*.
- The popularity of what has been bought reflects what has been built. In 2005/06, the area with the most sales was South Cambridgeshire. Now it is Cambridge City, as more shared ownership has become available in the past couple of years.
- There were very few shared ownership sales in Fenland. Shared equity was more popular in Fenland and in Huntingdonshire. There were more shared ownership sales in most other districts. Fenland has the lowest open market house prices and an equity loan scheme may be a more appropriate solution in this area than elsewhere in the sub-region (Huntingdonshire is also a low open market price area). It may also be that shared ownership is not marketed as strongly in the district as elsewhere.
- Single people and couples accounted for almost three quarter of intermediate purchasers.
- Although purchase prices for shared equity appear to be lower, the mortgages required for this type of product were much higher. The income to mortgage ratio for shared equity was larger, probably because there was no rental element to pay under this scheme.
- The vast majority of purchasers had either rented privately or lived with family or friends. There were very few households who were previously local authority or housing association tenants.

20.2 Introduction

The 'intermediate' housing sector relates to what appears to be a growing void between income levels and house prices.

In the Strategic Housing Market Assessment guidance, affordable housing is defined as housing that includes "social rented and intermediate housing, provided to specified eligible households whose needs are not met by the market. Affordable housing should

- Meet the needs of eligible households including availability at a cost low enough for them to afford, determined with regard to local incomes and local house prices
- Include provision for the home to remain at an affordable price for future eligible households or if these restrictions are lifted for the subsidy to be recycled for alternative affordable housing provision."

Intermediate affordable housing is then defined as "housing at prices and rents above those of social rent but below market price or rents and which meet the criteria for affordable housing set out above."

While the guidance sets a framework to understand and respond to the market, the data set out in the cross tenure affordability chapter, shows that in most of sub-region, entry-level

private rents are usually cheaper to access than shared ownership at 50% (the most common share level purchased).

20.3 Intermediate Housing – who has been housed

All data in this chapter is taken from CORE unless otherwise stated. The data covers 1 April 2008 to 31 March 2009 as the last full year for which complete records are available. It excludes council 'Right to Buy', housing association 'Right to Acquire' and outright (private) sales. Shared ownership purchasers generally pay a rent on the share of the home owned by a housing association – typically 2.5% to 4% of the capital each year.

Shared equity schemes such as HomeBuy Direct and Open Market HomeBuy provide a loan. The purchaser pays a mortgage on the remainder and a small amount of interest on the loan. When the property is sold, the loan provider takes a percentage of the sale price. For example an equity loan to buy a £150,000 property would be £60,000. If the property later sold for £200,000, the buyer would pay back 40% of the sale price (£80,000). In total, 307 sales were recorded across the 7 districts in 2008/9. Table 1 and Fig 1 show the breakdown in detail. For details of other intermediate housing schemes and products, please visit <http://www.orbithomebuyagents.co.uk/main.cfm>.

Table 1. Shared ownership and shared equity sales, 2008/9

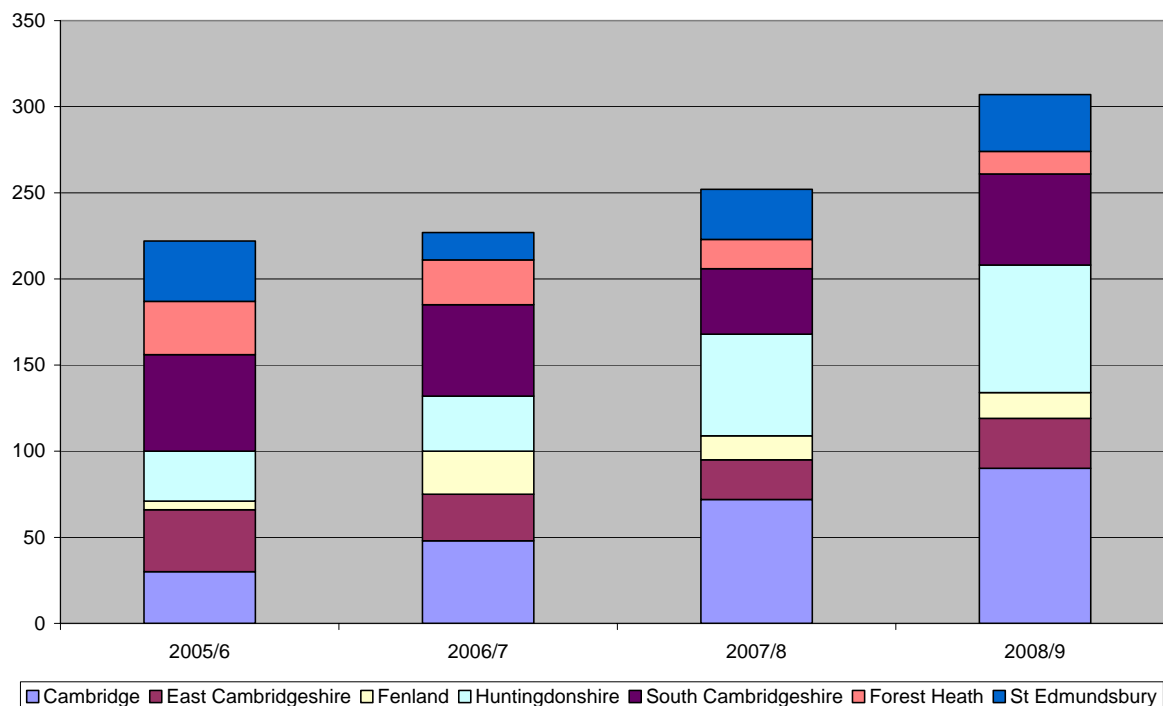
	Cambridge City	East Cambs	Fenland	Hunts	South Cambs	Forest Heath	St Edmundsbury	Sub-Region
Shared ownership	74	16	5	27	40	11	16	189
Shared equity	16	13	10	47	13	2	17	118
Total	90	29	15	74	53	13	33	307
% Shared ownership	82%	55%	33%	36%	75%	85%	48%	62%
% Shared equity	18%	45%	67%	64%	25%	15%	52%	38%

Source: CORE 2008/9

Table 1 shows that more dwellings were sold in Cambridge City than any other district, that is, 90, or almost one third of the total. Huntingdonshire recorded 74 sales and South Cambridgeshire 53, just ahead of St Edmundsbury and East Cambridgeshire. There were fewer than 20 sales in Fenland and Forest Heath. In the sub-region as whole in 2008/9, 62% of sales were shared ownership and 38% were shared equity. There were more shared ownership sales in Cambridge, East Cambridgeshire, South Cambridgeshire and Forest Heath. Shared equity schemes were more common in the other districts.

Figure 1 shows that over the past four years the annual number of sales in the sub-region as a whole has grown from 222 to just over 300.

Fig 1: Total intermediate sales 2005/6 to 2008/9



Source: CORE 2008/9

20.4 Shared ownership re-sales

Re-sales of shared ownership homes form part of our affordable housing supply, and although numbers are relatively low this data forms part of the calculation of housing supply within the CLG SHMA guidance.

Table 2. Number of shared ownership re-sales by district, 2009/10

	Number of re-sales
Cambridge	5
East Cambridgeshire	5
Fenland	1
Huntingdonshire	5
South Cambridgeshire	8
Forest Heath	3
St Edmundsbury	4
Sub-Region	31

Source: CORE 2009/10

20.5 Previous Tenure

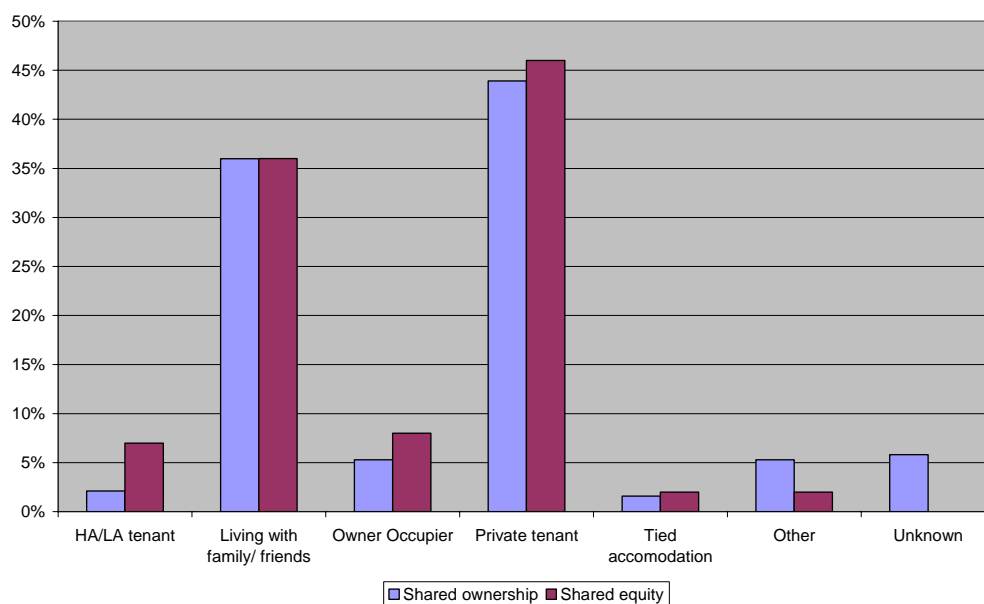
Table 3 and Figure 2 below show that some 46% of shared equity purchasers and 42% of shared ownership purchasers were previously private tenants. Just over a third were previously living with family and friends (36% for both shared ownership and shared equity buyers). There were very few former social tenants and owner occupiers. There were proportionately more shared equity purchasers in both of these groups.

Table 3. Previous tenure of purchasers: shared ownership and shared equity, Cambridge sub-region Districts

	Cambridge	East Cambs	Fenland	Hunts	South Cambs	Forest Heath	St Edmundsbury	Sub-Region
Shared Ownership								
HA/LA tenant	2				2			4
Living with family/friends	20	3	1	11	18	5	10	68
Owner Occupier	4		1		2	1	2	10
Private tenant	40	7	3	15	10	4	4	83
Tied accommodation	2				1			3
Other	2	3		1	3	1		10
Unknown	4	3			4			11
Shared ownership total	74	16	5	27	40	11	16	189
Shared Equity								
HA/LA tenant	1	2	1	1	2	1		8
Living with family/friends	5	8	5	19	2		3	42
Owner Occupier	1	2		3	1		3	10
Private tenant	8	1	4	23	8		10	54
Tied accommodation				1		1		2
Other	1						1	2
Shared equity total	16	13	10	47	13	2	17	118
Total	90	29	15	74	53	13	33	307

Source: CORE 2008/9

Fig 2: Previous tenure (%) of shared ownership and shared equity sales



Source: CORE 2008/9

20.6 Family Type

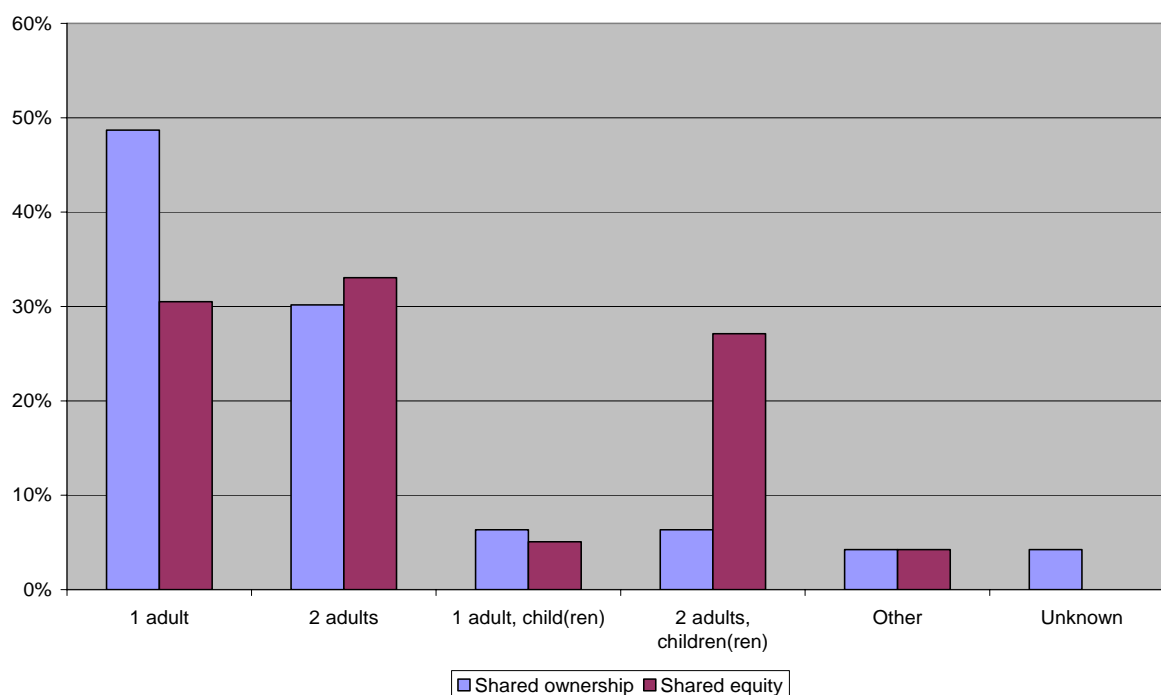
Table 4 and Fig 3 compare the family types buying intermediate housing in 2008/9.

Table 4. Family types of purchasers of shared ownership & shared equity housing

	Cambridge	East Cambs	Fenland	Hunts	South Cambs	Forest Heath	St Edmundsbury	Sub-Region
Shared Ownership								
1 adult	41	8	1	14	15	6	7	92
2 adults	18	6	3	8	13	1	8	57
1 adult, child(ren)	3			2	4	2	1	12
2 adults, children(ren)	1	2	1	3	3	2		12
Other	4				4			8
Unknown	7				1			8
Shared ownership total	74	16	5	27	40	11	16	189
Shared Equity								
1 adult	3	2	2	19	5		5	36
2 adults	6	7	4	14	4		4	39
1 adult, child(ren)			1	2	2		1	6
2 adults, children(ren)	7	3	3	10	2	2	5	32
Other		1		2			2	5
Shared Equity Total	16	13	10	47	13	2	17	118
Total	90	29	15	74	53	13	33	307

Source: CORE 2008/9

Fig 3: Family types of shared ownership and Shared equity completions by percentage



Source: CORE 2008/9

This shows that single people constitute just under half of the shared ownership purchasers and around a third of shared equity purchasers. There are also a high proportion of couples with no children buying through intermediate models. There are relatively more families purchasing through shared equity (27% compared to 6% of shared ownership purchasers). There are slightly more lone parent shared ownership purchasers, some 6% compared to 5% of shared equity.

20.7 Ages of Applicants

This section compares the ages of the first adult recorded as purchasing each property.

Table 5. Age of household reference person (HRP), shared ownership & shared equity

	Cambridge	East Cambs	Fenland	Hunts	South Cambs	Forest Heath	St Edmundsbury	Sub-Region	%
Shared ownership									
19-29	34	6	3	16	20	4	9	92	49%
30-39	17	3	1	6	10	4	2	43	23%
40-49	7	3		3	8	3	2	26	14%
50+	8	2	1	2	1		1	15	8%
Unknown	8	2			1		2	13	7%
Shared ownership total	74	16	5	27	40	11	16	189	100%
Average age	34	37	32	31	33	33	32	33	
Shared equity									
19-29	5	9	9	23	7		5	58	49%
30-39	8	4	1	14	5	2	7	41	35%
40-49	3			10	1		5	19	16%
50+								0	0%
Shared equity total	16	13	10	47	13	2	17	118	100%
Average age	35	26	23	31	30	31	35	31	
Total	90	29	15	74	53	13	33	307	

Source: CORE 2008/9

In both shared ownership and shared equity, the age group with most purchasers was 20 to 29, accounting for around 49% of the total. People aged 30 to 39 accounted for 23% of shared ownership buyers and 35% of shared equity purchasers. Shared ownership purchasers are slightly older on average than shared equity buyers. In particular, shared ownership buyers in East Cambridgeshire and Fenland are more than 9 years older on average than shared equity purchasers in those districts. There were no shared equity purchasers aged 50 or over. The oldest shared ownership buyer was 75.

20.8 Type of Property Bought: by number of bedrooms

Table 6 shows the profile of homes purchased in each district by the number of bedrooms. Households are allowed to purchase one bedroom more than they "require" under the bedroom standard. Some 54% of shared ownership sales and 60% of shared equity sales were properties with two bedrooms. Three bedrooms were the next most common size. There were 11 homes purchased with four bedrooms and none purchased with more than four bedrooms.

Table 6. Number of bedrooms of shared ownership & shared equity properties purchased

	Cambridge	East Cambs	Fenland	Hunts	South Cambs	Forest Heath	St Edmundsbury	Sub-Region	%
Shared ownership									
1 bedroom	29	2			6			37	20%
2 bedrooms	29	5	3	20	22	9	15	103	54%
3 bedrooms	15	9	2	7	11	2	1	47	25%
4 bedrooms	1				1			2	1%
Shared Ownership Total	74	16	5	27	40	11	16	189	100%
Shared equity									
1 bedroom		1	1	3				5	4%
2 bedrooms	8	6	7	31	9	1	9	71	60%
3 bedrooms	7	3	2	11	4	1	5	33	28%
4 bedrooms	1	3		2			3	9	8%
Shared Equity Total	16	13	10	47	13	2	17	118	100%
Total	90	29	15	74	53	13	33	307	

Source: CORE 2008/9

There are more than seven times as many 1 bedroom properties purchased through shared ownership than shared equity. To some extent this reflects what is being built, and the restrictions on buying leasehold properties through some shared equity models (leaseholds are generally flats and generally smaller). It does however raise the question as to whether enough family sized properties are available through new build shared ownership schemes.

20.9 Type of Property Bought: by type of home

Table 7 looks at the types of home purchased under shared ownership and shared equity.

Table 7. Type of property purchased under shared ownership & shared equity

	Cambridge	East Cambs	Fenland	Hunts	South Cambs	Forest Heath	St Edmundsbury	Sub-Region	%
Shared ownership									
Bedsit	1							1	1%
Bungalow					1			1	1%
Flat/ Maisonette	49	3			10	3	10	75	40%
House	24	13	5	27	29	8	6	112	59%
Shared ownership total	74	16	5	27	40	11	16	189	100%
Shared equity									
Bungalow			1	2		1		4	3%
Flat/ Maisonette	3	1		8	1		3	16	14%
House	13	12	9	37	12	1	14	98	83%
Shared equity total	16	13	10	47	13	2	17	118	100%
	90	29	15	74	53	13	33	307	

Source: CORE 2008/9

Around 59% of sales were of houses and 40% were of flats or maisonettes under the shared ownership scheme. Under shared equity, 83% of people purchased houses and only 14% bought flats. Nearly two-thirds of the shared ownership flats sold were in Cambridge City. If the City is excluded, then in the rest of the sub-region, 77% of purchases were houses while 23% were flats. This is still not as high as the percentage of houses purchased through shared equity.

20.10 Financial issues

This section analyses a range of financial information, including purchase price of property, mortgages taken out and household income. Table 8 provides an overview of the mean property prices, mortgages and gross household income for each district, again broken down to shared ownership and Open Market HomeBuy purchasers.

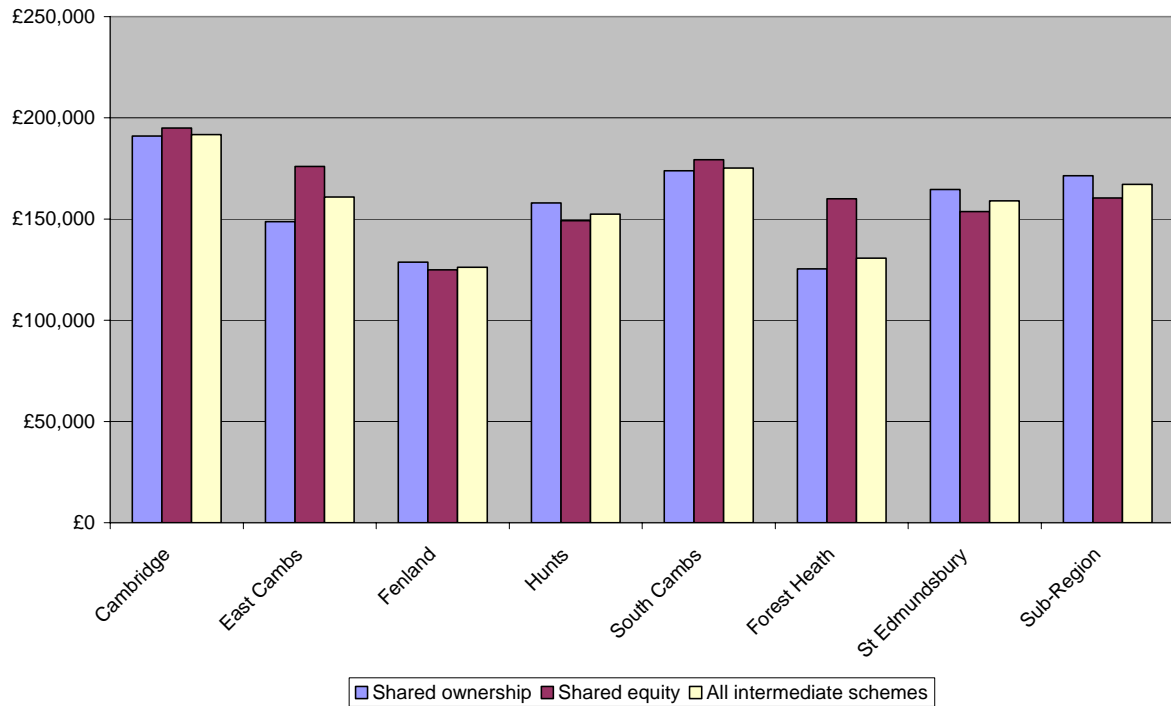
Table 8. Key financial data relating to shared ownership & shared equity sales

	Cambridge	East Cambs	Fenland	Hunts	South Cambs	Forest Heath	St Edmundsbury	Sub-Region
Shared ownership								
Average market value of property	£191,057	£148,694	£128,800	£157,963	£173,888	£125,409	£164,594	£171,401
Average mortgage	£74,247	£61,751	£44,220	£53,940	£60,336	£46,973	£42,234	£62,255
Average household income	£29,887	£25,210	£22,823	£27,092	£27,783	£27,727	£20,188	£27,537
Shared equity								
Average market value of property	£194,933	£175,999	£124,940	£149,221	£179,381	£160,000	£153,735	£160,467
Average mortgage	£116,591	£104,453	£91,811	£97,434	£111,642	£100,313	£97,672	£101,977
Average household income	£29,895	£26,343	£25,450	£28,566	£28,663	£20,375	£28,580	£28,153
All intermediate purchasers								
Average market value of property	£191,746	£160,934	£126,226	£152,411	£175,235	£130,731	£159,000	£167,199
Average mortgage	£81,775	£81,577	£75,947	£81,565	£72,921	£55,179	£70,793	£77,572
Average household income	£29,888	£25,776	£24,843	£28,054	£28,026	£26,596	£24,664	£27,796

Source: CORE 2008/9

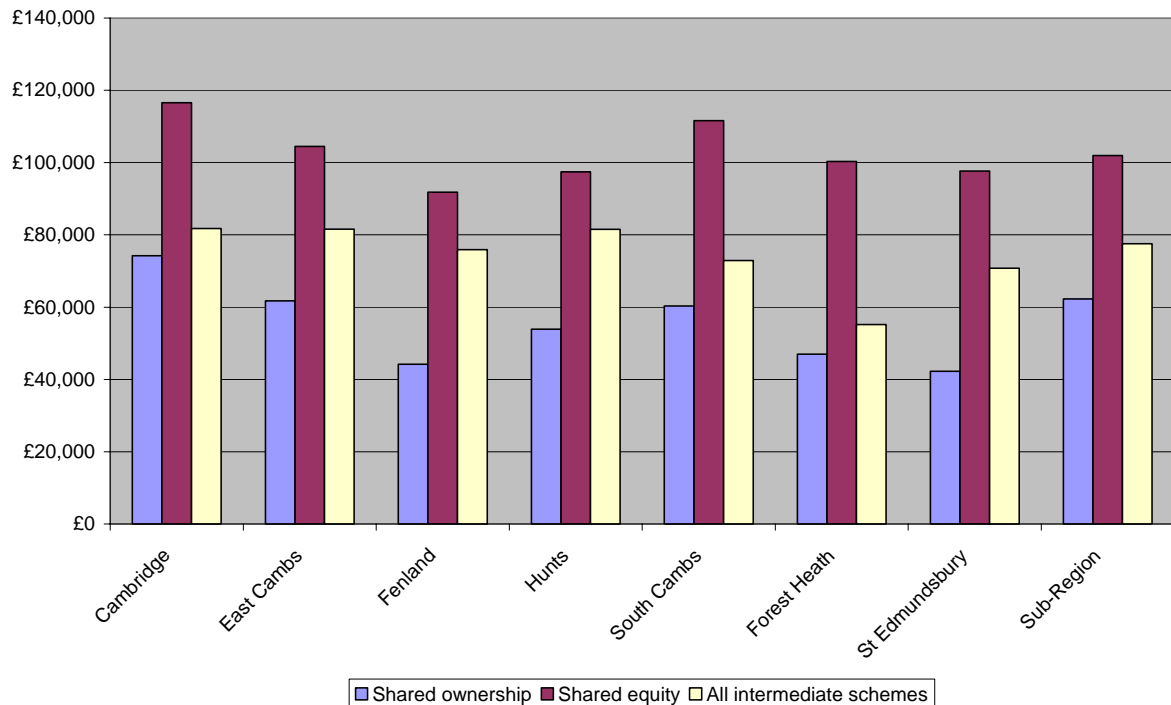
Figs 4, 5 and 6 compare purchase prices, mortgages and gross household incomes for districts. Looking first at purchase prices, it can be seen that shared ownership properties were more expensive than in the sub-region as a whole, on average, at £171,401. Shared equity in Forest Heath appears considerably more expensive than shared ownership, but this is based only on two sales which may not "typical". Cambridge City was the most expensive area, followed by South Cambridgeshire, and Fenland was still the cheapest area, but compared to all open market purchase the range of prices across the region is a lot narrower.

Fig 4: Mean market value of shared ownership and shared equity



Source: CORE 2008/9

Fig 5: Comparison of mean mortgages for shared ownership and shared equity purchasers

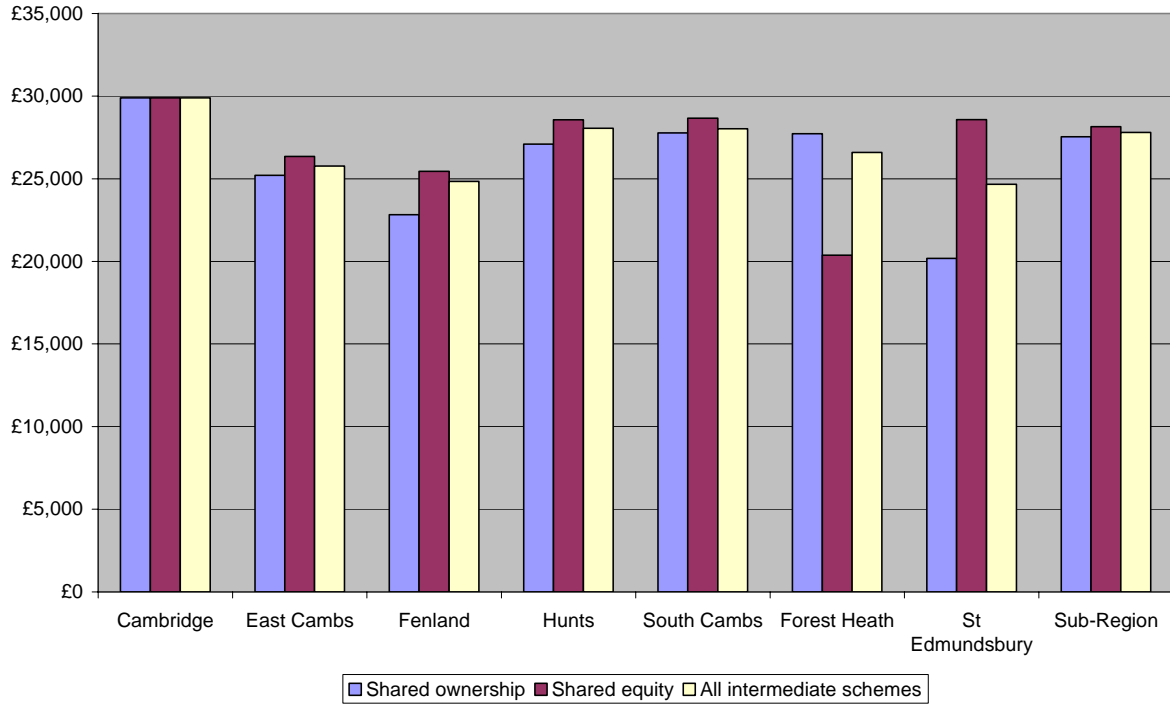


Source: CORE 2008/9

Fig 5 shows that there are very marked differences in the size of mortgage taken out by shared ownership as opposed to shared equity purchasers. The mean mortgage of shared

equity purchasers is in all districts much higher than that of shared owners. Shared owners, however, will normally be paying a rent for the portion of their home that they do not own. This is typically between 2.5% to 4% on the remaining equity share.

Fig 6: Comparison of gross household incomes for shared ownership and shared equity purchasers by district



Source: CORE 2008/9

Fig 6 compares the mean gross household incomes of purchasers in 2007/08. In the sub-region as a whole, there is very little difference between the household income of shared ownership (£27,537) and shared equity purchasers (£28,153). In most districts the difference is quite small. In Forest Heath there were only 13 sales in total of which two were shared equity purchases so the apparently large difference in this district may be a statistical issue. In St Edmundsbury, shared equity purchasers appear to have much higher incomes than shared ownership purchasers. Households buying in Cambridge City have noticeably higher incomes than households in other areas.

20.11 Family types and finance

It is important to understand if there are distinct differences between family types in terms of income and hence what properties can be purchased. Table 9 provides a summary across the sub-region, showing mean purchase price, gross household income and mortgage for the main family types by shared ownership and shared equity.

Table 9. Mean Purchase Price, Mortgage & Gross Household Income for Shared Ownership & Open Market HomeBuy purchasers, Cambridge sub-region

	Average market value		Average mortgage		Average household income	
	Shared Ownership	Shared Equity	Shared Ownership	Shared Equity	Shared Equity	Shared Ownership
Single	£167,598	£153,398	£54,424	£93,925	£21,958	£21,468
Couple	£174,778	£165,807	£70,212	£108,545	£34,167	£33,149
Lone Parent	£145,380	£173,428	£43,856	£95,392	£18,855	£19,054
Family	£174,530	£159,466	£68,538	£107,930	£31,499	£34,892
Other	£169,625	£142,900	£58,555	£104,072	£30,660	£31,754
All	£169,610	£159,480	£60,840	£101,854	£27,969	£27,452

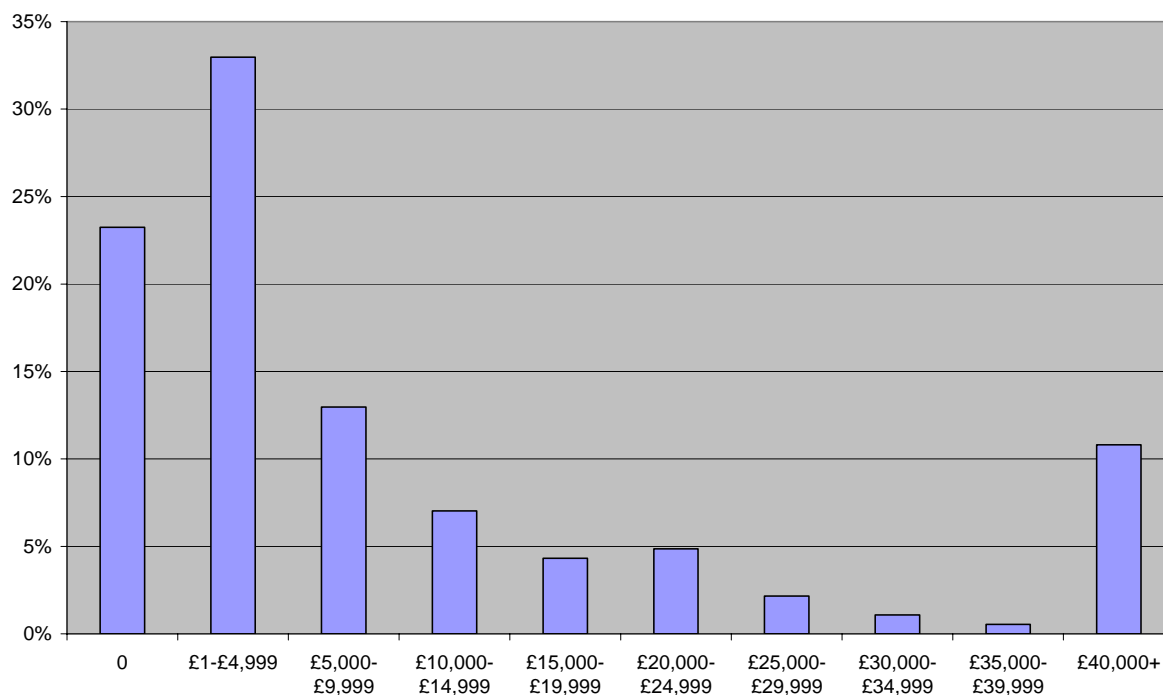
Source: CORE 2008/9

Table 9 shows that the highest mean market value for shared ownership was paid by couples (£174,778). Apart from lone parents, with an average of purchase price of £145,380, there was not much difference cross all other household types. Couples without children took out the largest mortgages - £108,545 for shared equity and £70,212 for shared ownership. Lone parents had the lowest mean mortgages for shared ownership, £43,856. It should be noted that some purchasers had access to very large deposits which means they are not totally reliant on their income.

20.12 Deposits

The mortgage market continues to be quite restrictive and there is more access to finance for households with some deposit. Only 30 of the 118 shared equity sales contained any data about deposits and when these sales are split into smaller categories, this data becomes less statistically robust. Overall, the average deposit size for shared equity purchasers was £28,479. These buyers take out larger mortgages and therefore the higher deposit level is to be expected. The average deposit for shared ownership buyers was £12,207, but nearly a quarter (23%) had no deposit, and a third had less than £5,000. However 11% (20 households) had more £40,000, which increases the average.

Fig 7: Deposit available – shared ownership purchasers



Source: CORE 2008/9

20.13 Size of property and finance

Table 10 compares the average purchase price, income of shared ownership and open market HomeBuy buyers by number of bedrooms.

Table 10. Properties by Bedrooms, mean price by district, shared ownership and Open Market HomeBuy

	1 bedroom		2 bedroom		3 bedroom	
	Shared Ownership	Open Market HomeBuy	Shared Ownership	Open Market HomeBuy	Shared Ownership	Open Market HomeBuy
Cambridge	£176,935	£175,000	£220,120	£187,000	£278,625	£219,098
East Cambridgeshire	£122,500		£161,875	£153,998	£180,750	£167,083
Fenland			£121,250	£122,137	£124,000	£146,053
Huntingdonshire	£90,000	£123,998	£138,022	£133,606	£173,500	£165,750
South Cambridgeshire			£177,524	£179,249	£193,857	£216,000
Forest Heath	£120,000		£154,000	£136,875	£152,000	
St Edmundsbury	£100,500		£153,550	£138,738	£145,000	£165,687
Sub-Region	£155,750	£140,998	£172,856	£145,969	£216,275	£174,029

Source: CORE 2008/9

The information on shared equity prices is quite limited in some areas due to a low number of sales under this scheme, and appears to be a cheaper option across the sub-region as a whole, but this may be due to limited data.

The shared ownership data in this table is more relevant because the scheme is ongoing and this data is used in Chapter 21, *Current affordability by tenure and size*, where it is augmented with data on the asking prices of properties currently being advertised.

20.14 Family type by number of bedrooms

Table 11 provides a summary breakdown across the whole sub-region of the sizes of property purchased by different family types.

Table 11. Broad family types by size of property purchased (bedrooms); shared ownership & shared equity

	1 bedroom	2 bedrooms	3 bedrooms	4 bedrooms	Total households
Shared Ownership					
Single	15%	59%	25%	1%	81
Couple	27%	51%	20%	2%	55
Family	24%	44%	32%	0%	25
Lone Parent	22%	67%	11%	0%	9
Other	13%	50%	38%	0%	8
Unknown	0%	43%	57%	0%	7
All	19%	54%	25%	1%	185
Shared Equity					
Single	5%	68%	25%	2%	44
Couple	5%	41%	34%	20%	41
Family	0%	74%	26%	0%	19
Lone Parent	0%	75%	25%	0%	8
Other	20%	60%	20%	0%	5
Unknown	0%	100%	0%	0%	1
All	4%	60%	28%	8%	118
Total	14%	56%	26%	4%	303

Source: CORE 2008/9

People are allowed to buy properties with one bedroom more than they require and where possible, people usually buy the largest properties they are able to afford:

	Minimum requirement	Maximum
Single Person...	1 bedroom	2 bedrooms
Couple...	1 bedroom	2 bedrooms
Family/ lone parent with one child...	2 bedrooms	3 bedrooms
Family/ lone parent with two children...	2 bedrooms	4 bedrooms
Family/ lone parent with three children...	3 bedrooms	5 bedrooms
Family/ lone parent with four children...	3 bedrooms	6 bedrooms

Source: Survey of English Housing, 2005/06

So while a large number of purchasers and a large number of households on the low cost home ownership register are single people and childless couples two bedroom properties are the most popular size in terms of demand from this group.