



Building on Shifting Sands
North & East Yorks Rural Housing Conference 2016

Alex Hyde, National Key Account Manager

29th September 2016



What next for
Help to Buy:
Shared Ownership?



Why Shared Ownership

- 86% of people still want to own their own home
- Increasingly difficult for many to achieve this
- Analysis suggests there could be a million households in rental sector in a position to take up shared ownership
- Typically 10 prospective buyers for each Shared Ownership unit
- New buyers discarding old fashioned view of the product

What does the Government want?

- Help 1 million people into home ownership by 2020
- Deliver 135,000 new Shared Ownership homes by 2021
- Shared Ownership to continue to emerge as a fourth mainstream tenure
- More private investment in the delivery and ownership of Shared Ownership
- More lenders to take up the market opportunities presented by Shared Ownership

How has the Government responded?

- Product rebranded as Help to Buy: Shared Ownership
- 2015 Autumn Statement and Spending Review confirmed £4.1bn for 135,000 new Shared Ownership starts by 2021
- Significant step up from the 41,000 delivered between 2010 & 2015

How has the Government responded?

- Raised the income cap from £60k to £80k
- Removed priority status from existing social tenants and locally defined priority groups
- Removed restrictions preventing existing shared owners from buying new Shared Ownership homes
- Removed restrictions on bedroom numbers

Changes in Whitehall

- New PM, new Chancellor, new Housing Minister
- Doubts over Starter Home Initiative
- Expect watered-down version ... funds to be channelled elsewhere?
 - Shared Ownership?
 - Affordable Rent?
 - Rent to Buy?
- Overall budget £8bn for 400,000 affordable homes over next 5 years
- Autumn Statement on 23rd November will hopefully reveal all

Lender Perspective

- Good spread of lenders but more needed
- Shared Ownership market likely to double in size
- Bigger market likely to attract new lender entrants
- Increased competition and increased volumes leads to innovation
- Specialist Affordable Housing mortgage brokers coming to the fore
- but!

Lender Concerns

- Lenders frustrated by multiplicity of schemes
- Restrictive covenants make it difficult for some to participate
- Shared equity simpler to lend against than shared ownership
- More capital reserves required to lend on Shared Ownership = lower margins = more expensive products
- Mortgagee in Possession causes can be complex
- Lack of data on staircasing, resales, arrears and repossessions

Available Lenders

- Enough already available to ensure good buyer choice but avoid restrictive covenants



Summary

- Strong backing from Central Government
- Shared Ownership emerging as fourth mainstream tenure
- Lender appetite increasing

Any Questions?