Assets and Opportunities:
What social housing tenants think about home ownership

Executive summary
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Notting Hill Housing Trust commissioned Ipsos MORI to conduct a research study examining social renters’ aspirations to become homeowners. This research formed two parts, firstly a qualitative study among Notting Hill Housing tenants followed by a survey of social renters in London and the South East further exploring the issues arising from the qualitative stage.

Five core customer groups were identified by Notting Hill and these were defined as follows:

**Group 1. Ready to buy**
Social tenants intending and being able to afford to buy a home within the next five years. The survey identified that they are more likely to be working and have an income of over £25,000.

**Group 2. Aspirational homeowners**
Social tenants intending and being able to afford to buy a home in the longer term. Tenants in this sector tend to be younger and have a lower income.

**Group 3. Lifestyle renters**
Social tenants who believe they could afford to buy if they wanted to but prefer renting. Tenants in this sector tend to be aged over 25 and are more likely to have an income less than £17,500.

**Group 4. Pragmatists**
Social tenants who would like to buy but believe they cannot afford to. They are more likely to be aged 35+ and on lower incomes.

**Group 5. Locked-in renters**
Social tenants who cannot afford to buy and do not want to.

Notting Hill directed Ipsos MORI to conduct the qualitative stage with the first four customer groups only, as in their experience, Locked-in renters are less likely to take advantage of services and schemes available to aid in buying a home.
Key Findings

Attitudes to renting and buying a property

Interviews with Notting Hill tenants revealed they are largely positive about their renting experience, highlighting the area in which they live as well as the repairs and maintenance service they receive. Despite this opinion, 63% of social renters say they intend or would like to own a home in the future. Fifteen per cent intend to buy a property within the next five years (Ready to buy), the same proportion in the longer term (Aspirational homeowners) and a third would like to buy but do not believe they will ever be able to afford to do so (Pragmatists). Just one in seven are categorised as Lifestyle renters while a quarter say these definitions do not apply to them or they do not know and it is possible that these tenants fall into the Locked-in renter category (14% and 23% respectively).

Exploring reasons for wanting to buy a home, the qualitative interviews identified common themes among those with aspirations of homeownership, including the idea of tenants 'improving' their current situation and providing security for their and their children's future. Lifestyle renters on the other hand, while saying they would prefer to continue renting are divided in their reasons for this. Some were comfortable in their home and wary of change whereas for others it is the concept of taking on additional financial burden which stops them buying a home.

Over three-quarters state that buying a home is a good long-term investment, however there are concerns about the level of debt involved and the additional responsibilities for the home itself such as repairs and maintenance. Therefore, to help social tenants evaluate their realistic home buying options, landlords will need to focus on how to offer advice, support and information to suit particular customers.
Attitudes to schemes available to aid move-on

The majority of social tenants are aware of schemes to help them buy a property (54%) particularly respondents aged 35-59. Notting Hill tenants were asked about specific schemes introduced by the housing trust.

New Build HomeBuy:
Standard shared ownership scheme available in new developments.

Ten Per Cent Shares:
An extension of the principle of equity shares which gives greater opportunity to those on low incomes to buy a property. 10% shares are available on certain properties within particular schemes.

Social Homebuy:
Enables tenants to buy a stake of between 25% and 75% in the home they currently rent. They can increase to full ownership over time. Rent is waived on 25%, so if 75% is bought there is no rent to pay to maximise affordability for tenants.

Affordable City Living:
Notting Hill have developed starter homes (small, well designed flats) available at low cost (around £130,000 - £150,000), largely aimed at first-time buyers priced out of the market.

Home Options:
A housing advice service focused on helping customers to buy their own home.

RentPlus:
A savings scheme to accumulate a lump sum which can be used to prepare for home ownership. Tenants overpay on rent and receive certain bonuses from the housing trust e.g. tenants can do their own minor repairs in return for a bonus.

Most participants identified positives and negatives with the schemes but were open to the idea of considering such options if they came to buy. The schemes were positively received by Notting Hill tenants as they suit a wide range of customers. Social HomeBuy was a particularly attractive option to those more nervous of committing to buying a property while for others it was not suitable as their current rented accommodation is inappropriate for their needs.

Positive views about Social Homebuy are attributed to being able to increase shares in the property within tenants’ own financial capability and already having a relationship with their current home and area. The incentive of waiving the rent on the remaining quarter share once 75% is owned is also identified as a key bonus to taking up the scheme.

The survey identified the most common reason against taking up this scheme as financial (mentioned by 30%), followed by one in eight saying their current home is unsuitable. Perceptions of this scheme are therefore understandably linked to attitudes towards the home currently being rented. Notting Hill tenants who deem their existing home as unsuitable may have been interested in this scheme if this was not the case.
One of the key findings from the qualitative interviews, is tenants’ appeal for one-to-one consultations with the housing association and more support in discussing the options available to them. Therefore when discussing options with Notting Hill tenants, Home Options received particularly favourable feedback as tenants believe there is a need for tailored guidance on the opportunities available rather than generic leaflets and workshops.

In the survey, this was further supported when social tenants were asked what would encourage them to take up the Social Homebuy scheme. The most commonly cited response was connected to finances, with a quarter saying a discount would make a difference to their opinion of the scheme. Support and advice however, were mentioned by a number of respondents, 12% saying more help should be available, eight per cent that speaking with someone one-to-one and six per cent receiving information on the scheme could encourage them to consider the scheme.

It is clear from both elements of the research that there is a very real and substantial portion of the social renting population who are keen to move into home ownership. Even some of those classed as Lifestyle renters say they would consider buying their current property, showing that communication between landlords and their tenants as well as understanding the different needs of the five customer groups is integral to delivering services which are most suitable. Indeed, different attitudes towards the schemes currently available are evident among each of the four customer groups as shown below.
Customer groups

Ready to buy
During the qualitative interviews, most of this group stated that they would think about using one of the shared ownership schemes discussed and were largely positive about them but they would equally consider all their options as well as looking for properties on the open market. The survey found that these customers (along with Aspirational homeowners) are more likely to say buying is a good long-term investment and that they would consider the Social Homebuy scheme.

Aspirational homeowners
Aspirational homeowners are looking to buy a home in the longer term and were therefore particularly open to the idea of Notting Hill’s pilot schemes when discussed in the depth interviews. In most cases, taking advantage of these schemes would offer the potential to become a homeowner sooner than if they were to buy on their own. They base their ability to buy on changes in circumstances in the future and are more likely to mention continued saving over time as enabling them to buy a home. Much like our Ready to buy customer group, they are prepared to consider all the options available to them when they come to buy and are more likely to consider Social Homebuy and believe home ownership provides a good long-term investment than Lifestyle renters or Pragmatists.

Pragmatists
While there is the desire among these tenants to be a homeowner, there is a belief that it is unobtainable. On explaining the pilot schemes to these participants, this attitude did appear to alter for many, demonstrating the value in supplying detailed information at a one-to-one level to those who on the surface may think they are unable to afford to buy. Much like Lifestyle renters there is a higher degree of caution attached to home buying among this group and therefore Home Options providing a tailored information source was very attractive. Indeed the survey found that Pragmatists tend to believe that buying a home means taking on too much debt and are more likely to cite receiving help and advice as a motivation for taking advantage of Social Homebuy.

Lifestyle renters
Lifestyle renters provided a very interesting perspective on the probability of buying a home in the future; as mentioned attitudes in this group were divided. On the one hand there were tenants who will never move, they are risk averse and feel more secure in rented accommodation. Alternatively there are people in this group who could potentially be persuaded to consider it with considerable support and information; they are more nervous of change than opposed to being a homeowner. The survey confirmed the attitudes identified in the depth interviews as this group along with Pragmatists are more likely to think owning is too much responsibility. A higher proportion of this group than the other tenants also think having smaller share options would act as a motivation to taking up Social Homebuy.
Priorities for the future

Support and guidance being available to all tenants is frequently highlighted as making a difference to perceptions of home ownership. Tailored marketing material and one-to-one consultations are viewed as integral to helping tenants understand what is available to them to help make the best and most informed choices. Discussing the options with tenants can make a real difference to perceptions as conducting the in-depth interviews revealed; attitudes can change the more information about a particular scheme is disclosed. While Lifestyle renters and Pragmatists both self-identify as not actively intending to buy, some did say in both the qualitative and quantitative stages that they would consider buying their current rented property. This stresses the importance of talking with customer groups and offering tailored information and advice as it can alter initial perceptions of home-ownership.

There is a wish among social tenants for more flexibility over rules. For example those in unsuitable properties who are not able to take advantage of Social Homebuy ask for the same incentives to be offered on standard home ownership schemes. More incentives may also have an effect on the number of tenants becoming homeowners, suggestions included discounts on the market value relative to the time spent as a tenant and support with repairs and maintenance proportionate to the share of a property owned.

Reassuringly, over four-fifths of social renters are content to receive information about such schemes in the future, most commonly through leaflets and personalised letters and mailings.
Technical Note

Stage 1 – Qualitative study
Notting Hill provided Ipsos MORI with a sample of potential participants comprising all tenants with no or minor arrears. Advance letters were sent to 1,000 randomly selected tenants along with a pre-recruitment questionnaire to identify eligible participants matching one of the four key customer group profiles. Twenty four telephone depth interviews were conducted by Ipsos MORI researchers in November 2006 using a discussion guide developed in collaboration with Notting Hill.

Stage 2 – Quantitative survey
Questions were placed on six waves of the Ipsos MORI Omnibus – a weekly survey of around 2,000 adults aged 15+ across Great Britain. Fieldwork took place on waves 2-8 of the Omnibus between 12 January and 22 February 2007. The Notting Hill questions were asked only of survey respondents who were renting from housing associations or local authorities in the South East or London (639 in total across the six waves).

A cap was also placed on the age of respondents to be interviewed. Notting Hill advised that those over 60 were not likely to be in their target group for schemes and therefore only respondents aged 15 – 59 participated in this survey.

Quotas are set for gender and age as well as social class, working status and standard region and data is weighted by the same variables reflecting the socio-demographic makeup of GB adults. All interviews were conducted face-to-face in-home, using a questionnaire developed by Ipsos MORI and Notting Hill. 639 interviews were completed of which 152 were identified as housing association tenants and 487 as local authority tenants.
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