Shared-Ownership Housing in England: How to improve affordability for first-time homebuyers in high-cost markets

Report

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Executive Summary

Shared ownership housing is an alternative tenure model that was introduced in England in the 1980s via the Housing Act 1980 that incorporated the right to purchase a portion of their home and staircase[1] to help people in housing need and could not afford to buy a home outright. (Homes & Communities Agency, 2016 p.5) The rules around shared ownership housing have changed since 1980 and the current model is the Share to Buy (StB) program. The goal of the StB program is like the Housing Act 1980 as it aims to help households with a household income of £80,000 (£90,000 in London) afford a home that fits their needs. The StB program has primarily helped first-time home buyers (FTHBers) (80% of participants) and people under the age of 40 (70% of participants). (Ministry of Housing, 2022) This program has helped address affordability challenges in high-cost markets, specifically in London and the South East by having lower down payments and monthly costs than a traditional home. The demand for shared ownership units has increased significantly over the past five years and is currently ten times the current supply.

This report analyzes shared ownership (SO) housing in England and how the Share to Buy program (StB) has helped FTHBers enter affordable homeownership in high-cost markets. Through the National Housing Strategy (NHS) and Budget 2022, the federal government has identified first-time home buyers (FTHBers) and youth as key groups that are experiencing affordability challenges in Canada. The affordability challenge is worse in urban areas relative to rural areas but is especially worrisome in markets like Toronto and Vancouver. Home prices and rental rates have climbed at record rates in 2021 and youth feel as if homeownership is out of reach for them. This work is relevant for Canada as the affordability challenges and demographics are similar. The lessons learned from the emergence of shared ownership housing in England may help improve housing affordability for FTHBers in high-cost markets in Canada.

[1] Staircasing is a process which enables you to purchase additional equity stake in your property. The additional stake can be as little as 1%.

Résumé

Le logement en propriété partagée est un mode d'occupation non traditionnel qui a été adopté en Angleterre dans les années 1980 dans le cadre de la *Housing Act 1980*. Afin d'aider les personnes ayant des besoins en matière de logement et qui n'avaient pas les moyens d'acheter une habitation, cette loi donnait le droit aux gens d'acheter une part du logement dans lequel ils vivaient et d'avoir recours au processus en escalier[1] (Homes & Communities Agency, 2016, p. 5). Les règles relatives à la propriété partagée ont changé depuis 1980, et le mode d'occupation actuel est guidé par le programme Share to Buy (StB) (partager pour acheter). L'objectif du programme StB est semblable à celui de la *Housing Act 1980*, car il vise à aider les ménages dont le revenu est inférieur à 80 000 £ (90 000 £ à Londres) à se payer un logement qui répond à leurs besoins. Le programme StB a surtout aidé les accédants à la propriété (80 % des participants) et les personnes de moins de 40 ans (70 % des participants) (ministère du Logement, 2022). Ce programme a contribué à résoudre les problèmes d'abordabilité dans les marchés où les coûts sont élevés, en particulier à Londres et dans le sud-est de l'Angleterre, car il a permis aux acheteurs de verser une mise de fonds et de payer des coûts mensuels moindres que s'ils avaient acheté une habitation traditionnelle. La demande de logements en propriété partagée a considérablement augmenté au cours des 5 dernières années et, actuellement, elle représente 10 fois l'offre.

Ce rapport présente une analyse du logement en propriété partagée en Angleterre et la façon dont le programme StB a aidé les accédants à obtenir une propriété abordable dans les marchés où les coûts sont élevés. Au Canada, dans le cadre de la Stratégie nationale sur le logement et du budget de 2022, le gouvernement fédéral a désigné les accédants à la propriété et les jeunes comme les principaux groupes qui sont confrontés à des problèmes d'abordabilité. Les problèmes d'abordabilité sont pires dans les régions urbaines que dans les régions rurales, mais ils sont particulièrement inquiétants dans des marchés comme Toronto et Vancouver. Les prix des logements et les loyers ont augmenté à des taux records en 2021, et les jeunes ont l'impression que l'accession à la propriété est hors de portée. Le travail fait en Angleterre est pertinent pour le Canada, car les problèmes d'abordabilité et les données démographiques sont semblables. Les leçons tirées de l'émergence des logements en propriété partagée dans ce pays pourraient permettre d'améliorer l'abordabilité du logement pour les accédants à la propriété dans les marchés canadiens où les coûts sont élevés.

[1] Le processus en escalier permet aux acheteurs d'acquérir davantage de valeur nette de leur propriété. La part supplémentaire peut représenter aussi peu que 1 %.

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Introduction and background

In order for CMHC to reach its goal that "By 2030, everyone in Canada has a home that they can afford and that meets their needs," creative housing solutions will be required. Across the world, alternative tenure models and shared-equity programs have been used to make homeownership more accessible and affordable. In 2019, CMHC introduced its first shared-equity program called First-Time Home Buyers Incentive[2] to help first-time homebuyers lower their monthly housing costs. This was a creative solution but is far more conservative than other shared-equity programs like the Help to Buy[3] (HtB) or Share to Buy (StB) programs in England.

Alternative tenure models differ in complexity and effectiveness, but their aims are to help potential homeowners access safe, secure housing that is affordable to them. Some of the most common alternative tenure models are co-operative housing, community land trusts, and shared-equity housing. These alternative tenure models are important, because they help people with varying levels of income who live in high-cost cities.

Why should shared-equity programs in Canada be explored in further detail? In Canada, FTHBs are struggling to keep up with high home prices and are priced out of the market in many urban areas. Once priced out, they likely have to move out of their desired city, which could mean fewer job opportunities. Otherwise, if they stay, they would have to make significant sacrifices to pay for their home, like delaying starting a family.

Shared-ownership housing programs, specifically a program like StB, may be one of the answers to helping Canadians access homeownership, especially youth households who cannot receive a wealth transfer from their family. It also gives FTHBs the opportunity to build equity in high-cost markets with rapidly increasing prices, while excluding investors.[4] This report focuses on shared-equity housing, specifically, the Share to Buy (StB) program in England. It analyzes how England built the StB program and its impacts on affordable homeownership.

[2] The program was extended to March 31, 2025, in Budget 2022.

[3] The Help to Buy program grants 20% equity loans (40% in London) to homebuyers in England. The program is ending on March 31, 2023.

[4] To purchase a SO unit under the Share to Buy scheme, the purchaser must sell their previous home before moving into the SO unit. A SO unit cannot be subleased or purchased by an investor.

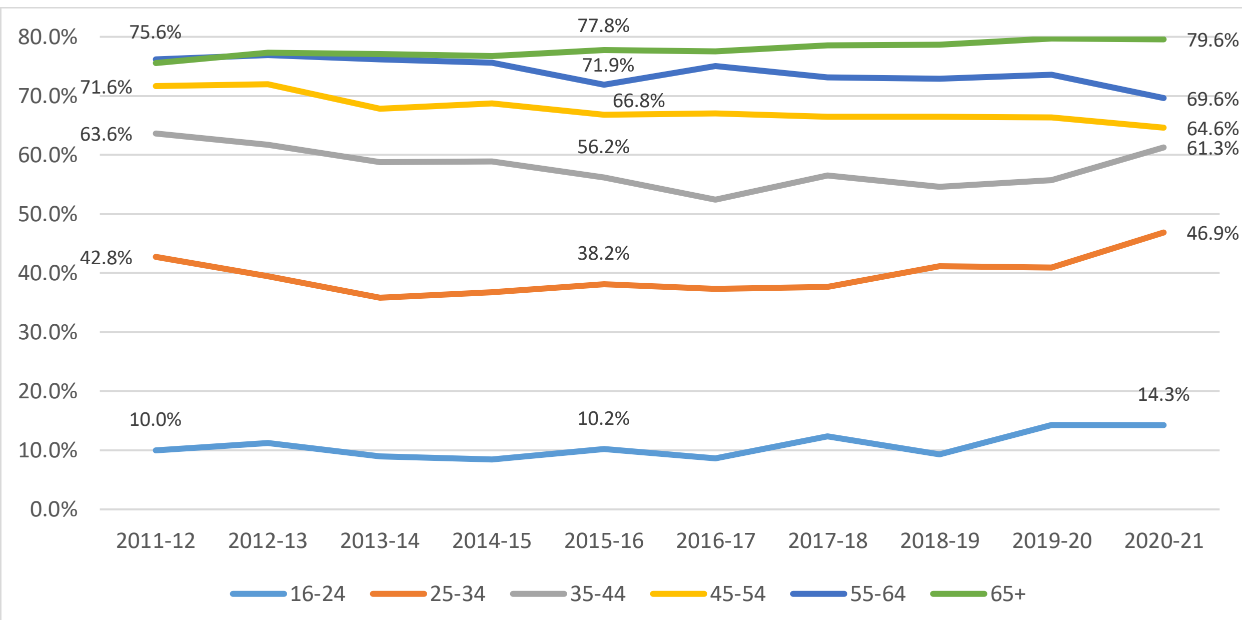
Overview of England's housing market and housing authorities

England's homeownership market 2011–12 to 2020–21

England's housing market is like Canada's housing market: both have high homeownership rates, with 65% and 69% of their populations, respectively, being homeowners. This ratio was significantly lower in London, where only 50.7% of households owned, and 49.3% rented (26.8% private rental, and 22.5% social rental) (Department for Levelling Up Housing & Communities, 2020-21 p. 4). However, one of the first ways in which they differ is that social rental units are a substantial part of England's housing stock. Social housing units accounted for 16.6% of all dwellings in England in 2020. The United Kingdom (UK) has the fourth-largest social rental stock (in %) in the OECD. Canada's social rental stock is only 3.5% of total housing stock, which is below the OEDC average of 7.0% (OECD, 2020). England works closely with housing authorities to produce affordable rental and ownership units. In 2020, the UK government spent 1.38% of its GDP on housing allowances, which was the highest in the OECD (OECD, 2021).

Homeownership, private rental, and social rental rates for the overall population have not changed significantly from 2011–12 to 2020–21, but there have been significant changes within age groups. Figure 1 plots the homeownership rate by age group from 2011–12 to 2020–21. Homeownership rates were much higher in the older age groups than younger age groups. All age groups except for the 16-to-24 and 65+ age groups posted a decline in their homeownership rate from 2011–12 to 2015–16.

Figure 1 Homeownership % by age, England 2011–12 to 2020–21



(Department for Levelling Up Housing & Communities, 2020–21)

The average age of a FTHB in England increased slightly from 2011-12. Figure 2 Average age first-time homebuyer, 2011–12 to 2020–21 shows that the average FTHB age in London increased from 31.6 to 33.8 years and only increased from 31.6 to 32.1 years of age for the rest of England from 2011-12 to 2020-21. Some of this increase may be attributed to the increase in median home prices relative to median income. Because of the increase in this ratio, FTHBs must work longer to save up for a down payment.

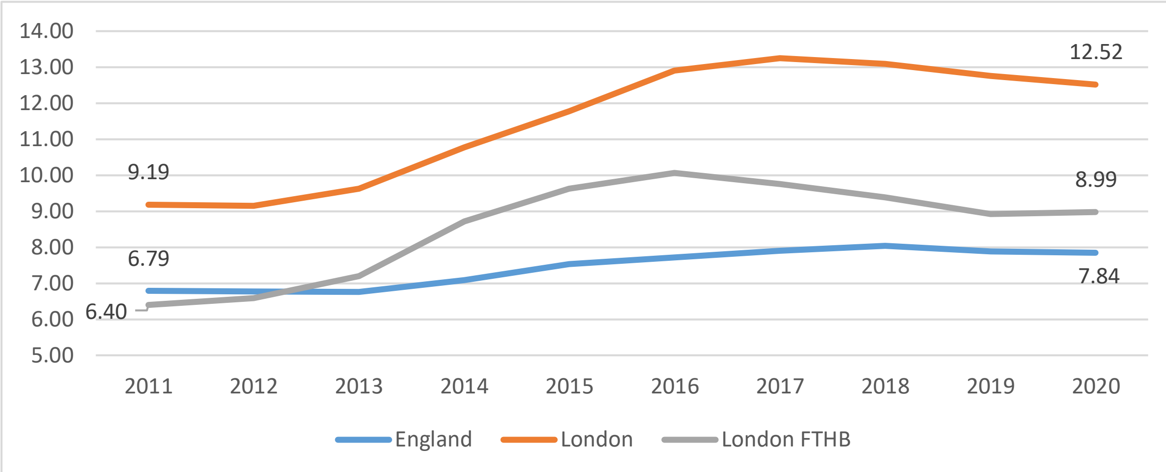
Figure 2 Average age first-time homebuyer, 2011–12 to 2020–21

(Department for Levelling Up Housing & Communities, 2022)

In 2020, a potential homeowner in London would have to pay 12.5 times the median annual earnings to purchase a home, and a FTHB in London would have to pay about nine times the median annual earnings. A *repeat buyer* in London would likely have equity from selling their home, which would reduce the monthly carrying costs of their mortgage, even if they were purchasing a home at a price significantly higher than their annual income. FTHBs do not have access to this equity and they struggle more with the monthly mortgage costs.

Figure 3 illustrates the significant increase in the ratio of median house price to median gross income from 2011–12 to 2020–21. The median-house-price-to-median-gross-annual-income ratio in London was 60% higher than in England in 2020. FTHBs who purchased in London also paid significantly more than someone who purchased an average home in England.

Figure 3 Ratio of median house price to median gross annual income, 2011 to 2020[5]



(The Office for National Statistics, 2022)

As the home-price-to-income ratio began to decline in 2016–17, homeownership rates for the 16-to-24, 25-to-34, and 35-to-44 age groups recovered. The 2020–21 homeownership rate is higher than the rate in 2011–12 for the 16-to-24 and 25-to-34 age groups. Part of this is explained by the increase in the supply of shared-ownership units made for FTHBs, since they increased from 3.9% of annual housing starts to a high of 16.4% of all housing starts in 2019–20 (Table 1), which enabled youth to access homeownership. From 2014–15 to 2020–21, shared ownership doubled as a percentage of affordable housing starts, showing that developers' and housing authorities' investment in SO units was increasing.

Table 1 Affordable housing starts as a percentage of total starts in England, 2014–15 to 2020–21

	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Affordable housing starts[6] as a % of total starts	24.9%	20.0%	30.0%	34.0%	36.5%	48.7%	41.0%
SO starts as a % of total starts	3.9%	4.6%	7.0%	11.3%	12.7%	16.4%	9.8%
SO starts of as a % of affordable housing starts	15.8%	22.9%	23.2%	33.3%	34.6%	33.7%	24.0%

(Ministry of Housing, 2022a)

[5] Year end is September.

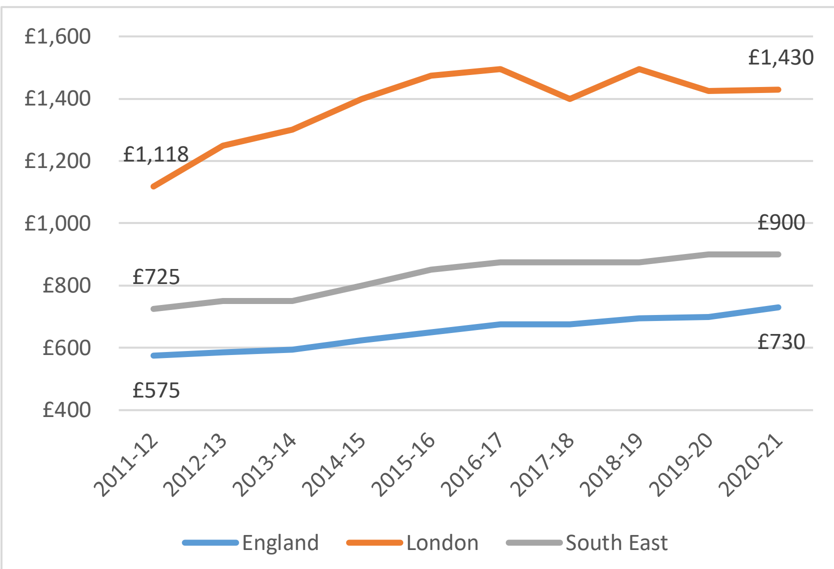
[6] Affordable housing starts include social rented, affordable rented, and intermediate housing provided to specific eligible households whose needs are not met by market housing. An affordable housing unit can be a newly built property or a private-sector property that has been purchased for use as an affordable home.

England's rental market

According to the English Housing Survey 2020–21, the private rented sector accounted for 19% of households, and the social rented sector accounted for 17% of households (Department for Levelling Up Housing & Communities, 2020-21 p.3). Figure 4 shows that renter households in England, specifically in London, have experienced significant rent increases over the past decade, with rents increasing by almost 30%.

If a person were living in London and earning the median annual wage (£37,500), 45.8% of their pre-tax income would be used for rent. For London renters, they would have to earn at least £57,200 pre-tax for their rent to be no more than 30% of their income. This is £19,700 more than the median wage for workers in London. According to Nationwide Building Society, it would take a single person over 15 years (assuming they set aside 15% of their take-home pay) to save for a 20% down payment (Harvey, 2021). It would be incredibility difficult for a single person to save when rent accounts for 50% of their pre-tax income. High median rents and housing costs may explain why 28% of people aged 20 to 34 years were living at home with their parents in the United Kingdom (Office for National Statistics, 2022).

Figure 4 Median overall rent, England, 2011–12 to 2020–21



(Office for National Statistics, 2021)

Rent in England, especially in London, was not affordable for households making less than the median income. Figure 5 shows that households in the bottom income quartile are spending a sizable portion of their income on rent. The 25th income percentile in England has a monthly household income of £1,850. Renter households in this percentile would spend 30% of their monthly income on a rent that falls into the bottom 25th rent percentile (£550). Households in this low-income percentile would not be able to afford any other rents based on the 30% affordability standard. The 50th and 75th income percentiles in England do not have severe affordability problems, since only the 75th rent percentile is more than the affordability standard for the 50th income percentile, and all England rents are affordable for the upper income quartile.

London renters face a far greater affordability challenge. Households in the bottom income quartile would have to spend 58% of their household income to rent a unit in the bottom quartile, which is almost twice as much as a household should spend on shelter. London households in the 50th income percentile would see only the bottom-quartile rents as relatively affordable, at 31% of their income. The upper-quartile rents would not be affordable to them. The upper-income-quartile households in London can afford rents in all the rent quartiles, but they get close to the affordability threshold at the upper rent quartile. Due to the high rents in London, lower-income households are forced to move outside of the city and into commuter districts.

Figure 5 Percentage of total monthly household income spent on rent, 2020

(Office for National Statistics, 2021)

England's future housing needs

According to the National Housing Federation, for England to meet its housing needs from 2021–2031, it will need to build 145,000 social homes annually, with 90,000 of them being social rentals. This is much more than the 6,239 social housing starts built in 2020–21. The average annual cost of this program would be £14.6B in capital grants each year for ten years (National Housing Federation, 2019). Homes England will provide £7.39B in funding grants under the Affordable Homes Programme 2021 to 2026 to deliver up to 130,000 affordable homes outside of London (Ministry of Housing, 2020). The majority of the affordable homes will be shared-ownership units. According to Savills research, for-profit registered providers (FPRPs) are looking to increase their share of low-cost homeownership stock to 10% to 25% from development by 2026 to help meet demand.

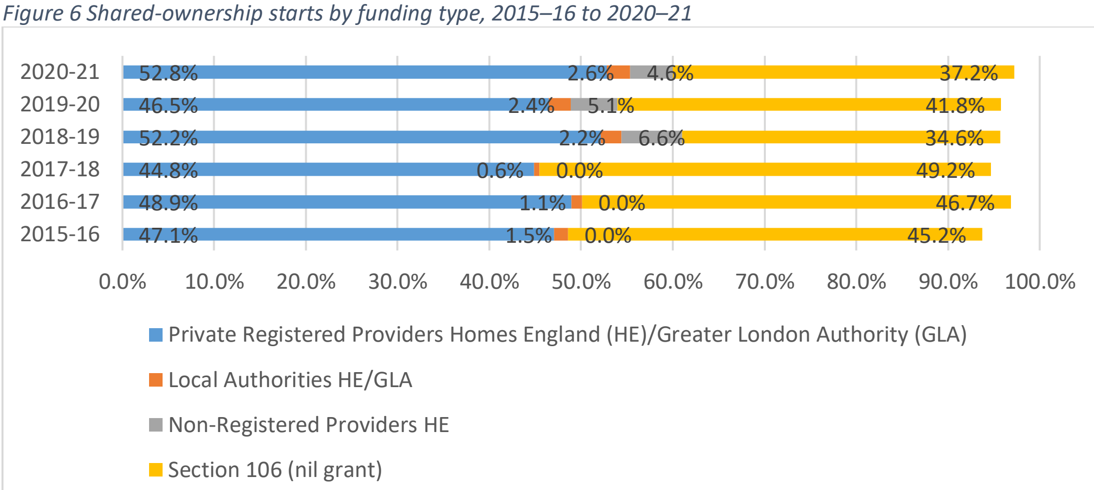
History of housing authorities and planning acts

In 1974, the Housing Act was introduced to provide funding to housing authorities[7] (HAs), because they were viewed as an efficient vehicle for solving the social housing shortage. This was largely because they had the expertise and social agenda to provide affordable housing. This act significantly increased the public funding that a HA could receive to build a social home and, by 1980, there were 400,000 HA homes in England. In the late 1980s, many councils transferred their social housing units to housing-association ownership through Large Scale Voluntary Transfer (LSVT) agreements. During the late 1980s, HAs were given the ability to borrow private funds to build new homes, and they built 419,000 homes between 1990 and 2010 (National Housing Federation, 2019).

In 1991, planning agreements known as Section 106 (S106) could demand that housing developers provide affordable housing on site[8] or off site (on site was preferred) to support the government's policy goal of mixed communities. S106s accounted for over 60% of all affordable housing delivered from 1991 to 2010. Most local authorities specified that 20% to 50% of new homes built on medium and large private sites should be affordable. Although S106 contributions were heavily dependent on economic conditions, developers were able to provide housing during the housing boom before the credit crisis in 2007–08 (Mulliner, E. and Maliene, V., 2013). After the credit crisis, S106 was no longer able to match the quantity of affordable housing provided before the recession. In 2011, S106 agreements were amended, and private developments under 15 units in size no longer needed to contain affordable units (Mulliner and Maliene, 2013).

Section 106 planning agreements are a key part of the StB program, because shared-ownership (SO) units are a suitable affordable product, which typically allows for faster approval times. In 2020–21, 37.2% of all SO starts were under S106 (nil grant) agreements, and since 2015–16, 42.5% of all SO starts were under S106 (nil grant) agreements (Figure 6).

Figure 6 Shared-ownership starts by funding type, 2015–16 to 2020–21



(Office of National Statistics, 2021)

[7] The first housing authority was created in 1235 when an almshouse in Cirencester was built to offer shelter for the seriously ill. However, it was not until the late 19th century that Victorian philanthropists set up charitable housing trusts to help homeless people and veterans after World War II. In 1974, the Housing Act was introduced to provide funding to HAs, because they were viewed as an efficient vehicle for solving the social housing shortage.

[8] "On site" means that the units will be built on the site that was selected under the S106 agreement. Some developers could negotiate a deal where they provided affordable units or open space on other sites in return for being able to build on the selected site.

Housing finance in the UK

The Housing Finance Corporation

The Housing Finance Corporation (THFC) was created in 1987 and is the leader in funding for affordable housing in the UK. After it was created, the 1988 Housing Act was passed, enabling housing authorities (HAs) to access private capital to help maintain and expand their stock of social housing. This allowed HAs to select what types of housing they wanted to build and it has helped them build shared-ownership (SO) homes over the last decade. Because of large-scale investments from the European Investment Bank (EIB), THFC funds HAs' delivery of affordable and social homes. THFC issues long-term bonds and lends the proceeds to HAs itself and through its subsidiaries. Each of the subsidiaries exists to provide specialized financing and expertise to HAs that aim to create affordable housing.

Since its inception, THFC has provided funding to over 166 HAs, which has resulted in over 32,000 homes being created. It has a loan book of over £7.874 billion, which is £420 million more than 2020 (The Housing Finance Corporation Limited, 2021). One of the large drivers for this was its relationship with the UK government when they formed an exclusive partnership to deliver the Affordable Homes Guarantee Scheme. Its team provides expertise to HAs and helps them understand the new housing programs. The public can invest in THFC, since they are an aggregating finance intermediary that provides HAs long-term, low-cost funding on standardized terms.

How does THFC provide funding for affordable housing?

To provide funding for HAs, THFC receives long-term funding from the EIB to invest in urban regeneration schemes. THFC's funds are raised only for on-lending to Registered Providers of affordable housing. The on-lent funds have identical maturity, interest, and repayment profiles. This helps ensure that they are the best terms for HAs, and it reduces material mismatch risk. The loans given to HAs are secured with covenants, and THFC has its own credit assessment of borrowers using its proprietary credit-grading model. HAs' financial positions are reviewed on an ongoing basis to ensure that their covenanted loan security and loan interest cover their undertakings.

Financing of local authorities, housing associations, and Large-Scale Voluntary Transfers

Local authorities (analogous to city councils) maintain a Housing Revenue Account (HRA), which is a segregated fund for rents and the proceeds from sales of social housing units. The fund is used for operational expenses and to make new investments in social and affordable housing. Whether borrowing is to be serviced by the HRA or through ordinary operations, it is done primarily through the Public Works Loan Board. Local authorities are subject to a cap on overall borrowing, so rent arrears or the loss of stock through right to buy will reduce their ability to borrow for General Fund or HRA purposes. The transfer of lands and associated HRA to a Large-Scale Voluntary Transfer further restricts the local authority's ability to borrow to invest in new housing or for General Fund purposes. This has led to the local authorities' preference to sell land on a leasehold basis to provide long-term cash flows against which they are able to borrow.

Housing associations are not restricted by the same borrowing cap, and they benefit from the implicit guarantee of the English government, resulting in high investment grade ratings for their debt issuances (Fuller, 2019). Generally, debt is secured with real property and may be "own-name" issue or "pooled-funding" issue, like in the example of The Housing Finance Corporation. The benefit of "own-name" issue is that the housing association retains control of where the funds are spent, and which properties are used to secure the bond. Where this applies to StB is that the covenants of the secured bond will include an asset cover test, which may be “existing use value for social housing” or “market value subject to tenancies.” The former uses rents as the basis for covering the bond, while the latter uses the market value of the properties. The market value approach is often favoured, because it allows for a smaller amount of property to be used to secure the bond. However, when a property is purchased, it is removed from the security pool, and cash may be required to compensate for this.

Cross-subsidy has become an increasingly important funding source for housing associations’ social housing investments. This is the practice of using market rents and the sale of market or StB housing to subsidize the creation of social housing. In 2016, almost 75% of new homes for social rent were funded from housing associations’ own cross-subsidy (Fraser, R., Perry, J. and Duggan, G., 2017).

This ability to cross-subsidize and to borrow without the borrowing cap has led some local authorities to begin experimenting with joint ventures with housing associations. This provides the local authority with revenues from operations and access to the capital appreciation they would normally forgo if their lands were sold for development as freehold. Additionally, the joint venture can create a special-purpose vehicle for the project that does not need to be incorporated into the local authority’s HRA. The project can thus be self-financing, meaning it will not affect the local authority’s room under its borrowing cap. The project is also not subject to the usual restrictions of an HRA and is not subject to the same rent controls. This type of arrangement is quite attractive for local authorities and helps support the provision of shared-ownership stock.

Housing budgets, 2011–2026

Affordable housing budgets have changed significantly from 2011 to 2021. In 2011, grant funding for social rentals was removed, and HAs transitioned to an affordable rental model where they could charge up to 80% of market rents. This was not an easy transition for HAs, since both the 2011–15 and 2015–18 Affordable Homes Programmes (AHP) missed their housing targets. This was largely due to the absence of social grant funding and new funding rules surrounding affordable rentals. In 2016, the Shared Ownership and Affordable Housing Program (SOAHP) was created, and a significant shift to affordable homeownership occurred. This was a successful program, and 50% of the units built using grant funding in the 2021–26 AHP will be affordable ownership units. Table 2 summarizes the outcomes of each housing budget.

Table 2 Housing budgets 2011–2016

Years	Name	Funding (£B)	# of affordable rental and ownership units (,000s)	# of social units (,000s)	Notes
2011–15	AHP	1.8	88	0	Removal of social funding in favour of affordable rental/ownership. HAs can now charge social rents up to 80% of market.
2015–18	AHP	2.9	85	0	This edition of the AHP only produced half of its expected housing starts, because only 50% of grant funding was issued when development started. (Previous AHP was 75%.)
2016–21	SOAHP	4.2	129.4	15.4	Grant funding for social rental was reintroduced.
2021–26	AHP	11.5	180[9]	18	50% of units are shared-ownership and 50% are affordable rental (10% of rentals will be supported housing)

(Homes & Communities Agency, 2016) and (Cromarty, 2021)

Challenges with multiple short budgets

Given the vast differences in budgets in terms of length, size, and rules, the number of housing starts and types of homes created changed from budget to budget. For example, in 2011–2012, housing starts decreased significantly as the 2008–2011 AHP closed. They did not increase significantly under the 2011–15 programme, since the grants were significantly lower, and HAs had to wait until the unit was completed to receive 100% of their funding. Because of the payment structure of grants, there was a spike in completions in 2014–15 as HAs rushed to finish their builds to receive the final 25% of their grants. Like the changeover from the 2008–2011 AHP to the 2011–15 AHP, there was a significant drop in housing starts when the 2011–15 AHP was replaced with the 2015–18 AHP. The government was trying to prevent the NAHP from becoming a back-loaded program, but they were unsuccessful.

The main problems with the funding programs were that they had HAs looking to acquire sites and building contractors at the same time. These inefficiencies led to delays in the planning process and may

[9] Forecasted

have driven up construction costs. Secondly, the rush for projects to be completed before the end of the budget term led to defects and higher maintenance costs (Milcheva, 2020). Lastly, according to Cast Consultancy and Harlow Consulting, the short duration of Affordable Homes Programmes, combined with the volatility of the housing market, discourages building firms from investing in capital equipment, resources, skills, and training (Milcheva, 2020).

Shared-ownership housing in England

Program rules and changes[10]

The goal of the StB program is to help households who cannot afford a property suitable for their housing needs on the open market enter affordable homeownership. Homes sold under the StB program can only be purchased by FTHBs, or a buyer who has sold their home before closing on the shared-ownership (SO) unit. Investors are not able to purchase units under the StB program.

The SO housing model is designed to help households with incomes below £80,000 (£90,000 in London) access homeownership. SO homes are offered under the StB program. These households must demonstrate that they cannot afford a property suitable to meet their housing needs on the open market. Homes England only allows applicants to spend a maximum of 45% of their net household income on housing under the StB program. If a candidate cannot afford to purchase a home for under 45% of their net household income, they are eligible for the StB program. They cannot own another home and must demonstrate that they can afford their purchase according to StB rules.

As described in the "What is the Share to Buy Program" research insight (MacAdam, 2021 p. 1, 7–11), the 2021 Share to Buy program will apply to all new grant-funded SO homes and SO homes delivered through Section 106. Sites that have full or outlined planning permissions within six months of the new model are not required to follow the new StB rules, but can choose to if they wish.

The StB program allows leaseholders to select their level of affordability, reduce their required down payment, and allow them to scale up their equity stakes when they can afford it. SO housing is extremely popular with young adults in England and, in 2020–21, 39.3% of purchasers were under 30 years of age, and 72.0% of purchasers were under 40 years of age (Ministry of Housing, 2022).

Supply and demand of shared-ownership units in England

The demand for SO homes is highest in London and its surrounding areas (Cromarty, 2021). According to SO Resi's Shared Ownership Market Review 2020, the demand for SO units exceeds supply by as much as ten to one, and lenders received more inquiries about SO units after the COVID-19 lockdowns ended (SO Resi, 2020 p.12). The Affordable Homes Programme 2021–26 is expected to deliver 180,000 affordable homes, half of which would be SO homes.

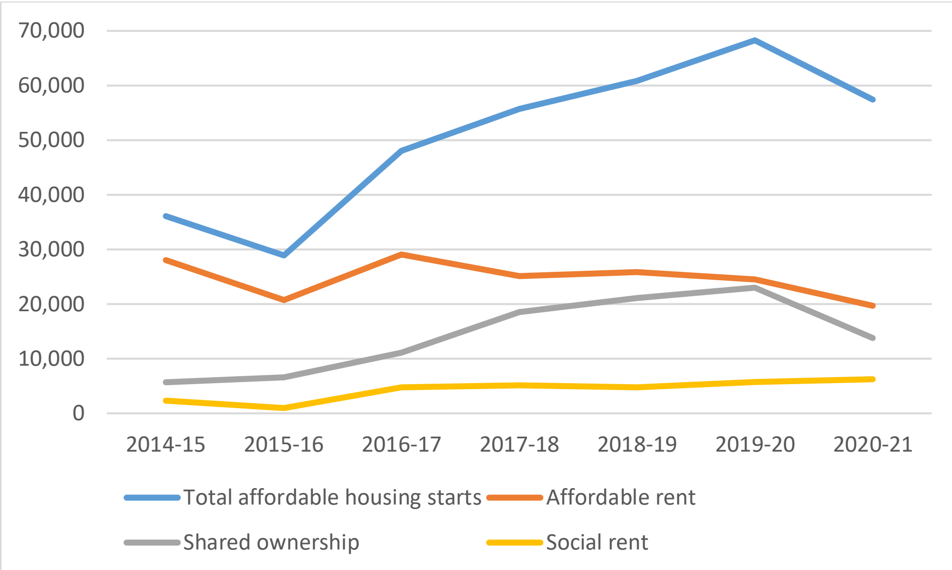
SO homes account for over 202,000 homes in England, which is equal to about 1% of the total market.

Figure 7 illustrates the increase of SO starts since the inception of the StB program in 2014–15. SO housing starts increased year over year, until 2020–21, which may be explained by COVID-19, since the response rate to LAHS (Local Authority Housing Statistics) for affordable housing sections was lower than in previous years and due to technical issues. The data will be revised in the June 2022 revisions (Department for Levelling Up Housing & Communities, 2022 p.3). Table 1 shows that SO units as a percentage of total housing starts increased from 4.6% of total starts in 2015–16 to 16.4% of total housing starts in 2019–20, the final year of the Shared Ownership and Affordable Homes Programme. It has also become the second most popular affordable housing product, behind affordable rental, and has

[10] A summary of the history of the Share to Buy program and updates can be found in CMHC's Research Insight *What is the Share to Buy Program?*

increased from accounting for 15.8% of affordable housing starts in 2014–15 to 24% of affordable housing starts in 2020–21.

Figure 7 Trends in affordable housing starts, 2014–15 to 2020–21



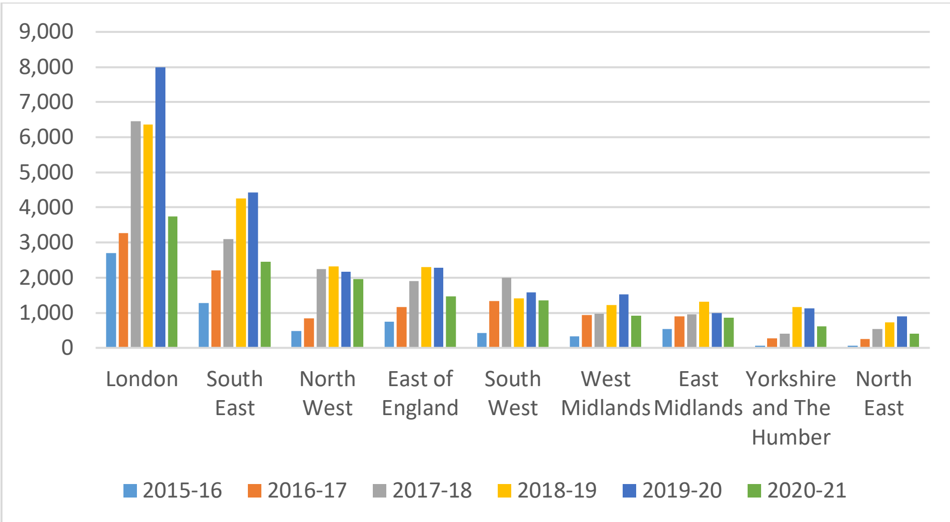
(Office of National Statistics, 2021)

Private investment has been a large component of SO housing, since over 40% of all starts since 2015–16 have been built without any government funding (Figure 6 Shared-ownership starts by funding type, 2015–16 to 2020–21. According to Savills Research, private investment in affordable housing has doubled annually from 2015 to 2020. In 2015, there were 25 for-profit registered providers (FPRPs) that owned 395 units and, in 2020, there were 53 providers, representing just under 0.2% of total affordable housing stock. FPRPs are looking to increase their share of low-cost homeownership stock from 10% to 25% from development by 2026. SO units are their focus, since they provide long-term income streams with lighter repair obligations compared to social and affordable rental units. .

Figure 6 shows SO starts by funding type. There was an increase in the percentage of Homes England private registered in 2020–21. Additionally, S106 starts declined slightly in the same year. These changes are consistent with fluctuations seen since 2015–16. However, the increased interest of FPRPs who want to invest in SO units to secure long-term dividends for pension funds may be contributing to more providers registering for Homes England and/or Greater London Authority funds (Savills, 2021).

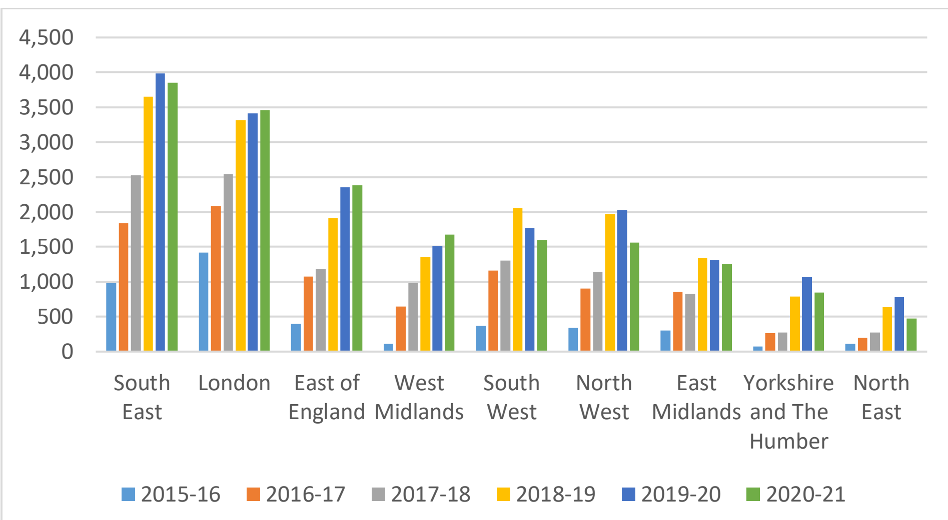
According to Barclays' Mortgages First Time Buyer Index, the most sought-after regions for FTHBs were the South East and Greater London, which is predominantly where SO starts and completions occurred (Figure 8 and Figure 9) (Barclays Mortgages, 2022). These regions represent 32.2% of England's population, 36.3% of all university students, 31.1% of the 18-to-24 population and 33% of the working-age population. These areas only account for 27.8% of the senior (65+) population. The SO units are purchased predominantly by people under 40 years of age who cannot afford a home that fits their needs in their local market. London and the South East also have the highest housing and rental costs in England. It makes sense that these areas would have the largest share of SO starts and completions, because these areas are where demand is highest, due to market conditions, employment opportunities and the location of universities.

Figure 8 Shared-ownership starts by local area, 2015–16 to 2020–21



(Department for Levelling Up Housing & Communities, 2022)

Figure 9 Shared-ownership completions by local area, 2015–16 to 2020–21

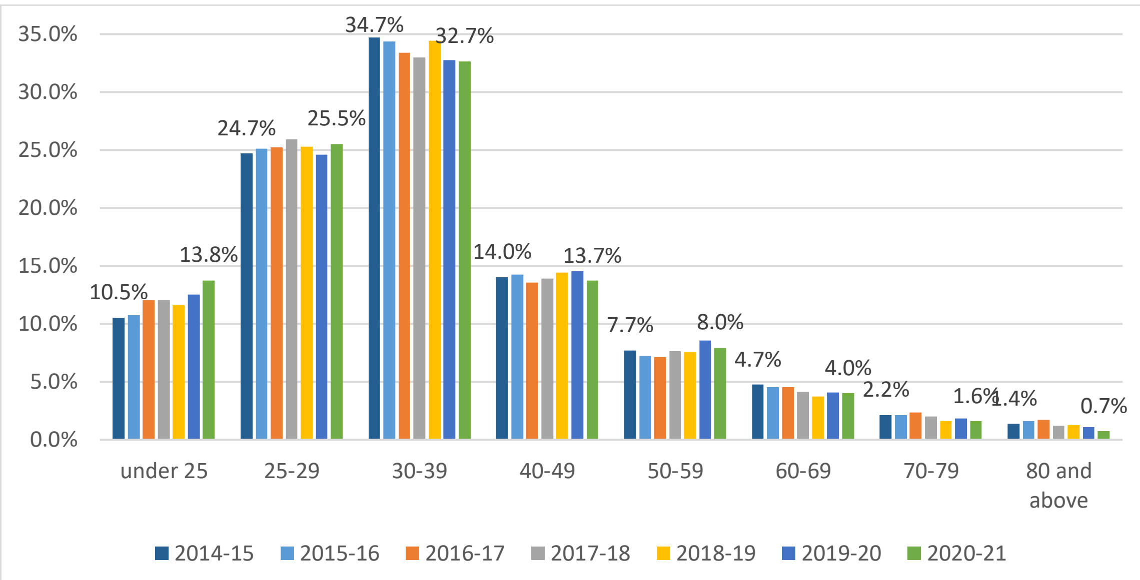


(Department for Levelling Up Housing & Communities, 2022)

Shared-ownership demographics

Shared ownership (SO) units are predominantly purchased by people under the age of 40, since members of this age group represented over 70% of purchasers from 2014–16 to 2020–21. The percentage of SO purchasers under 25 years of age increased over the same time period (Figure 10). This is significantly different from what is happening in traditional homeownership. The average age of a FTHB in London in 2020–21 was 33.8 years, and 32.1 years of age outside of London (Figure 2). The average age has increased by about a year from 2014–15 to 2020–21 in London, and remanded at 32 years of age for England. About 40% of StB purchasers are below the average FTHB age in London, which is where most of the SO units are located. SO housing also provides cheaper options than the private rental market and, in lower-cost areas, is being used to make up for the reduction in funding for social rental housing.

Figure 10 Shared-ownership purchases by age, 2014–15 to 2020–21



(Ministry of Housing, 2022c)

When looking at the average age of both SO purchasers and FTHBs in London, the average SO purchaser age is lower than a FTHB in London. This may be explained by the significant difference in down payment required to purchase a flat (apartment) in London through traditional homeownership and through the StB program. The StB program is most popular in London, since youth are being priced out of the market, with home prices increasing faster than incomes. Youth are struggling to save for a down payment due to high rental prices.

SO units are predominantly purchased by single adult households and couple adult households without children (Table 3). This is unsurprising, since most of the units for sale in the StB program are flats in London. Given that home prices are out of reach for most single youth adults in London, the StB program gives them the opportunity to purchase an affordable flat in London. These youth may have been priced out of London's rental market, and a SO unit could be a suitable alternative for them. The percentage of couple families with children participating in the program has declined, which may be because the unit types are not the proper fit for their housing needs. Since the StB program has created affordable units in London, it may increase the desire of youth to continue their education or work in the downtown core.

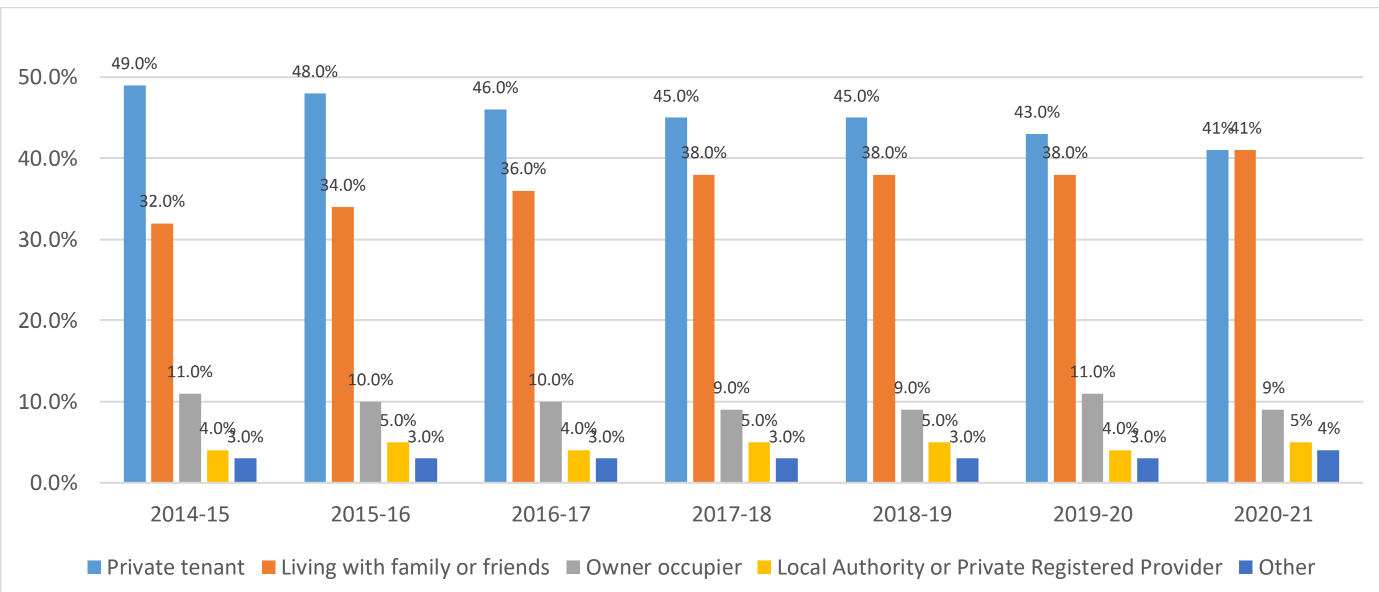
Table 3 Household composition of shared-ownership buyers, 2015–16 to 2020–21

	Older people	One adult	Two adults, no children	One adult with children	Multi-adult with children	Other
2015-16	8%	45%	30%	5%	11%	1%
2016-17	9%	46%	31%	4%	9%	1%
2017-18	8%	46%	31%	4%	10%	0%
2018-19	7%	49%	31%	4%	8%	1%
2019-20	7%	51%	30%	4%	7%	0%
2020-21	7%	52%	29%	5%	8%	1%

(Office of National Statistics, 2021)

The main participants of the StB program are private renters and people who are living with family or friends (Figure 11). Since 2014–15, the percentage of StB participants who lived with family or friends increased from 32% to 41%, while the percentage of participants who lived as private tenants declined from 49% to 41%. Part of this may be explained by the high median market rent in London. Rents may be too high for participants to afford on their own home, and they may have elected to stay with family to save for a SO home. The StB program has been effective in giving participants the opportunity to move out of unaffordable rental units and has helped youth move out of their family's home. It also gives participants the ability to select their own level of affordability and provides security against significant shocks to the housing and rental market.

Figure 11 Shared-ownership sales: Previous tenure, 2014–15 to 2020–21



(Department of Levelling Up, 2022a)

Overall, the StB program is helping single-person households and youth households. The lower down payment requirements and predictable housing payments make it an attractive alternative to renting. The StB program gives participants the ability to build equity and affordable housing security. If a single-person household becomes a couple household, they could sell their unit and use the funds from the sale to help purchase a single-family home, which would be a better option for them than to have been renting an unaffordable unit. A couple household could sell their home and upsize to a single-family home if they are planning to have a child, and they would have more equity/savings than if they had been a renter household.

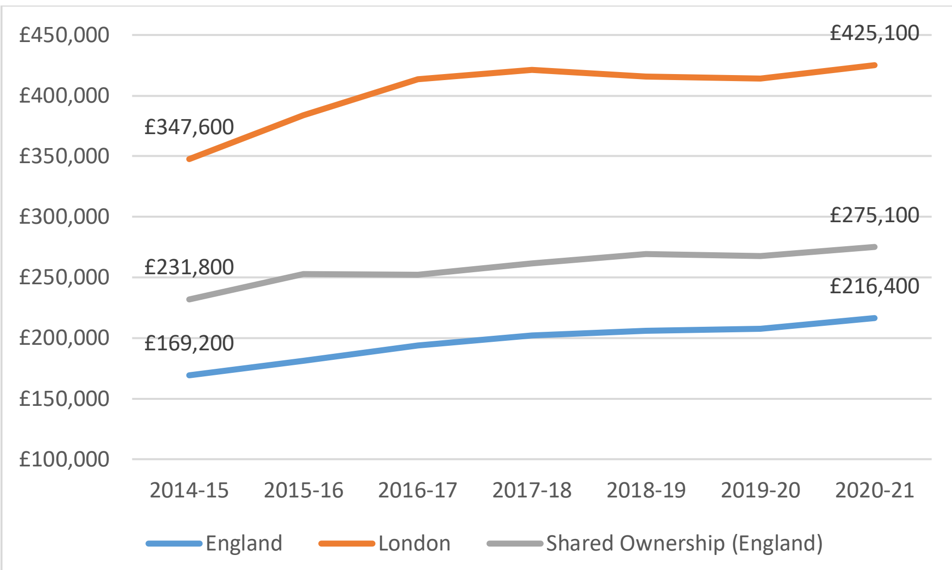
Purchasing a shared-ownership home compared to a traditional home

Since the StB program officially launched, FTHBs who purchased SO units have seen smaller average-home-price increases than the average for all FTHBs in England and London. Since 2014–15, the average purchase price for SO units increased by 18.7%, compared to 27.9% in England and 22.3% in London. Part of the difference in price gains is largely explained by the maximum household income restriction under the StB program. The average purchase price in London is almost twice the average price of England and is over 50% higher than the average SO unit price, as seen in

Figure 12.

Based on the average purchase price in London in Figure 12, the average FTHB would likely purchase a flat or maisonette, as seen in Table 4. Most unit types that are offered under the StB program are flats, so they match what FTHBs would likely be purchasing, but at a more affordable rate.

Figure 12 Average purchase price, first-time homebuyers, 2014–15 to 2020–21



(Ministry of Housing, 2022b) and (Office for National Statistics, 2022a)

Table 4 Average purchase price, London (£)

	All property types	Detached houses	Semi-detached houses	Terraced houses	Flats and maisonettes
2014-15	397,600	729,100	463,400	404,800	357,200
2015-16	439,100	815,600	519,500	451,100	390,600
2016-17	471,500	884,000	563,800	484,500	417,800
2017-18	480,400	898,800	575,000	492,000	426,500
2018-19	475,400	907,000	580,900	494,000	416,600
2019-20	473,800	900,000	580,300	497,000	413,200
2020-21	488,500	941,300	606,800	521,800	419,700

(Office for National Statistics, 2022a)

Table 5 shows the financial trends for SO sales since the StB program was created. The price of the average market dwelling increased by less than £45,000, which was a smaller increase compared to traditional units purchased by FTHBs in England and London, as shown in

Figure 12. If a potential FTHB wanted to purchase a home in London not using the StB program, the cheapest unit type, a flat (Table 4) would be almost twice the market value of a SO home.

Table 5 Financial data: Shared-ownership sales (mean)

	Market value per dwelling (£)	Initial equity stake purchased (%)	Initial equity stake purchased (£)	Mortgage (£)	Down payment (£)	Down payment (%)
2014-15	231,800	43	96,200	76,500	20,000	20.8
2015-16	252,500	42	101,500	81,600	21,500	21.2
2016-17	252,400	43	105,000	84,800	20,300	19.3
2017-18	261,500	43	107,900	88,900	19,500	18.1
2018-19	269,400	43	110,500	92,700	19,300	17.5
2019-20	267,600	41	107,200	91,100	17,200	16.0
2020-21	275,100	41	109,800	92,700	17,700	16.1

(Ministry of Housing, 2022b)

Down payment differential between tenure types

In England, the average interest rate for a mortgage decreases if there is a larger cash deposit (down payment). Table 6 shows what a 20% down payment would be if a FTHB purchased an average home. The down payment required for a SO home is less than a quarter of what would be required for a home in London. The actual average cash deposit for StB users was lower, at £17,700, or 16.1%, but that could be explained by the rules of the StB program, which allow for a down payment as low as 5%–10%. This is significantly different than what happened in the private market. According to the Barclays Mortgages' First Time Buyer Index, the average deposit by a single FTHB was £61,100 in 2021, and £61,000 for joint buyers, which is over 250% higher than a unit purchased under the StB program.

Table 6 First-time homebuyer down payment (20%), 2015–15 to 2020–21

	England	London	Share to Buy
2014-15	£ 33,800	£ 69,500	£ 19,200
2015-16	£ 36,200	£ 76,800	£ 20,300
2016-17	£ 38,700	£ 82,700	£ 21,000
2017-18	£ 40,500	£ 84,300	£ 21,600
2018-19	£ 41,200	£ 83,200	£ 22,100
2019-20	£ 41,500	£ 82,800	£ 21,400
2020-21	£ 43,300	£ 85,000	£ 22,000

(Office for National Statistics, 2022) and (Ministry of Housing, 2022)

The average FTHB in the UK starts saving for their first home when they are 24 years old and they are typically finished saving when they are 32 (Barclays Mortgages, 2022). This is not the case for participants of the StB program: just under 40% of all StB purchasers were under 30 years of age. The StB program helps FTHBs overcome the three biggest obstacles according to Barclays:

1. Limited savings/struggling to save
2. Priced out by high house prices
3. Lack of options in price range in their desired locations

(Barclays Mortgages, 2022)

Challenges and opportunities of shared ownership

Program flexibility

Unlike traditional homeownership programs, StB provides leaseholders with the ability to select their equity share of the property. Leaseholders have to purchase only a minimum equity share of 10% in the property. Because of this, the minimum down payment under the StB program is between 0.5% and 1.0% of the total price of the property, compared to 15% in traditional homeownership. Leaseholders have the option to purchase a larger initial equity stake if they have the means to do so, which is significantly different than traditional homeownership. Leaseholders can "staircase"[11] and purchase more of the unit whenever they choose to. This gives them the ability to reduce their rent costs and increase their equity in their home, which could be used to fund the down payment of a larger home in the future.

Long-term price stability

A leaseholder with a StB unit has more long-term price stability compared to a private renter. The leaseholder does not have to increase their share of the unit if they cannot afford to, and their landlord can only charge a monthly rent payment that is a maximum of 3% of the value of the property for that year. A leaseholder does not have to worry about sharp increases to their rent if their property value increases significantly: instead of recalculating the value of the property each year to determine rent, annual rent increases at a specified percentage above the Retail Price Index (RPI). If a leaseholder thinks that there will be increases to home prices or the RPI in the near term, they can staircase to keep their costs stable.

Affordability

Initial housing costs

Leaseholders in England who use the StB program have significantly lower down payment requirements than homeowners who purchased their home through traditional avenues. The minimum down payment in England is 15% of the home's purchase price, and the StB program requires only 5% to 10% of the equity stake as a down payment. Participants of the StB program are also excluded from paying a stamp duty tax until they own a minimum of 80% of their property. The significantly smaller initial housing costs make it so that leaseholders can access homeownership far faster than homeowners who go through traditional financing. This makes homeownership significantly more accessible to FTHBs, especially single-income FTHBs. This may reduce the time a youth may spend living with their parents or in unaffordable housing conditions.

Ongoing housing costs (mortgage, interest, repairs, rent, renovations)

Leaseholders also have significantly lower monthly payments than traditional homeowners, because they pay a mortgage only on the equity stake they choose, whereas a traditional homeowner must pay a mortgage on 100% of the property. Since the price of a StB unit is tied to the RPI, leaseholders can plan their purchase of a larger equity stake without worrying about significant market fluctuations. This flexibility is a huge benefit for leaseholders, specifically youth leaseholders, since they can elect to have a lower equity stake / monthly payment and use their savings to pay down personal debt or student loans. The benefits are twofold, since most youth may also be in lower-paying, entry-level jobs, and the

[11] Staircasing is a process that enables a homebuyer to purchase an additional equity stake in their property. The additional stake can be as little as 1%.

lower ongoing housing costs make it so that they can afford to live on their own right at the beginning of their careers, staircasing up as they advance professionally.

As of April 1st, 2022, landlords are responsible for repairs for the first ten years. This is a significant benefit to leaseholders who purchased a new unit. Leaseholders can do any internal renovations they would like at their own cost, but they receive all the benefits of the increase in value when they go to sell. Also, since their additional staircasing shares are tied to the RPI, their renovations do not increase the overall value of their unit until they sell it.

When a leaseholder staircases, they will face additional costs according to the additional equity that they buy. If they staircase by 10% or more, they must pay a valuation fee and legal fees to change their existing lease. If their share of the property increases enough that they can obtain a better interest rate, they will have to pay mortgage fees. In the rare case that a leaseholder staircases to a mortgage above £500,000, or if they are not a FTHB, they would have to pay a stamp duty tax.[12]

Complexity

A hybrid tenure like shared ownership can be difficult for potential buyers to understand, since they are predominantly FTHBs. The program includes rules and requirements, such as a maximum income limitation and staircasing. Selling adds a layer of complexity that does not exist in traditional homeownership. Lenders require additional training to properly advise FTHBs on shared-ownership financing.

The biggest challenge with the complexity is the lack of awareness of shared ownership, according to a survey conducted by YouGov in 2017 that found that 60% of people surveyed did not understand the benefits of shared-ownership housing, and only half knew that banks offered mortgages on shared-ownership homes (Aster Group, 2017 p.8). To help raise awareness of shared-ownership housing and fix the problem, the National Housing Federation launched a three-year national advertising campaign in 2020 (Cromarty, 2021 p. 34-35).

[12] Stamp duty tax is a tax that a buyer must pay if they purchase property or land over a certain price in England. First-time homebuyers do not have to pay stamp duty tax if their home's purchase price is under £500,000.

Case study: Potential impact of a share-to-buy program on a Canadian household

This case study will show the hypothetical implications of a program like the StB for a representative Canadian household. To show the impact of the program, the study will look at two typical ways that the English program is used. In one situation, StB is more permanent and is seen as a way of lowering housing costs over a household's lifetime. In the other situation, StB is a temporary arrangement to save for the larger down payment of traditional homeownership. For simplicity, this case study uses market values rather than policy-derived ones.

The choice of rates, namely expected price growth, household discount rates, and capitalization rates, matters a lot in evaluating a program of this type. We have chosen the current posted interest rate and have remained neutral on the future direction of the rate, which seems appropriate. We selected the Bank of Canada's household effective interest rate as the discount rate, which seems appropriate from a program perspective. However, from an individual household perspective, a market-determined rate may not align with how they value the future. The rent appreciation rate was set to the average observed in Canada Mortgage and Housing Corporation's Rental Market Survey from 1990–2021. Lastly, the expected price appreciation of the property was set to Teranet's 11-city average over the past 20 years. This 20-year period was characterized by significant liberalization of the mortgage market and it was a period during which interest rates trended downward significantly. It is likely that asset prices will not benefit from a similar driver in the future and will not appreciate by the 6.99% seen over the past 20 years. That said, it is possible for a new unknown price driver to emerge that sustains that level of price growth. Therefore, we have chosen to simply project past price changes forward into the future rather than offer an opinion on long-run price appreciation.

Estimates for maintenance, insurance, closing costs, and property taxes were pulled from websites similar to what prospective homebuyers would use in their research. These estimates represent rules of thumb rather than actual estimates of the costs of those expenses.

Table 7 Case study—lifetime housing cost scenario

	Traditional homeownership	Share to Buy	Share to Buy	Market rental
Property value at initial sale	$320,000	$320,000	$320,000	$320,000
Equity share purchased	100%	10%	40%	0%
Payment to provider	$320,000	$32,000	$128,000	--
Minimum down payment	$16,000	$1,600	$6,400	--
Initial rent	--	$1,039	$693	$1,155
Monthly mortgage payment	$1,809.76	$180.98	$723.91	--
Nominal 25-year cost	**$1,165,395.61**	$694,378.51	$851,384.21	$489,700.87
Proceed from sale of unit after 25 years (nominal)	**$1,628,761.59**	$69,309.00	$589,126.53	$0.00
25-year net value (nominal)	**$463,365.98**	-$625,069.50	-$262,257.68	-$489,700.87
Net present value after 25 years	**-$75,096.97**	-$427,911.35	-$310,306.56	-$316,102.50

In this example, the total cash outlays of traditional rental are the lowest. Logically, this makes sense, since rental tenure does not include maintenance costs, interest, or principal payments. Relative to traditional rental, any form of homeownership will require higher cash outlays until the mortgage is paid off.

Assuming the home is sold after 25 years, and taking the time value of money into account, the two traditional tenure types are more efficient than an equity stake below 39%. Below that threshold, the future proceeds from the sale of the property are not enough to offset the increased monthly costs associated with entering StB. Above that threshold, the price appreciation and savings on rent are enough to offset the mortgage and up-front costs.

A note on interpreting the net present value results: To see the relative value of one tenure type, one would subtract the value of the alternative tenure type, which, in this example, is traditional renting. Therefore, the relative value of traditional ownership is $241,005.53, and not the -$75,096.97 net present value of the cash flows. The relative value of a 40% equity stake over traditional rental is also positive, at $5,795.94.

When evaluating this program from the perspective of a household that needs to lower their monthly housing costs to exit core housing need (CHN), it is likely not a good fit. It requires significant up-front investment and does not provide significant savings until the mortgage has been paid off. Where the case for StB is strong is for a renter household who is above the affordability threshold during their working lives, but who would risk slipping below affordability in retirement. In this scenario, the program would have a positive impact on CHN. Apart from the population at risk of CHN, StB does present an opportunity to lower lifetime housing costs for households that are unable to surmount the barrier posed by down payments and closing costs.

The choice to calculate the net present value at the end of 25 years was made because it lines up with the typical mortgage period. This choice differs from reality in two important ways: It assumes the home is sold at the end of 25 years, which is not typically what a homeowner does at the end of their mortgage, as most owners choose to stay in their home mortgage free after their mortgage is paid off Most households would likely exit StB before the end of their mortgage, and a smaller number would live in their StB home well beyond the end of their mortgage. We do not have a way to estimate what the average duration should be under a program such as this.[13]

[13] A final consideration is that, as the studied period is extended out, it will magnify any errors in our estimates.

Table 8 Case study—moving up the property ladder

	Share to Buy	Share to Buy	Share to Buy
Property value at initial sale	$320,000	$320,000	$320,000
Equity share purchased	10%	25%	40%
Minimum down payment	$1,600	$4,000	$6,400
One-time fees	$2,280	$3,000	$3,720
Cash up front	**$3,880**	**$7,000**	**$10,120**
Equity after 5 years	$16,949.89	$42,374.73	$67,799.56
Equity after 10 years	$39,684.88	$99,212.20	$158,739.52
Equity after 5 years less realtor fee	**-$9,966.52**	**$15,458.31**	**$40,883.15**
Equity after 10 years less realtor fee	**$1,950.86**	**$61,478.18**	**$121,005.50**

In this scenario, we ask whether the hypothetical tenant would be able to exit StB after five or 10 years and move up the property ladder. With a 10% equity stake, the tenant would not be able to move up the property ladder at either five or 10 years, since their accumulated equity minus realtor fees would not be appreciably larger than their initial down payment. After 10 years, with a 25% stake, the tenant would be able to pull $61,478.18 out from their home if sold. This would provide the minimum down payment on a home costing $1.2M, which would be roughly a $600,000 home today. With a 40% stake, the tenant would be able to afford to move up after five years and afford the down payment on a home valued in the range of $800,000. This would be equivalent to $583,000 in today's market.

Table 9 Case study—lifetime housing cost with staircasing scenario

	Share to Buy	Share to Buy (staircasing)
Property value at initial sale	$320,000	$320,000
Equity share purchased	25%	25%
Equity after 5 years	$42,374.73	$42,374.73
Cost to staircase	$0	$168,801.24
New equity share	25%	63%
Monthly mortgage payment	$452.44	$1,212.81
Monthly rent at year 5	$985.06	$604.95
Nominal cost at pre-staircase	$121,092.26	$121,092.26
Nominal 30-year cost	**$1,142,588.83**	**$917,477.68**
Proceeds from sale	**$607,275.29**	**$1,530,333.74**
Nominal value after 30 years	**-$535,313.54**	**$612,856.06**
Net present value	**-$458,718.93**	**-$253,854.32**

In the English StB program, staircasing is promoted as a key feature; therefore, it is useful to apply the staircasing example to the Canadian context. We have identified two main situations where this might be advantageous for the tenant. In one situation, the tenant borrowed their maximum initially and would like to increase their equity stake now that their situation has changed. This would be analogous to a real estate investor remortgaging a property to redeploy that leveraged capital to other investments, except, in this example, it would be invested in the existing property. In the second situation, the tenant was already at their optimal equity stake, but they anticipate a price shock in residential prices or rents and would like to insulate themselves from that risk.

To show the impact of the staircasing without a price shock, we will begin with the same $320,000 house. After five years, its value has increased to $448,606.47 (please refer to Table 9). The initial stake in the home was 25%; therefore, the value of the portion that they do not own is $336,455.15. We will assume that the household refinances to a loan-to-value ratio of 80% using the accumulated equity. This would give them a new 25-year mortgage of $211,877 and allow them to increase their share in the property to 63% after settling the initial mortgage. We will also assume no closing fees. In this example, the gain in net present value from staircasing is $204,864.60. This is a significant gain, considering the incremental cost per month is only $380.26 starting in year six.

Table 10 Staircasing scenario with a price shock

	StB (Price Shock)	StB (Staircase and Price Shock)	Market Rental
Property value at initial sale	$320,000	$320,000	$320,000
Equity share purchased	25%	25%	0%
Equity after 5 years	$42,374.73	$42,374.73	--
Cost to staircase	$0	$168,801.24	--
New equity share	25%	63%	--
Monthly mortgage payment	$452.44	$1,212.81	--
Monthly rent at year 5	$985.06	$604.95	$1,313.42
Net present value	**-$468,938.07**	**-$260,130.54**	**-$365,220.12**

In the price-shock example (please refer to Table 10), the impact of staircasing is slightly better. We assume a price shock that permanently increases rent appreciation to 3% starting in year six. For the 25% equity stake without staircasing, stronger rent appreciation lowered net present value to -$468,938.07 from -$458,718.93, which is a difference of $10,219.14. For the staircasing example, it decreased the net present value by $6,276.21. This leads to the conclusion that StB does provide some insulation against future rent increases as claimed, albeit to a relatively small degree. The greatest benefit of staircasing is that it allows a household to potentially leverage their accumulated equity to own a larger portion of their home.

Limitations of the case study

This case study is used to visualize what StB participants would experience and reinforce what has been seen in the literature. The main question not answered in this study is whether landlords would be willing to enter into a StB relationship without some sort of incentive. In England, HAs are not-for-profits, and shared-ownership units are a source of revenue for them. Land-use planning agreements also create an obligation for private developers to build shared-ownership units. Since these conditions do not currently exist in Canada, it is logical that landlords would require some form of incentive to enter into StB relationships. Further research is needed to estimate the size of incentive they would require to willingly enter into a StB relationship.

Conclusions and recommendations for further research

The demand for shared-ownership housing continues to grow, and housing providers have an increasing appetite for shared-ownership units. Annual shared-ownership starts more than tripled from 2015–16 to 2019–20, with over 40% of starts receiving nil-grant funding through S106 agreements. The number of for-profit registered providers building shared-ownership buildings is forecasted to increase by 150% by 2026, which shows that there is support from the private market and government to further develop the shared-ownership market.

The Share to Buy (StB) program has helped simplify the process for developers and purchasers to enter into the shared-ownership market. The changes to the StB program are reducing the down payment barrier and have made it so leaseholders can easily purchase more of their unit if they choose to. In London, a shared-ownership unit is thus a more attractive housing solution compared to renting. For many youth in England who are living with their parents or in rental units that they cannot afford, this is welcome news. In its first five years, the StB program has helped over 200,000 first-time homebuyers find a home when they previously were priced out of the market.

A program similar to the StB program may be a component of the potential solution for Canada to help first-time homebuyers deal with current home prices. Further analysis comparing Canada's First-Time Home Buyer Incentive, Cooperative Housing Development Program, and Rent-to-Own funding to the development of the Help to Buy and Share to Buy programs could help create an innovative program to help first-time homebuyers in Canada purchase a home that they can afford and that meets their needs.

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