



Department for  
Communities and  
Local Government



# English Housing Survey

First Time Buyers and Potential Home Owners Report, 2014-15



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# Contents

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Introduction and main findings

Chapter 1: First time buyers

Chapter 2: Entry to home ownership

Technical notes and glossary

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# Introduction and main findings

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1. The English Housing Survey is a national survey of people's housing circumstances and the condition and energy efficiency of housing in England. In its current form, it was first run in 2008-09. Prior to then, the survey was run as two standalone surveys: the English House Condition Survey and the Survey of English Housing. This report provides the findings from the 2014-15 survey.
2. This first chapter of this report will focus on first time buyers<sup>1</sup>. The second chapter covers renters expecting to buy a home and renters considering applying for mortgage. The second chapter also looks at the characteristics of households with additional adults who might in other circumstances be living in their own home.

## Main findings

### First time buyers

#### **The age of first time buyers increased over the past 20 years.**

- The average age of first time buyers increased from 30 to 33 over the past 20 years. In 2014-15, the majority of first time buyers were aged 25-34 years (61%), similar to 1994-95.
- Between 1994-95 and 2014-15, the proportion of first time buyers aged 16-24 years declined from 23% to 10%, while the proportion aged 35-44 years increased from 11% to 20%.

#### **More first time buyer households were couples than single people, compared with 20 years ago.**

- The proportion of first time buyers that were single households halved from 29% in 1994-95 to 14% in 2014-15.
- Therefore, 80% of all first time buyers were couple households, a marked change since 1994-95 (63%) and 2004-05 (62%). This may be due to an increasing need for two incomes to be able to buy.
- Among first time buyers that were couples, those with dependent children have increased the most over this time (from 20% to 31%).

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<sup>1</sup> First time buyers are defined as households that have purchased a property that is their main home in the last three years and have not previously owned a property.

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## **First time buyers had higher incomes and more help with funding their deposits than was required 20 years earlier.**

- Three-quarters (72%) of first time buyers were in the fourth and fifth quintile income bands<sup>2</sup> in 2014-15, up from 62% in 1994-95.
- Between 1994-95 and 2014-15, there was an increase in the proportion of first time buyers that had help from friends and family (from 21% to 27%) and those that used inherited money (from 3% to 10%) for their deposit.

## **Expectation to buy**

### **Expectation to buy declined among private renters between 2013-14 and 2014-15, after a period of relative stability since 2006-07.**

- In 2014-15, private renters (57%) were more likely to expect to buy property at some point in the future than social renters (24%).
- Since 2006-07, the proportion of private renters who expect to buy a home has remained relatively consistent; however, there was a decline from 61% in 2013-14 to 57% in 2014-15. There was no such decline in the proportion of social renters who expected to buy over the latest year.

### **This was in large part due to the fall in the proportion of 25-44 year old private renters who expect to buy in the latest year.**

- Expectation to buy for 25-34 year olds in the private rented sector was relatively stable from 2008-09. However, the 71% of 25-34 year olds expecting to buy their own property in 2014-15 signified a decrease from 78% in 2013-14. A similar pattern was evident among private renters aged 35-44 years, with a decline from 68% to 60% in the latest year.

### **There were more older social and private renters expecting to buy than in 2010-11.**

- Among social renters, the proportion of 45-54 year olds expecting to buy increased from 15% in 2010-11 to 24% in 2014-15. In the private rented sector, the proportion of 45-54 years olds expecting to buy increased from 33% in 2010-11 to 48% in 2014-15.

### **Couples with dependent children were more likely to expect to buy a home than couples without children or single households.**

- In 2014-15, of all renting households who expected to buy a home in the future, 28% of these were couples with dependent children. The next most likely

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<sup>2</sup> All households have been divided into five equal groups based on their total weekly income of the HRP and their partner (i.e. those in the bottom 20%, the next 20% and so on).

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household type to expect to buy were couples with no children (19%) and single person households (18%).

**Among renters not expecting to buy, two thirds cited affordability as the main barrier to home ownership.**

- In 2014-15, the proportion of people who felt they were unlikely to buy a home due to affordability was similar across the social and the private rented sectors, with 65% in the private rented sector and 66% of people in the social rented sector citing affordability as the main barrier to home ownership.
- A minority of households did not expect to purchase a home because they preferred their current circumstances as renters: they liked it where they were (9%) and/or preferred the flexibility of renting (1%).

### **Mortgage applications**

**Renters considering applying for a mortgage increased slightly in the last five years. This was largely due to an increase outside of London.**

- In 2014-15, 10% of all social and private renters considered applying for a mortgage, up from 8% in 2010-11.
- Outside of London, there was an increase in renters considering a mortgage application from 7% in 2010-11 to 9% in 2014-15; while in London it remained stable over this time. However, in 2014-15, London renters remained more likely to consider applying for a mortgage (12%).

**The majority of households who went on to apply for a mortgage had it approved, and the rate of approvals increased since 2010-11.**

- In 2014-15, 27% of households that considered applying for a mortgage proceeded to make a mortgage application, which had not changed compared with 2010-11 (26%).
- The majority those households that applied for a mortgage were given their mortgage (80%), while 20% were refused<sup>3</sup>. The proportion of households that were refused had dropped since 2010-11(36%).

**The main reason households did not apply for a mortgage was that they did not think their deposit was large enough, unchanged from 2010-11.**

- In 2014-15, 73% of households considering a mortgage application did not apply. The reasons for not applying included not thinking their deposit was large enough (49%) and thinking that their application would not be approved (24%). These findings had not changed from 2010-11.

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<sup>3</sup> There were insufficient cases to explore the reason why the mortgage was refused.

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## Adults unable to afford their own accommodation

**There were 1.5 million households containing an adult who would like to buy or rent their own accommodation, but could not afford to.**

- In 2014-15, 6% of all households in England had one or more adults<sup>4</sup> that would like to buy or rent their own home but could not afford to.
- They were most likely to be living in households consisting of a couple with independent children (43%). The majority of these adults lived in owner occupied households (65%). Smaller proportions lived in the private rented (16%) and social rented (19%) sectors.

**For households with one additional adult, the vast majority of them were in full-time or part-time work**

- The majority of these people were working full-time (65%) with a further 13% working part-time. These findings were similar in 2010-11.
- Of those households where there was just one additional person looking to buy or rent but could not afford to, 53% were aged under 24 years old and 35% were aged 25-34 years old.

## Acknowledgements and further queries

3. Each year the English Housing Survey relies on the contributions of a large number of people and organisations. The Department for Communities and Local Government (DCLG) would particularly like to thank the following people and organisations, without whom the 2014-15 survey and this report, would not have been possible: all the households who gave up their time to take part in the survey, NatCen Social Research, the Building Research Establishment (BRE) and CADS Housing Surveys.
4. This report was produced by Susie Margoles at BRE and Sarah Frankenburg at NatCen Social Research in collaboration with DCLG.
5. If you have any queries about this report, would like any further information or have suggestions for analyses you would like to see included in future EHS reports, please contact [ehs@communities.gsi.gov.uk](mailto:ehs@communities.gsi.gov.uk).
6. The responsible analyst for this report is: Reannan Rottier, Housing and Planning Analysis Division, DCLG. Contact via [ehs@communities.gsi.gov.uk](mailto:ehs@communities.gsi.gov.uk).

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<sup>4</sup> These can be independent children including step children and foster children over the age of 16. Also independent relatives aged 16 and over and non-relations that are not lodgers aged 16 and over, such as co-tenants and co-owners of the HRP. It excludes parents/step parents or parents-in-law of the HRP and paying lodgers.

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# Chapter 1

## First time buyers

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- 1.1 This report focuses on first time buyers<sup>5</sup> and renters expecting to buy a home. The promotion of home ownership forms a key element of government housing policy, and enabling first time buyers to get onto the property ladder is part of this strategy. It is therefore important to understand which households are able to buy homes and the barriers to home ownership.
- 1.2 Between 1994-95 and 2014-15, the number of first time buyers decreased by around 300,000 to 564,000, despite an increase in the number of households during the same period. Overall, 3% of all households were first time buyers in 2014-15, a fall from 4% in 1994-95, Figure 1.1.

**Figure 1.1: Number of first time buyers, 1994-95, 2004-05 and 2014-15**



**Base:** all first time buyers

**Note:** underlying data are presented in Annex Table 1.1

**Sources:**

1994-95 and 2004-05: Survey of English Housing;

2014-15: English Housing Survey, full household sample

## Household characteristics

- 1.3 In this section, the demographic profile of the household reference person (HRP) in first time buyer households is explored in more detail. The HRP is the 'householder' in whose name the accommodation is owned or rented. The

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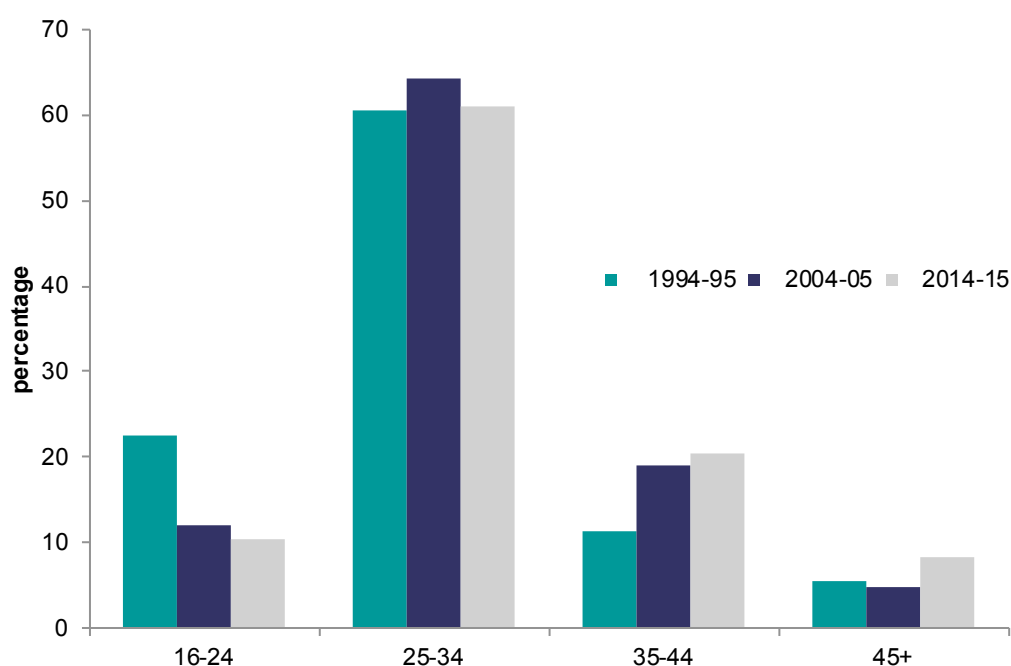
<sup>5</sup> First time buyers are defined as households that have purchased a property that is their main home in the last three years and have not previously owned a property.

Survey of English Housing figures in 1994-95 were based on the Head of Household (HOH)<sup>6</sup>.

## Age

1.4 In 2014-15, the majority of first time buyers were aged 25-34 (61%), similar to 1994-95, Figure 1.2. However, first time buyers aged 35-44 increased from 11% to 20% and those aged 16-24 declined from 23% to 10% over this period. The average (mean) age of first time buyers increased from 30 to 33.

**Figure 1.2: Age of first time buyers, 1994-95, 2004-05 and 2014-15**



Base: all first time buyers

Note: underlying data are presented in Annex Table 1.2

Sources:

1994-95 and 2004-05: Survey of English Housing;

2014-15: English Housing Survey, full household sample

## Household type and size

1.5 In 2014-15, 49% of first time buyers were couples with no children and 31% were couples with dependent children<sup>7</sup>. Therefore, 80% of all first time buyers were couple households, a marked change since 1994-95 (63%) and 2004-05 (62%)<sup>8</sup>. Among first time buyers that were couples, those with dependent children increased from 1994-95 to 2014-15 (20% to 31%), Annex Table 1.2.

1.6 The proportion of first time buyers that were single households decreased between 1994-95 and 2014-15, from 29% to 14%. This may be due to the

<sup>6</sup> see Technical notes and Glossary for further information

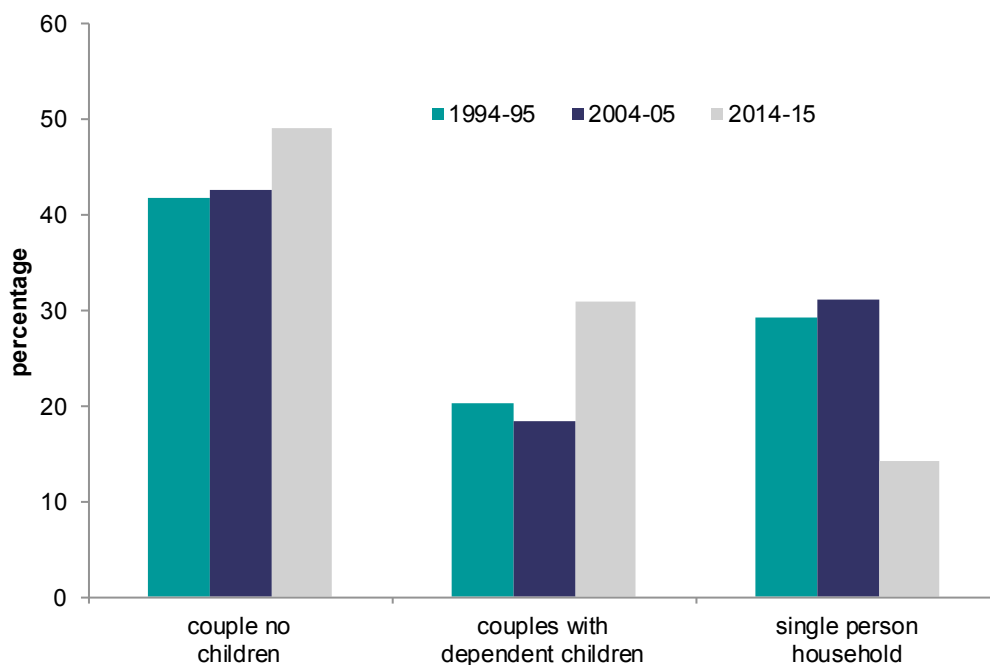
<sup>7</sup> Only a very small proportion of first time buyers were couples with independent children only (0.3%). Of those with dependent children, the household may also contain independent children.

<sup>8</sup> There were slightly different modelling assumptions for derived household type variables for the SEH and EHS, see Technical notes and Glossary.



overall rise in house prices relative to wage growth<sup>9</sup>, and the need for higher deposits and incomes, Figure 1.3.

**Figure 1.3: Household type of first time buyers, 1994-95, 2004-05 and 2014-15**



**Base: all first time buyers**

**Note: underlying data are presented in Annex Table 1.2**

**Sources:**

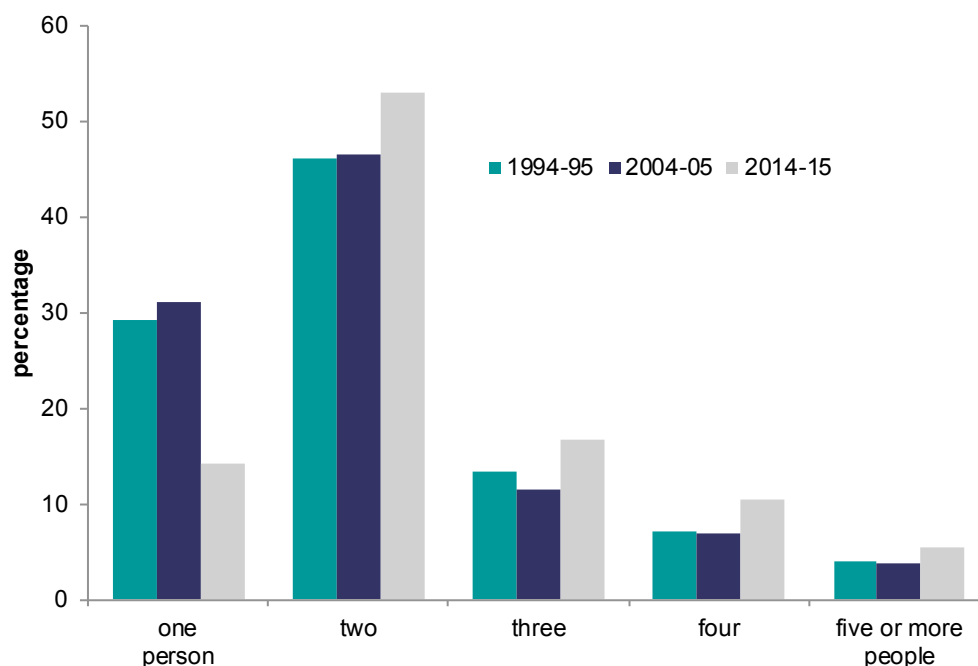
**1994-95 and 2004-05: Survey of English Housing;**

**2014-15: English Housing Survey, full household sample**

1.7 At the same time, there was an increase in proportion of first time buyer households with two or more people, from 71% in 1994-95 to 86% in 2014-15, Figure 1.4.

<sup>9</sup> DCLG. Tables 576-578: ratio of house price to earnings (lower quartile and median) by local authority, from 1997, 2016. <https://www.gov.uk/government/statistical-data-sets/live-tables-on-housing-market-and-house-prices-for-more-information>

**Figure 1.4: Household size of first time buyers, 1994-95, 2004-05 and 2014-15**



**Base: all first time buyers**

**Note: underlying data are presented in Annex Table 1.3**

**Sources:**

**1994-95 and 2004-05: Survey of English Housing;**

**2014-15: English Housing Survey, full household sample**

1.8 A similar proportion of joint owner households with a male HRP were first time buyers (3%) compared to joint owners with a female HRP (4%). Likewise among single owner households<sup>10</sup>, a similar proportion of male (2%) and female (1%) were first time buyers. Since 2004-05<sup>11</sup>, the proportion of single male households that were first time buyers dropped from 6% to 2% in 2014-15, Annex Table 1.3.

### **Ethnicity and nationality**

1.9 The majority of first time buyers had a white HRP (462,000) compared with 101,000 ethnic minority households. As would be expected, because of the larger overall population of white households (20 million) in England compared with ethnic minority households (2.5 million), Annex Table 1.3.

1.10 However, a higher proportion of ethnic minority households (4%) were first time buyers than white households (2%) in 2014-15. The proportion of white households that were first time buyers decreased from 1994-95<sup>12</sup> (4%), while it did not significantly change for ethnic minorities in the same period.

<sup>10</sup> Single or joint owner defined based on status of HRP and partner. As such, single owner households include lone parents or one person households.

<sup>11</sup> This has not been compared with SEH in 1994-95 because it is not directly comparable. In 1994-95 the head of the household (HOH) for couples was always based on the male partner.

<sup>12</sup> Note in 1994-95 the HRP (the then HOH) was based on the male partner, not the highest income earner.

1.11 Similarly, even though a much larger number of first time buyers had UK and Irish national HRPs (467,000) compared with other nationality HRPs (97,000), the proportion of UK and Irish nationals that were first time buyers (2%) was lower compared with other nationalities that were first time buyers in 2014-15 (5%).

## Financial circumstances

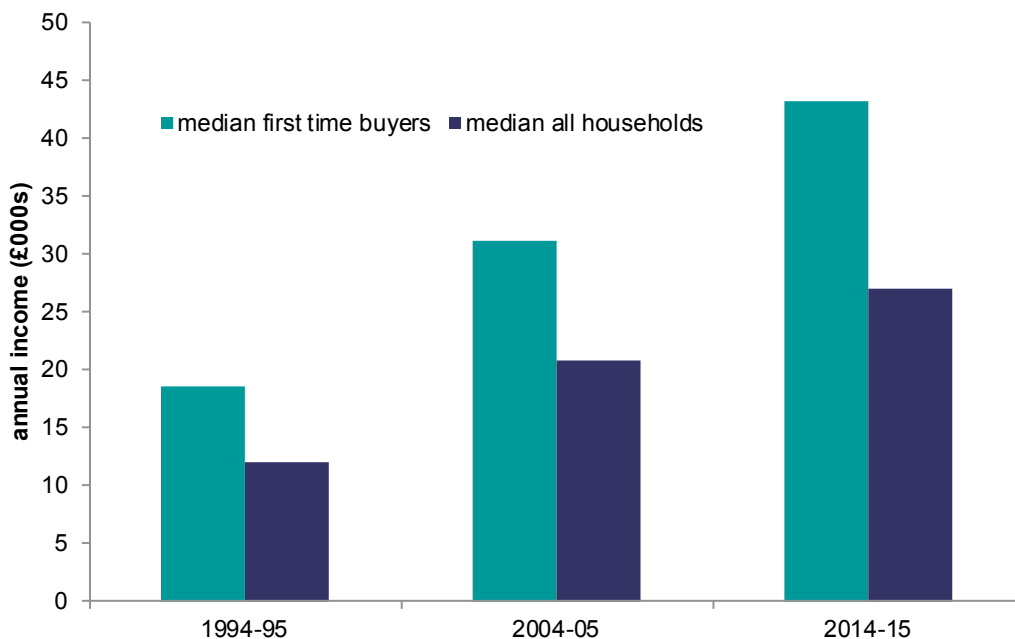
### Economic status

1.12 In 2014-15, 92% of first time buyers were households in which the HRP was working full-time, an unchanged position from 1994-95 (91%) and 2004-05 (92%), Annex Table 1.4.

### Income

1.13 In 2014-15, first time buyers had a median household (HRP and partner) yearly income of £43,000 (£51,000 mean), this is much higher than the median yearly income £27,000 (£35,000 mean) of all households, Figure 1.5.

**Figure 1.5: The median annual income of first time buyers and all households, 1994-95, 2004-05 and 2014-15**



Base: all households and all first time buyers

Note: underlying data are presented in Annex Table 1.5 and 1.6

Sources:

1994-95 and 2004-05: Survey of English Housing;

2014-15: English Housing Survey, full household sample

1.14 Although not directly comparable in its wording to the EHS interview questionnaire but similar enough to establish time trends, the SEH asked

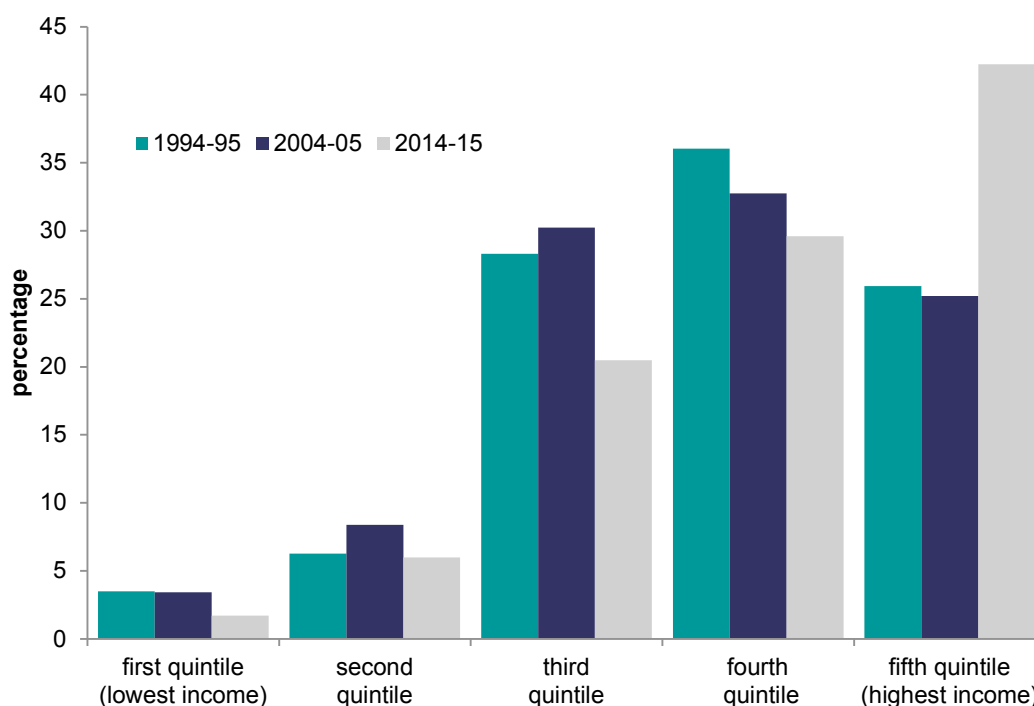
information from households on their joint income<sup>13</sup>. Since 1994-95, first time buyers' mean incomes and median incomes have been consistently higher compared with the mean and median incomes of all households.

### Box 1: Income quintiles

When considering the impact of income over time, it is helpful to consider relative to the overall population, as household income across the general population increased due to inflation. All households have therefore been divided into five equal groups based on their total weekly income of the HRP and their partner (i.e. those in the bottom 20%, the next 20% and so on). These groups are known as quintiles, and are used throughout this report.

1.15 The majority (72%) of first time buyers were in the fourth and fifth quintile income bands in 2014-15. The proportion of first time buyers in the fourth and fifth quintile increased from 62% in 1994-95, Figure 1.6.

**Figure 1.6: Income quintiles of first time buyers, 1994-95, 2004-05 and 2014-15**



**Base: all first time buyers**

**Note: underlying data are presented in Annex Table 1.6**

**Sources:**

1994-95 and 2004-05: Survey of English Housing;

2014-15: English Housing Survey, full household sample

<sup>13</sup> The 2014-15 EHS income data was modelled using actual income values and factors in all income including benefits (see Chapter 5 of Technical Report). Whereas the SEH income data, used for 1994-95 and 2004-05, asked households to estimate their income within a band, respondents provided income in terms of either weekly, monthly or annual amounts. Responses were converted into a monetary value by taking the mid-point of each income band for the household reference person and partner if applicable.

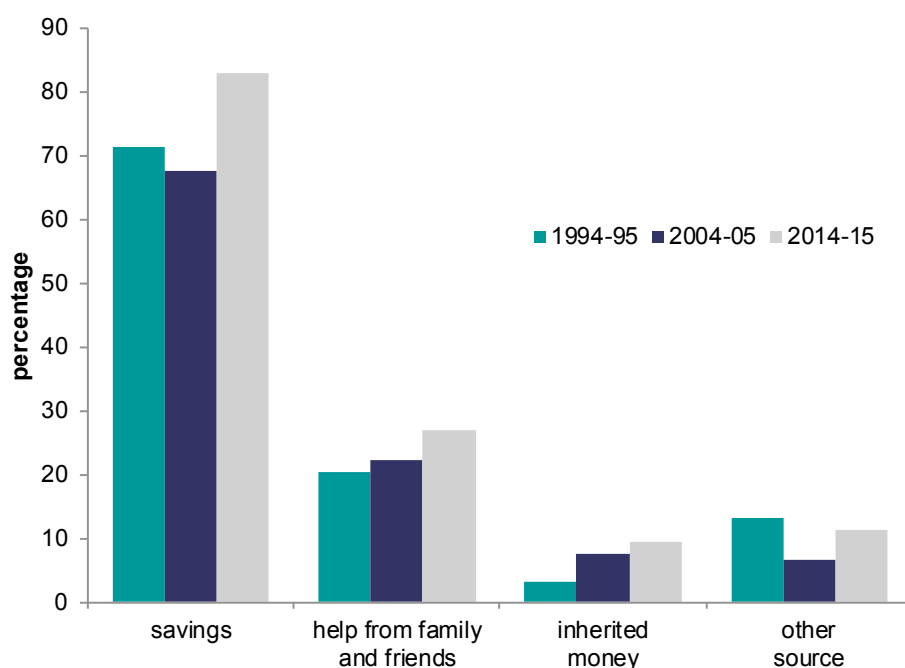
## Savings

1.16 Over half of first time buyers (54%) had no savings, perhaps because they had invested them in their home. There were 19% of first time buyers with less than £5,000 in savings, while 11% of first time buyers had more than £12,000 in savings, Annex Table 1.6.

## Source of deposit

1.17 First time buyers funded their home through different sources. Respondents were asked how they had funded the purchase of their home, multiple responses were allowed. In 2014-15, the majority of first time buyers funded the purchase of their home using their savings (83%). Nearly a third (27%) had help from friends and family to purchase their home, Figure 1.7.

**Figure 1.7: Source of deposit of first time buyers, 1994-95, 2004-05 and 2014-15**



**Base: all first time buyers**

**Note: underlying data are presented in Annex Table 1.7**

**Sources:**

**1994-95 and 2004-05: Survey of English Housing;**

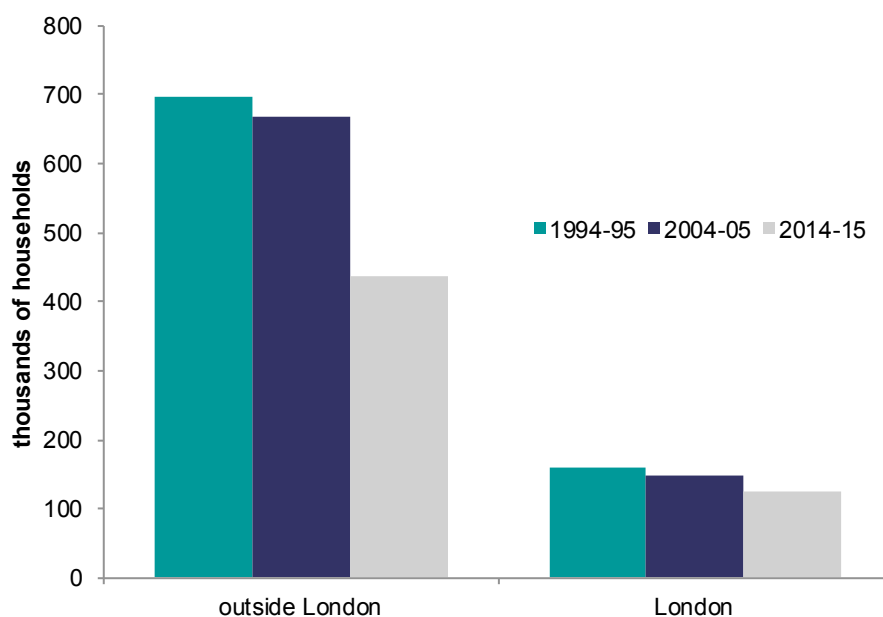
**2014-15: English Housing Survey, full household sample**

1.18 The proportion of first time buyers using their savings to fund the purchase of their first home increased from 71% in 1994-95 to 83% in 2014-15. Similarly, there was an increase in the proportion of first time buyers that had help from friends and family (from 21% to 27%) and those that used inherited money (from 3% to 10%).

## Location of first time buyers' homes

1.19 In 2014-15, the majority of first time buyers were outside London (78%) with 22% of first time buyers in London. Although the number of first time buyers decreased nationally since 1994-95, there was no change in the proportion of first time buyers in London or outside London, Figure 1.8. Most first time buyers (87%) purchased their home in a large urban town<sup>14</sup>. This has not changed since 2004-05 (89%), Annex Table 1.8.

**Figure 1.8: Number of first time buyers in London and outside London, 1994-95, 2004-05 and 2014-15**



**Base:** all first time buyers

**Note:** underlying data are presented in Annex Table 1.8

**Sources:**

1994-95 and 2004-05: Survey of English Housing;

2014-15: English Housing Survey, full household sample

<sup>14</sup> A large urban town is defined as one with a population greater than 10,000 people, see Technical notes and glossary.

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## Chapter 2

# Entry to home ownership

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- 2.1 This chapter discusses renting households' expectation of home ownership and shared ownership. It details renters' expectation to buy and how this has changed over time, as well as the impact of new schemes on renters' perceived likelihood of purchasing a home. It also explores households considering applying for a mortgage, and whether they completed a mortgage application. The final section looks at the characteristics of households with additional adults who might, in other circumstances, be living in their own home.
- 2.2 It is important for housing policy to understand the types of households that expect to become owner occupiers and the barriers to home ownership. Increasing home ownership is a government priority, and recent years have seen policies intended to make it easier for people to purchase their home<sup>15</sup>. This includes the Right to Buy scheme, which was recently reinvigorated, enabling local authority tenants and some housing association tenants<sup>16</sup> to purchase their home at a discount. Help to Buy products are also available to help private and social renters meeting particular criteria.

### Expectation to buy

- 2.3 This section discusses people's *expectation* to buy a home. This is different to their *aspirations* to do so. All renters were asked whether they expect to buy a home or share of a home in the UK at some point in the future, followed by follow-up questions as to why they did or did not expect to do so. These responses are analysed in conjunction with information such as tenure type, housing history and demographic information to explore which factors are associated with expecting to buy a home.
- 2.4 Private renters were more likely to expect to buy property than social renters. In 2014-15, 57% of private renters (2.3 million households) and 24% of social renters (911,000 households) said that they expected to buy a property at some point in the future, Annex Table 2.1.
- 2.5 Since 2006-07, the proportion of private renters who expect to buy a home has remained relatively consistent; however, there was a decline from 61% in

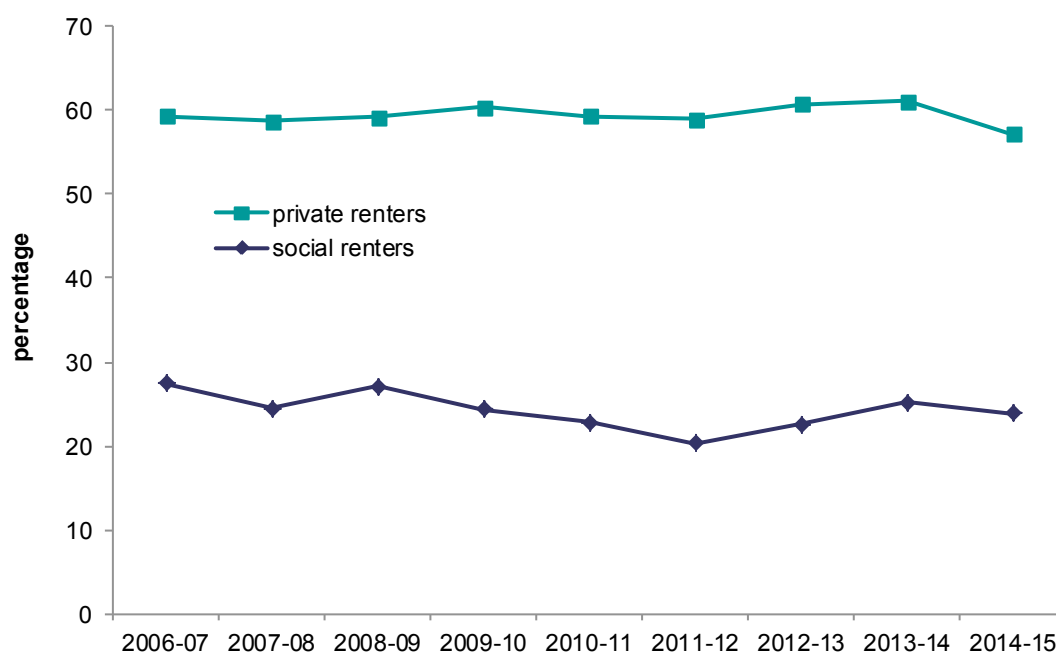
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<sup>15</sup> DCLG Policy: Homebuying. <https://www.gov.uk/government/policies/homebuying>

<sup>16</sup> This currently includes housing association tenants with preserved Right to Buy from Large Scale Voluntary Transfer (LSVT): local authorities transferring ownership of some of their stock to a registered social landlord. Tenants whose homes were transferred in this way retain some of the characteristics of their Local Authority tenancies. The Housing and Planning Act 2016 extended the Right to Buy to housing associations on a voluntary basis, which will be implemented in due course.

2013-14 to 57% in 2014-15. There was no such decline in the proportion of social renters who expected to buy over the latest year, Figure 2.1.

**Figure 2.1: Expectation to buy among all renters, 2006-07 to 2014-15**



**Base:** all renters excluding those who also own a property

**Note:** underlying data are presented in Annex Table 2.1

**Sources:**

2006-07 to 2007-08: Survey of English Housing

2008-09 onwards: English Housing Survey, full household sample

2.6 Of all renters who expected to buy a home, 49% (1.6 million households) didn't expect to buy for at least 5 years. On the whole, private renters expected to buy sooner than social renters. A quarter of private renters who expected to buy expected to do so in less than two years, compared with 11% of social renters, Annex Table 2.2.

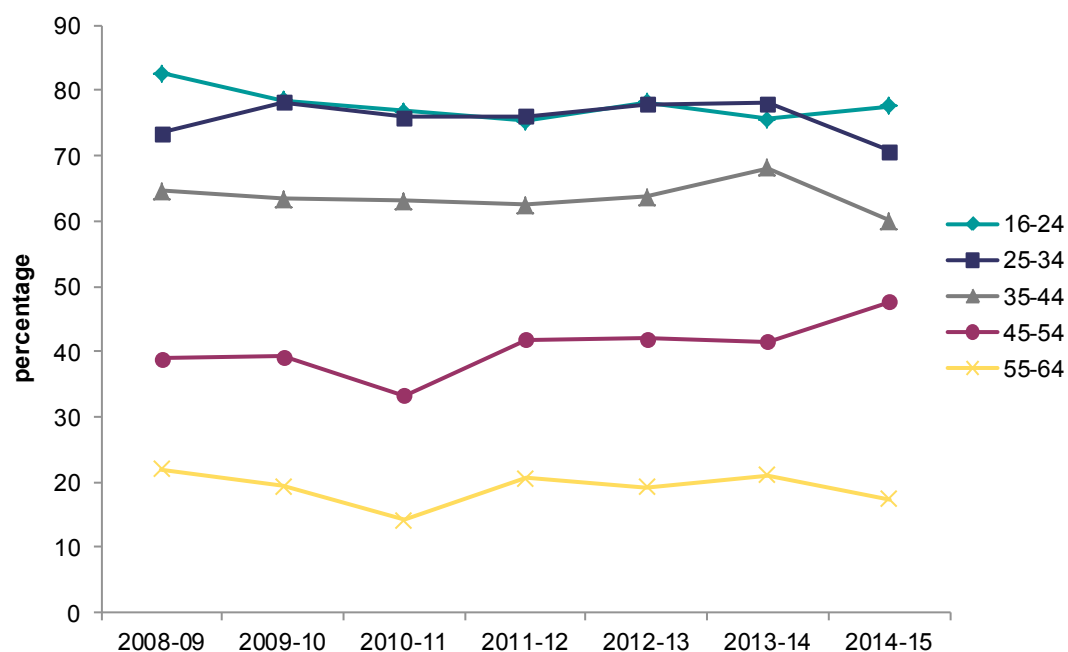
## Age

2.7 Expectation to buy a home varied across age groups, with younger people consistently more likely to expect to buy at some point in the future than older people.

2.8 Expectation to buy for 25-34 year olds in the private rented sector was relatively stable from 2008-09. However, the 71% of 25-34 year olds expecting to buy their own property in 2014-15 signified a decrease from 78% in 2013-14, Figure 2.2. A similar pattern was evident among private renters aged 35-44 years, with a decline from 68% to 60% in the latest year. In the private rented sector, the proportion of 45-54 years olds expecting to buy increased from 33% in 2010-11 to 48% in 2014-15.



**Figure 2.2: Private renters' expectation to buy, by age, 2008-09 to 2014-15**



**Base:** all private renters excluding those who also own a property

**Note:** underlying data are presented in Annex Table 2.3

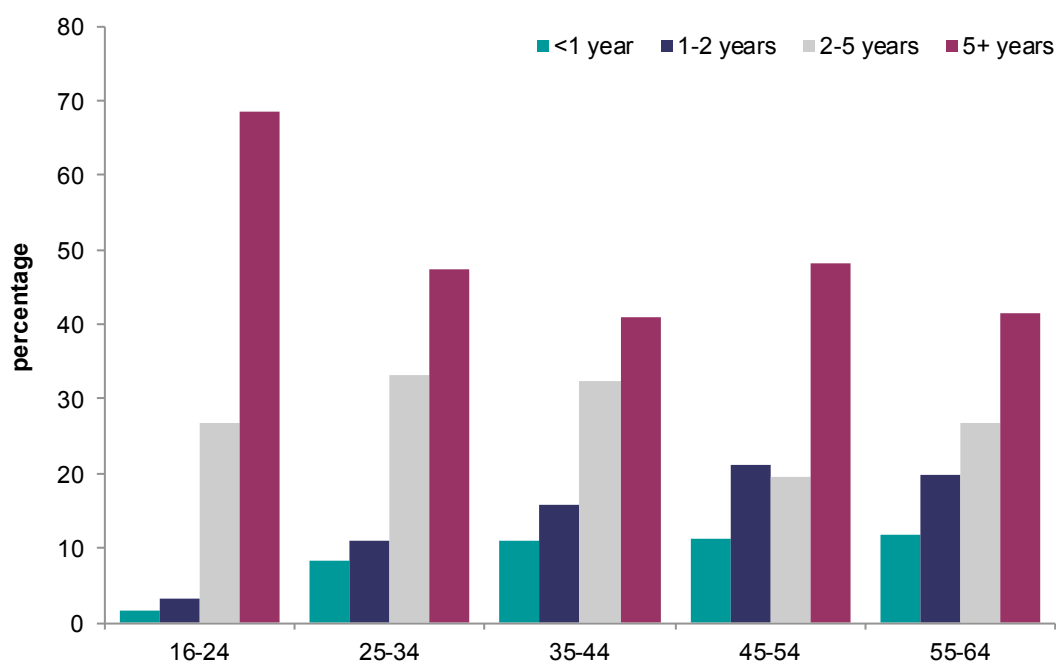
**Source:** English Housing Survey, full household sample

2.9 This might be a reflection of the more general trend that the average age of first time buyers has increased over the past 20 years. Since 1994-95, the proportion of first time buyers aged 35-44 increased from 11% to 20% and for those aged over 45 from 5% to 8%. Over the same period the proportion of first time buyers aged 16-24 declined from 23% to 10%, Figure 1.2.

2.10 Among social renters, the proportion of 45-54 year olds expecting to buy increased from 15% in 2010-11 to 24% in 2014-15. With the reinvigoration of the Right to Buy scheme it may be that older social renters feel more able to take up Right to Buy.

2.11 Of all 25-34 year olds who expected to buy, 47% expected to do so in more than five years' time, Annex Table 2.4. Nearly half (48%) of all 45-54 year olds who expected to buy property, expected to do so in more than five years, Figure 2.3. This is a similar proportion to that in 2010, when 50% of 45-54 year olds expected to buy a home in more than five years' time.

**Figure 2.3: When renters expect to buy, by age, 2014-15**



Base: all renters who expect to buy, excluding those who also own

Note: underlying data are presented in Annex Table 2.4

Source: English Housing Survey, full household

### Impact of Help to Buy scheme

- 2.12 A number of government products aim to help people buy their own home<sup>17</sup>. Of all private renters, 23% said they felt the Help to Buy scheme made it more likely for them to buy a property. While 73% said it made no difference and 4% less likely to buy, Annex Table 2.5.
- 2.13 Of all private renters who said they expected to buy a home, 35% said the Help to Buy scheme made it more likely for them to buy. Of social renters who expected to buy a home, 36% said that the Help to Buy scheme would make them more likely to be able to buy. There was no significant difference between social and private renters who already expected to buy a home as to whether the Help to Buy scheme made a difference to their buying aspirations, Annex Table 2.6.

### Economic status and income

- 2.14 While full and part-time employed renters remained relatively consistent in terms of their expectation to buy a home, there was a decrease in the proportion of unemployed people expecting to buy. In 2010-11, 46% of

<sup>17</sup> The Help to Buy scheme includes several products: Help to Buy Equity loan, Help to Buy Mortgage guarantee, London Help to Buy, Help to Buy ISA, Shared ownership, <https://www.helptobuy.gov.uk/> Only the equity loan and mortgage guarantee products had been launched when fieldwork carried out between April 2014 and March 2015. DCLG publishes other statistical information on the Help to Buy schemes: <https://www.gov.uk/government/statistical-data-sets/help-to-buy-equity-loan-scheme-quarterly-statistics>

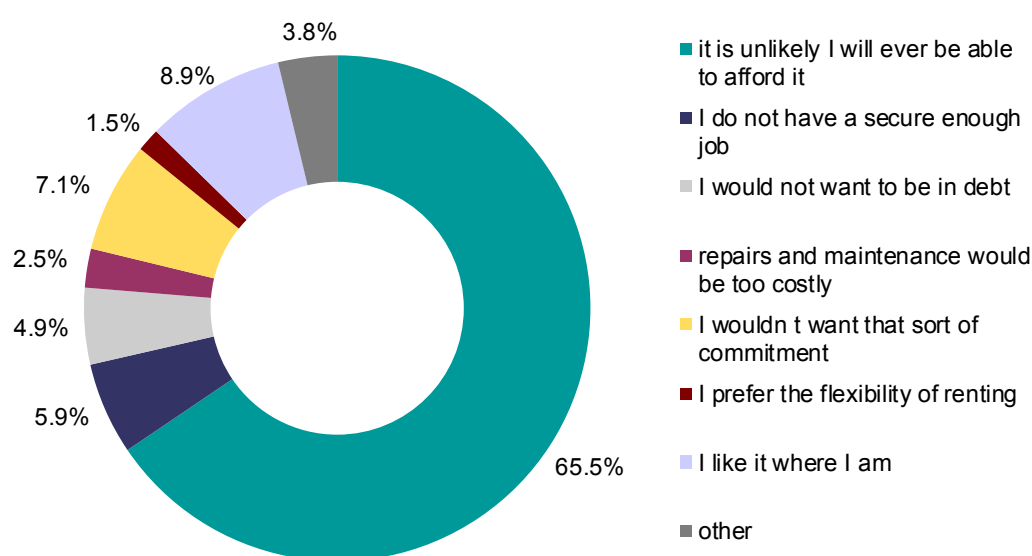
unemployed renters said they expected to buy, compared with 39% in 2013-14, and then 33% in 2014-15, Annex Table 2.7.

2.15 Those who did not expect to buy a home were more likely to be in the lower income quintiles. In 2014-15, 46% of renters who did not expect to buy a home were in the lowest income quintile, and 3% were in the highest income quintile, Annex Table 2.8.

### Reasons renters don't expect to buy a home

2.16 Perceived lack of affordability was the main reason people did not expect to buy a home. Of all renters who did not expect to buy, 66% gave 'it is unlikely I will ever be able to afford it' as their main reason, Figure 2.4. There was no significant difference in the proportion of social and private renters who gave perceived affordability as their main reason for not expecting to buy a home.

**Figure 2.4: Reasons for not expecting to buy a home, 2014-15**



**Base:** all renters who do not expect to buy their own home

**Note:** underlying data are presented in Annex Table 2.9

**Source:** English Housing Survey, full household sample

2.17 Not surprisingly, the majority of renters who felt they were unlikely to be able to afford a home were in the bottom two income quintiles. Of renters who gave affordability as their main reason for not expecting to buy a home, 46% were in the lowest quintile and 30% in the second lowest quintile, Annex Table 2.10.

2.18 A minority of renting households did not expect to purchase a home because they preferred their circumstances as renters. Of all renting households who did not expect to buy, 9% said they liked it where they were and 1% said they preferred the flexibility of renting. The proportion of all renters who gave such

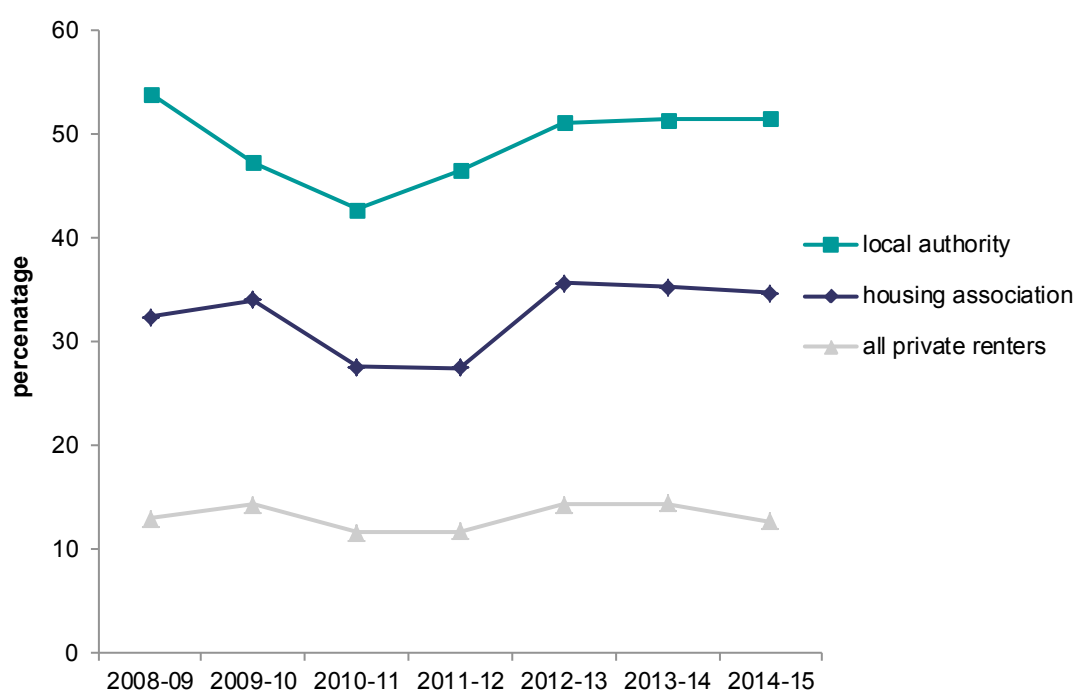
positive reasons for not expecting to buy a home decreased from 15% in 2008-09 to 10% in 2014-15, Annex Table 2.9.

### Expectation to buy current home

2.19 Of social renters who expect to buy a home, 42% (369,000 households) said that they expected to buy their current home. Since 2010-11 the proportion of social renters who expect to buy their current home increased from 35% to 42%. Local authority tenants were more likely to expect to buy their current home than housing association tenants – 52% of local authority and 35% housing association tenants expected to buy their current home, Figure 2.5.

2.20 This is perhaps due to the fact that the Right to Buy scheme is principally available to local authority renters (housing association tenants with preserved Right to Buy from LSVT are also entitled to the Right to Buy scheme). The Right to Buy scheme allows local authority tenants to buy their home at a discount. As the Right to Buy scheme is extended to include housing association tenants we may expect to see a further increase in the overall proportion of social tenants who expect to buy their current home in future waves of the English Housing Survey.

**Figure 2.5: Expectation to buy current home, by tenure, 2008-09 to 2014-15**



**Base:** all renters who expect to buy, excluding those who also own

**Note:** underlying data are presented in Annex Table 2.11

**Source:** English Housing Survey, full household sample

2.21 Social renting households who expected to buy their current home were more likely to have lived at their current property for more than five years than for shorter periods of time. Of those social renters who expected to buy their own

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home, 56% had lived at their current accommodation for more than five years. This was not the case for private renters. Of all private renters who expected to buy their own home, 79% had been resident there for less than five years, Annex Table 2.12.

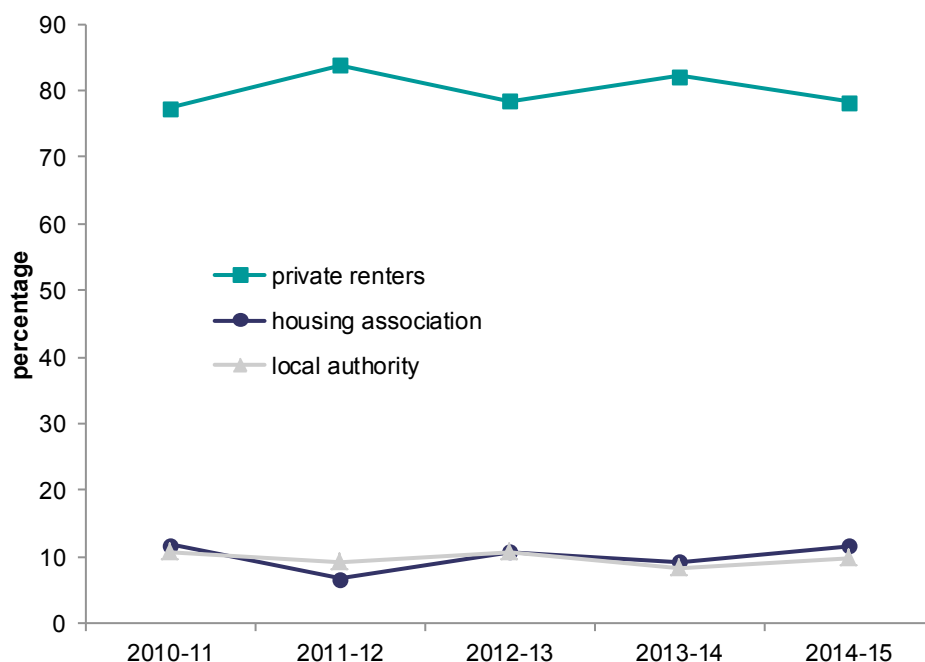
### **Household characteristics**

- 2.22 Couples with dependent children were more likely to expect to buy a home than other household types. In 2014-15, of all renting households who expected to buy a home in the future, 28% of these were couples with dependent children. The next most likely household types to expect to buy were couples with no children (19%) and single person households (18%).
- 2.23 Couples with independent children have consistently been the least likely to expect to buy a home. This may be a reflection of the fact that households with independent children are also typically older households. In 2014-15, 3% of households expecting to buy a home were couples with independent children, Annex Table 2.13.

### **Mortgage applications**

- 2.24 All renters were asked if they had ever considered applying for a mortgage to buy a property as their main home and the outcome of any applications. In 2014-15, 10% of all social and private renters considered applying for a mortgage, a slight increase from 2010-11 (8%), Annex Table 2.14.
- 2.25 The majority of households that considered applying for a mortgage were private renters (78%), over six times the proportion of social housing renters (12%) or local authority renters (10%). Between 2010-11 and 2014-15 there has been very little change in the distribution of renters that considered applying for a mortgage, Figure 2.6.

**Figure 2.6: Renters that considered applying for a mortgage, by tenure, 2010-11 to 2014-15**



Base: all renter households that considered applying for a mortgage

Note: underlying data are presented in Annex Table 2.15

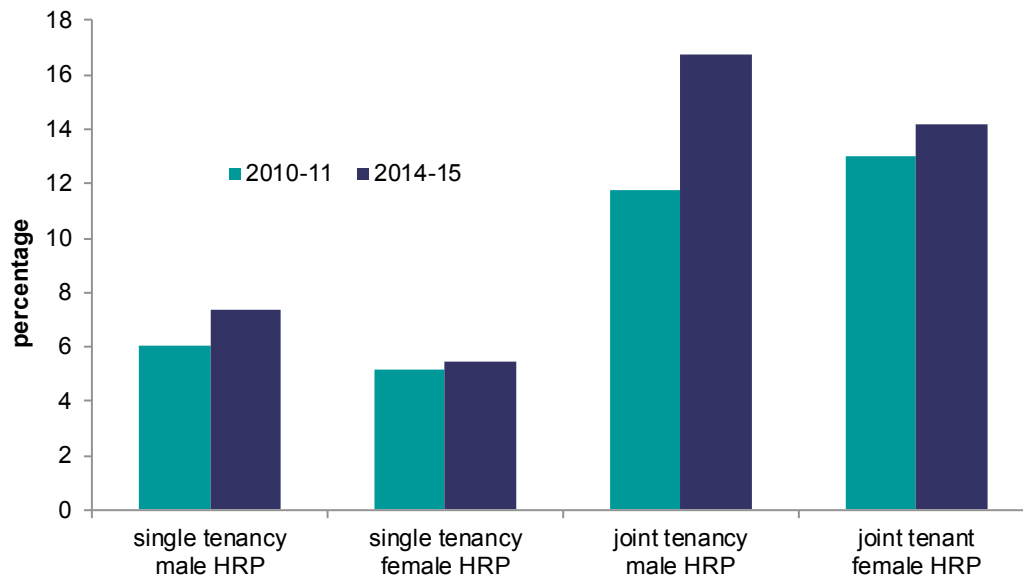
Source: English Housing Survey, full household sample

## Household characteristics

2.26 In 2014-15, nearly half of households that considered applying for a mortgage were aged 25-34 (45%) and nearly a third were aged 35-44 (31%), similar to in 2010-11, Annex Table 2.16. There was an increase in couples with dependent children considering applying for a mortgage from 25% in 2010-11 to 36% in 2014-15. Over this time, there was also a reduction in single households from 24% to 16%.

2.27 Since 2010-11, the proportion of joint tenancy male HRP households that considered applying for a mortgage increased (from 12% compared with 17%), while the other categories have remained broadly similar in this same period, Figure 2.7. However, joint tenants with a male (17%) or female HRP (14%) were equally likely to have considered applying for a mortgage in 2014-15.

**Figure 2.7: Renters that considered applying for a mortgage, by sex of HRP, 2010-11 and 2014-15**



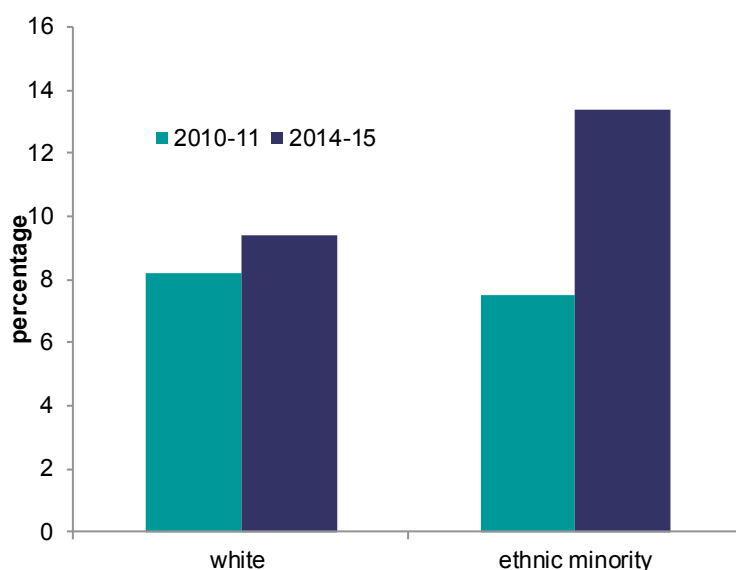
**Base:** all renter households that considered applying for a mortgage

**Note:** underlying data are presented in Annex Table 2.17

**Source:** English Housing Survey, full household sample

2.28 Among all renters, a higher proportion of ethnic minority HRP households (13%) had considered applying for mortgage compared with households with white HRPs (9%) in 2014-15. Since 2010-11, the proportion of households with an ethnic minority HRP that considered applying for a mortgage increased (from 8% to 13%), but there was a less notable rise in proportion for households with a white HRP over the same period (8% to 9%), Figure 2.8.

**Figure 2.8: Renters that considered applying for a mortgage, by ethnicity, 2010-11 and 2014-15**



**Base:** all renter households that considered applying for a mortgage

**Note:** underlying data are presented in Annex Table 2.17

**Source:** English Housing Survey, full household sample

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## Location

2.29 In 2014-15, renters in London (12%) were more likely to be considering applying for mortgage than those living outside London (9%). Between 2010-11 and 2014-15, the proportion of renters outside London that considered applying for a mortgage increased from 7% to 9%, while the proportion in London remained similar, Figure 2.9.

**Figure 2.9: Renters that considered applying for a mortgage, by location, 2010-11 and 2014-15**



Base: all renter households that considered applying for a mortgage

Note: underlying data are presented in Annex Table 2.17

Source: English Housing Survey, full household sample

## Completed mortgage applications

2.30 In 2014-15, 27% of households that considered applying for a mortgage proceeded to make a mortgage application, unchanged from 2010-11, Annex Table 2.18.

2.31 The majority of those households that applied for a mortgage were given their mortgage (80%), while 20% were refused<sup>18</sup>. The proportion of households that were refused had dropped since 2010-11(36%), Annex Table 2.19.

2.32 Some 73% of households that considered applying for a mortgage did not apply; this proportion was similar across each tenure. There was no difference in the proportion of white HRP or ethnic minority HRPs deciding not to apply. All households where the HRP was aged 16-34 (78%) were less likely to proceed with an application compared with households aged 35-44 (66%), Annex Table 2.18.

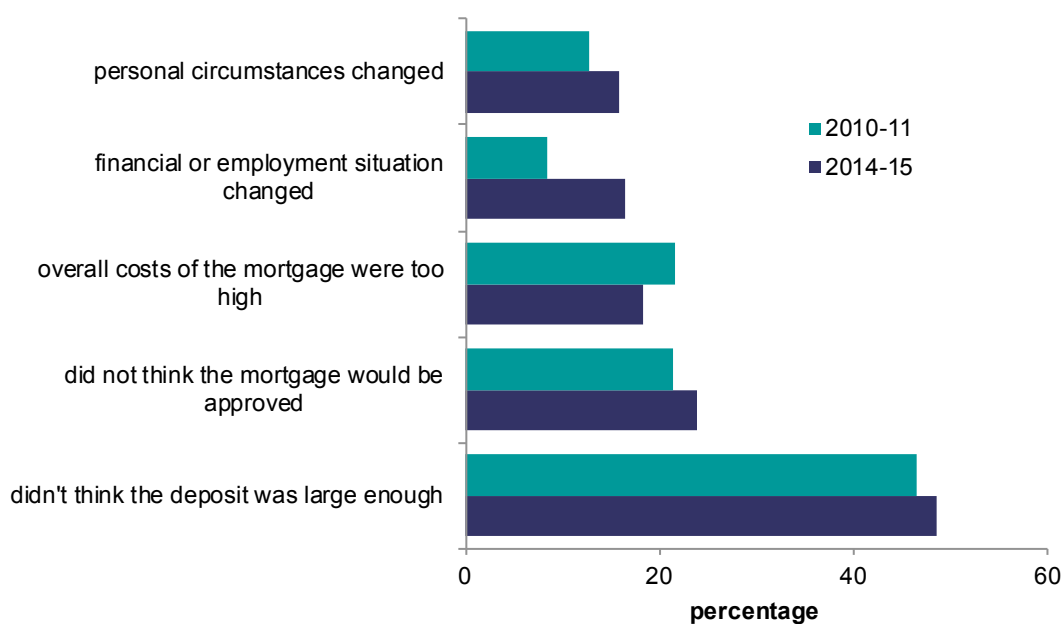
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<sup>18</sup> There were insufficient cases to explore the reason why the mortgage was refused.



- 2.33 All renters that considered applying for a mortgage but did not proceed were asked for the reasons for this decision<sup>19</sup>. Multiple responses were allowed. Nearly half of these households (49%) indicated that they did not think their deposit was large enough; while 24% thought their application would not be approved, Annex Table 2.20.
- 2.34 Other common reasons given for not applying for a mortgage were that the overall costs of the mortgage would be too high (18%), or there had been a changes in financial circumstances (16%) or personal circumstances (16%). These findings had not changed greatly from 2010-11, Figure 2.10.

**Figure 2.10: Reason for not applying for a mortgage, 2010-11 and 2014-15**



**Base:** all households that considered applying for a mortgage, but did not apply

**Notes:**

1) underlying data are presented in Annex Table 2.20

2) multiple responses allowed

**Source:** English Housing Survey, full household sample

## Additional adults in the household

### Reasons for living in current accommodation

- 2.35 The EHS asked about all the additional adults in the household who might in other circumstances be living in their own home<sup>20</sup> as to why they were living in their current accommodation. They were given several response options and

<sup>19</sup> Only the top five response categories have been reported on due to the small sample sizes of the other categories: discouraged by bank/lender, decided property price might fall further, decided interest rates might fall further, application process was too complicated, changed mind about buying and other responses.

<sup>20</sup> These can be independent children including step children and foster children over the age of 16. Also independent relatives aged 16 and over and non-relations that are not lodgers aged 16 and over, such as co-tenants and co-owners of the HRP. It excludes parents/step parents or parents-in-law of the HRP and paying lodgers.

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asked for the one that best described their situation, for example: 'Doesn't want their own accommodation' (10%) or, 'Is being cared for by parents' (3%).

- 2.36 Potential buyers fell into two response categories: those that wanted to buy or rent but could not afford to at the moment<sup>21</sup> and those that expected to find something soon<sup>22</sup>. This section will focus on the profile of those additional adults in the home who responded they wanted to buy or rent but could not afford to at the moment, Annex Table 2.21.
- 2.37 In 2014-15, 1.5 million households (6%) in England had one or more adults that would like to buy or rent their own home but could not afford to at the moment. Only 1% of households had one or more adults in the household looking to buy or rent something and expected to find something affordable soon. These findings were similar in 2010-11.
- 2.38 Of those 6% of households with additional adults in the household that could not afford to buy or rent at the moment, 78% contained just one additional adult whilst 22% had two or more additional adults. This finding was similar in 2010-11 (81% and 19% respectively), Annex Table 2.22.

### **Household characteristics**

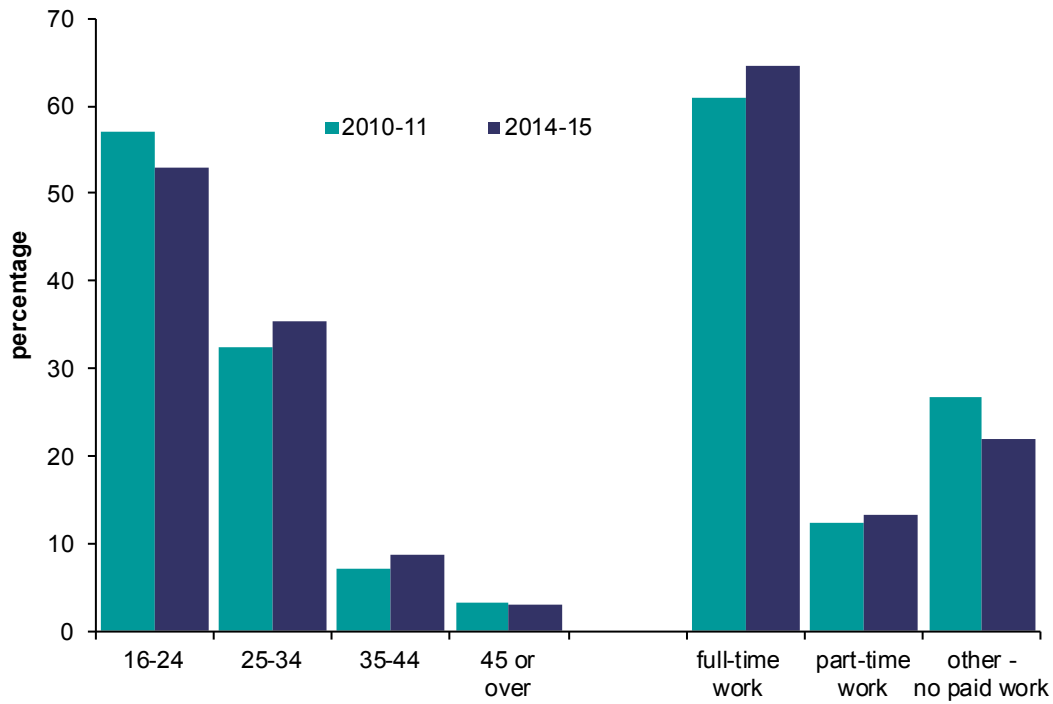
- 2.39 The additional adults in the household that would like to buy or rent their own home but could not afford to at the moment were most likely to be living in households consisting of a couple with independent children (43%). The age of the HRP for the majority of these household was aged 45-54 (37%) or 55-64 (29%). The tenure profile of the HRP for these households was 65% owner occupiers, with 16% private renters and 19% in the social renters. These findings were similar in 2010-11.
- 2.40 Of those households where there was just one additional person looking to buy or rent but could not afford to, 53% were aged under 24 years old and 35% were aged 25-34 years old. The majority of these people were working full-time (65%) with a further 13% working part-time. Both these findings were similar in 2010-11, Figure 2.11.

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<sup>21</sup> Additional adults that want to either 'buy' rather than 'rent' cannot be distinguished.

<sup>22</sup> These additional adults were not necessarily first time buyers or renters, but could be additional adults staying with family or friends whilst in between properties.

**Figure 2.11: Additional adults that could not afford to buy or rent, by age and employment status, 2010-11 and 2014-15**



**Base:** all households with one additional adult that was looking to buy or rent but could not afford to

**Note:** underlying data are presented in Annex Table 2.23

**Source:** English Housing Survey, full household sample

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# Technical notes and glossary

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## Technical notes

1. Results are presented for '2014-15' and are based on fieldwork carried out between April 2014 and March 2015 on a sample of 13,174 households. Throughout the report, this is referred to as the 'full household sample'.
2. Where the numbers of cases in the sample are too small for any inference to be drawn about the national picture, the cell contents are replaced with a "u". This happens where the cell count is less than 5. When percentages are based on a row or column total with unweighted total sample size of less than 30, the figures are italicised. Figures in italics are therefore based on a small sample size and should be treated as indicative only.
3. Where comparative statements have been made in the text, these have been significance tested to a 95% confidence level. This means we are 95% confident that the statements we are making are true.
4. Additional annex tables, including the data underlying the figures and charts, are published on the website: <https://www.gov.uk/government/organisations/department-for-communities-and-local-government/series/english-housing-survey> alongside many supplementary tables, which are updated each year (in the summer) but are too numerous to include in our reports. Further information on the technical details of the survey, and information and past reports on the Survey of English Housing and the English House Condition Survey, can also be accessed via this link.

## Glossary

**Dependent children:** Any person aged 0 to 15 in a household (whether or not in a family) or a person aged 16 to 18 in full-time education and living in a family with his or her parent(s) or grandparent(s). It does not include any people aged 16 to 18 who have a spouse, partner or child living in the household.

**Economic status:** Respondents self-report their situation and can give more than one answer.

- **working full-time/part-time:** full-time work is defined as 30 or more hours per week. Part-time work is fewer than 30 hours per week. Where more than one answer is given, 'working' takes priority over other categories (with the exception that all those over State Pension Age (SPA) who regard themselves as retired are classified as such, regardless of what other answers they give).

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- **unemployed:** this category covers people who were registered unemployed or not registered unemployed but seeking work.
  - **retired:** this category includes all those over the state pension age who reported being retired as well as some other activity. For men the SPA is 65 and for women it is 60 if they were born before 6th April 1950. For women born on or after the 6th April 1950, the state pension age has increased incrementally since April 2010<sup>23</sup>.
  - **full-time education:** education undertaken in pursuit of a course, where an average of more than 12 hours per week is spent during term time.
  - **other inactive:** all others; they include people who were permanently sick or disabled, those looking after the family or home and any other activity.

On occasions, **full-time education** and **other inactive** are combined and described as **other economically inactive**.

**Ethnicity:** Classification according to respondents' own perceived ethnic group. **Ethnic minority background** is used throughout the report to refer to those respondents who do not identify as white.

**First time buyer:** First time buyers are defined as households that have purchased a property that is their main home in the last three years and have not previously owned a property.

**Gross annual income:** The annual income of the household reference person and (any) partner. This includes income from private sources (regular employment, self-employment, government schemes, occupational pensions, private pensions and other private income), state benefits/allowances and tax credits, as collected on the EHS (this includes housing benefit/Local Housing Allowance but excludes council tax benefit and Support for Mortgage Interest) and interest from savings. It is a gross measure i.e. income before Income Tax or National Insurance deductions.

**Household:** One person or a group of people (not necessarily related) who have the accommodation as their only or main residence, and (for a group) share cooking facilities and share a living room or sitting room or dining area.

The EHS definition of household is slightly different from the definition used in the 2011 Census. Unlike the EHS, the 2011 Census did not limit household membership to people who had the accommodation as their only or main residence. The EHS included that restriction because it asks respondents about their second homes, the unit of data collection on the EHS, therefore, needs to include only those people who have the accommodation as their only or main residence.

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<sup>23</sup> For further information see: [www.gov.uk/browse/working/state-pension](http://www.gov.uk/browse/working/state-pension)

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**Household reference person (HRP):** The person in whose name the dwelling is owned or rented or who is otherwise responsible for the accommodation. In the case of joint owners and tenants, the person with the highest income is taken as the HRP. Where incomes are equal, the older is taken as the HRP. This procedure increases the likelihood that the HRP better characterises the household's social and economic position. The EHS definition of HRP is not consistent with the Census 2011, in which the HRP is chosen on basis of their economic activity. Where economic activity is the same, the older is taken as HRP, or if they are the same age, HRP is the first listed on the questionnaire.

**Household type:** The main classification of household type uses the following categories, some categories may be split or combined in different tables:

- **couple no dependent child(ren)** married/cohabiting couple with no dependent children or with independent child(ren) only.
  - **couple, no children**
  - **couple, independent child(ren) only**
- **couple with dependent child(ren)** married/cohabiting couple with dependent child(ren) – may also include independent child(ren).
- **lone parent with dependent child(ren)** lone parent family (one parent with dependent child(ren) – may also include independent child(ren).
- **other multi-person households:**
  - **lone parent, independent child(ren) only**
  - **other type of household** (includes flat sharers and households containing more than one couple or lone parent family)
- **one person:**
  - **one person aged under 60**
  - **one person aged 60 or over**

The married/cohabiting couple and lone parent household types (the first three categories above) may include one-person family units in addition to the couple/lone parent family.

**Income quintiles:** All households are divided into five equal groups based on their income (i.e. those in the bottom 20%, the next 20% and so on). These groups are known as quintiles. These can be used to compare income levels of particular groups to the overall population.

**Large Scale Voluntary Transfer:** A Large Scale Voluntary Transfer is the voluntary transfer of ownership of all or some of a local authority's tenanted and leasehold

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homes to a private registered housing provider, registered by the Social Housing Regulator, in return for a payment for the value of that stock.

**Independent children:** any person aged over 18 or those aged 16-18 who are not in full-time education living in a family with his or her parent(s) or grandparent(s). Independent children may also be referred to as non-dependent children.

**Right to Buy scheme:** The Right to Buy scheme gives secure tenants in a local authority home the opportunity to buy their home at a discount. In order to qualify for the scheme a social tenant must have lived for a total of at least five years in a public sector tenancy.

The scheme is also available to assured tenants of non-charitable housing associations who have transferred with their homes from a local authority as part of a stock transfer. In this case the tenants is said to have a 'preserved Right to Buy'.

The Government has plans to extend Right to Buy to housing association tenants and are currently running a Voluntary Right to Buy pilot scheme amongst a small number of housing associations.

## Key differences between EHS and SEH data

**Household Reference Person:** From April 2001 the SEH, in common with other Government surveys, replaced the traditional concept of the "head of the household" (HOH) by "household reference person" (HRP). The HRP is defined as the "householder" (that is the person in whose name the accommodation is owned or rented). For joint householders (joint owners or joint tenants), the HRP is whoever has the highest income. If incomes are the same, the older person is defined as the HRP. Thus the HRP definition, unlike the old HOH definition, no longer gives automatic priority to male partners. The switch from HOH to HRP resulted in a lower proportion of male 'Heads'. For this reason, all figures based on the HRP (former HOH) for 1994-95 should be viewed with consideration when comparing them to 2004-05 and 2014-15.

**Household type:** The SEH household type variables are derived based on the eldest person in the household and this is different from the EHS household types variables which are derived based on the HRP. In most households this will not affect the final household type derivation and the SEH 1994-95 and SEH 2004-05 used in this report will be comparable to the EHS 2014-15. This different approach will only be an issue if there is more than one family unit in the household, but even in most of these cases if the eldest family unit is single and there are couples in the household, the household will still be coded as a couple therefore, there will only be a few inconsistencies between the two surveys, see Technical Report, chapter 5 for more details. The EHS 2014-15 household type variable hhtype11 was recoded to match with SEH variable hhcomp in this report.

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**Income:** The SEH collected income data based on the households estimate of their income within a band, respondents provided income in terms of either weekly, monthly or annual amounts. For joint income, responses were converted into a monetary value by taking the mid-point of each income band for the household reference person and partner if applicable. Where there was a missing response, the income variable was left as missing and excluded from the analysis. This was different to the EHS income data that was modelled using actual income values for the HRP and partner and factored in all income including benefits. Missing data is modelled and here are no missing income values (see Technical Report, chapter 5 for more details). In this report, SEH income data was used for 1994-95 and 2004-05 and EHS income data was used for 2014-15.



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The United Kingdom Statistics Authority has designated these statistics as National Statistics, in accordance with the Statistics and Registration Service Act 2007 and Signifying compliance with the Code of Practice for Official Statistics.

Designation can be broadly interpreted to mean that the statistics:

- meet identified user needs;
- are well explained and readily accessible;
- are produced according to sound methods, and
- are managed impartially and objectively in the public interest.

Once statistics have been designated as National Statistics it is a statutory requirement that the Code of Practice shall continue to be observed.

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Department for Communities and Local Government  
Fry Building  
2 Marsham Street  
London  
SW1P 4DF  
Telephone: 030 3444 0000  
Email: [ehs@communities.gsi.gov.uk](mailto:ehs@communities.gsi.gov.uk)

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July 2016

ISBN: 978-1-4098-4872-1