



## **INTRODUCING BUY AS YOU GO**

For far too many life is much harder than it should be. Faced with high housing costs and a rising cost of living, millions of British families are just about managing. Many are priced out of home ownership, struggling to get by without the stability that a decent home brings.

Everyone in the country deserves a quality home that they can afford and housing associations are ready to step up to that challenge. We have always provided homes for ordinary working people, including houses for affordable rent and shared ownership, and we want to do more. That's why we're developing an innovative new route to home ownership for those who find themselves just managing: Buy as you Go.

Buy as you Go could make a real difference to the lives of hundreds of thousands of families.

We know how hard it is to save up for a mortgage deposit.

**With Buy as you Go you wouldn't need one.**

We know rent takes up a huge amount of your salary.

**With Buy as you Go you'd pay less rent and still build up equity in your home from day one.**

We know how hard it is to get a mortgage when you're in unstable work.

**With Buy as you Go, you wouldn't need one and would still be able buy your home outright in 25 years.**

What do housing associations need to deliver this? Flexibility. This isn't about new money – though more investment would allow us to provide even more of these sorts of homes. It's about using the billions of pounds the Government has already put aside for housebuilding in a more flexible way. So rather than focusing on one tenure, housing associations should be able to build homes tailored to the needs of the communities they serve.

It's that simple. Flexibility will foster innovation. And with that freedom we could deliver an offer like Buy as you Go and countless other innovative housing solutions.

## WHY THIS IS NEEDED

There are many people in Britain who are in work but struggling on their present income. We have conducted research which shows that housing is a top three issue for this group. However, compared to those who aren't struggling, three times as many of them want to see the Government take action on housing.

They not only want financial help for first-time buyers, but also investment to support housing associations build the homes the country needs. This is unsurprising as, for many of them, their current housing offer is characterised by:



### A LACK OF AFFORDABILITY

With high and rising rents and house prices.



### A LACK OF CERTAINTY

With short tenancies and unpredictable rent increases.



### NO ROUTE INTO HOME OWNERSHIP

With high costs making it difficult to save for a mortgage deposit.

Buy as you Go is targeted squarely at these families – specifically, the 1.4 million households who are getting by on salaries below the national average in the less stable private rented sector.



### 1.4 MILLION HOUSEHOLDS



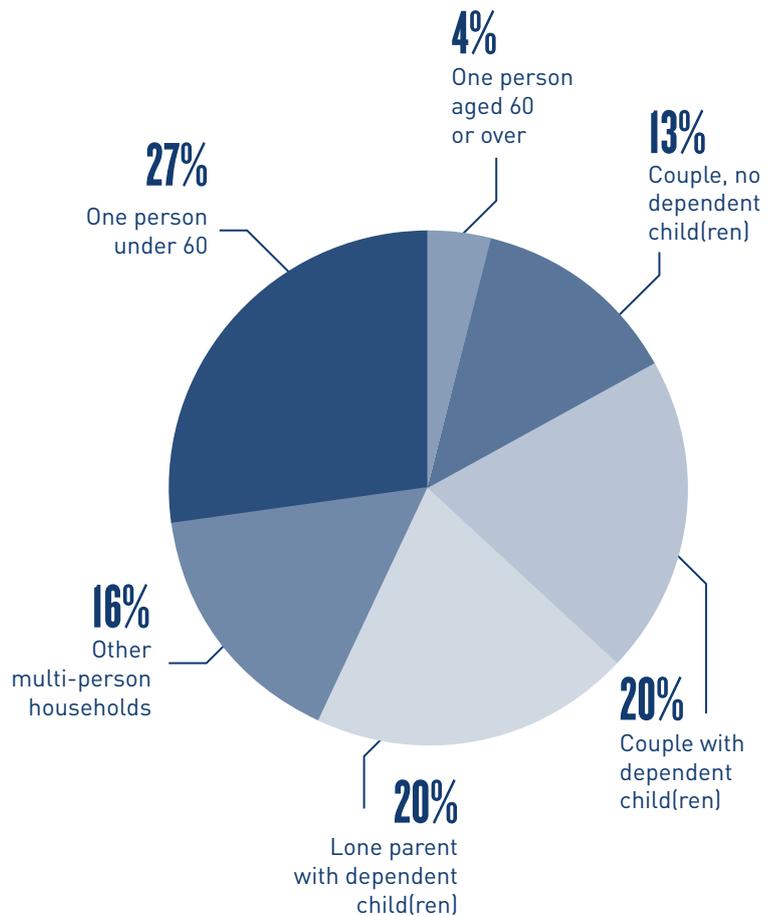
### LESS THAN AVERAGE INCOME



### LIVE IN PRIVATE RENTED HOUSING

## WHO ARE JUST MANAGING?

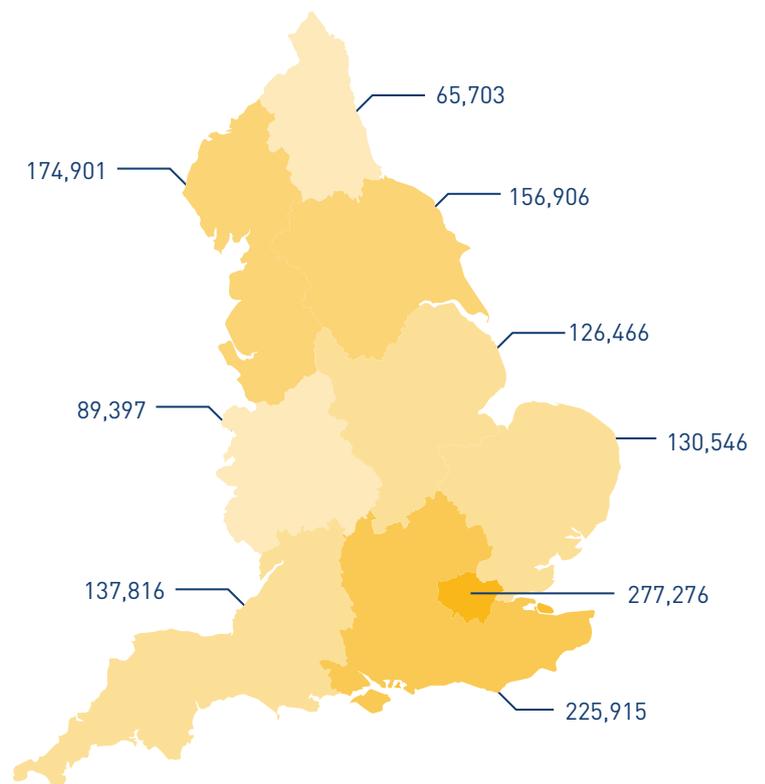
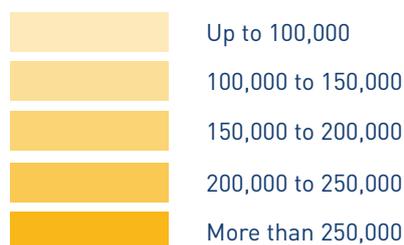
Four in ten of these households have children. But there is great diversity among this group, with one in four of them single households under the age of 60.



## WHERE DO THEY LIVE?

While there is a high concentration of people who are just managing in London and the South East, there are tens of thousands right across England.

### Number of households that are just managing



# **SEEDS OF INNOVATION: BUILDING ON HOUSING ASSOCIATIONS' GROUNDBREAKING WORK**

As well as helping those in greatest need, housing associations have long provided homes for low and middle income families who are in work but struggling. Buy as you Go builds on this hundred-year heritage of helping ordinary working people access quality rented homes and get on the housing ladder.

## **RENT TO BUY WITH RENTPLUS – SOUTH WEST**

Tamar Housing Society has partnered with RentPlus to deliver an updated rent to buy product. Tenants are offered five-year renewable tenancy agreements, paying rent equivalent to 80% of local market rent, with no maintenance responsibilities. After 5, 10, 15 or 20 years, the occupier will be invited to purchase their property. While there is no obligation to purchase, those who do will receive a gifted deposit of 10% of the property's market value.

## **SHARED OWNERSHIP PLUS – SOUTH EAST**

Thames Valley Housing has introduced 'shared ownership plus', where shared owners can agree to a higher monthly rent which goes towards purchasing an additional 1% equity a year. The purchase price for shares is based on the valuation of the property when it was bought, plus an annual fixed price increase of 3%. Customers can stay with this approach for 15 years and opt out whenever they like.

## **GRADUATED OWNERSHIP – NORTH EAST**

Home Group has launched 'graduated ownership' to help its existing tenants who aspire to own a home. Tenants will be encouraged to take out a Help to Buy ISA and match the Government's contribution to this. Once tenants start saving, Home Group will freeze the sales value of their property for five years and will reduce rents, in return for the tenant taking on repairs and maintenance responsibilities.

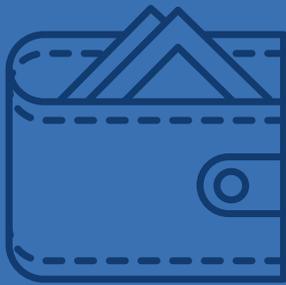
## **DYNAMIC TENURE – NORTH WEST**

Two Castles Housing Association has developed a 'dynamic tenure' model, which will allow people to buy a property without a deposit and a mortgage. By paying a small premium over the equivalent market rent, the customer would gradually acquire equity in their property, along a similar profile to mortgage payments until, after 25 years, they own the property outright.

# **BUY AS YOU GO: A NEW ROUTE TO HOME OWNERSHIP FOR THOSE JUST MANAGING**

With support from the Government, housing associations could build thousands of new homes and make a Buy as you Go offer to families across the country.

Buy as you Go would offer you:



**LOWER MONTHLY PAYMENTS  
THAN MARKET RENT**



**LONG-TERM CERTAINTY  
AND STABILITY**

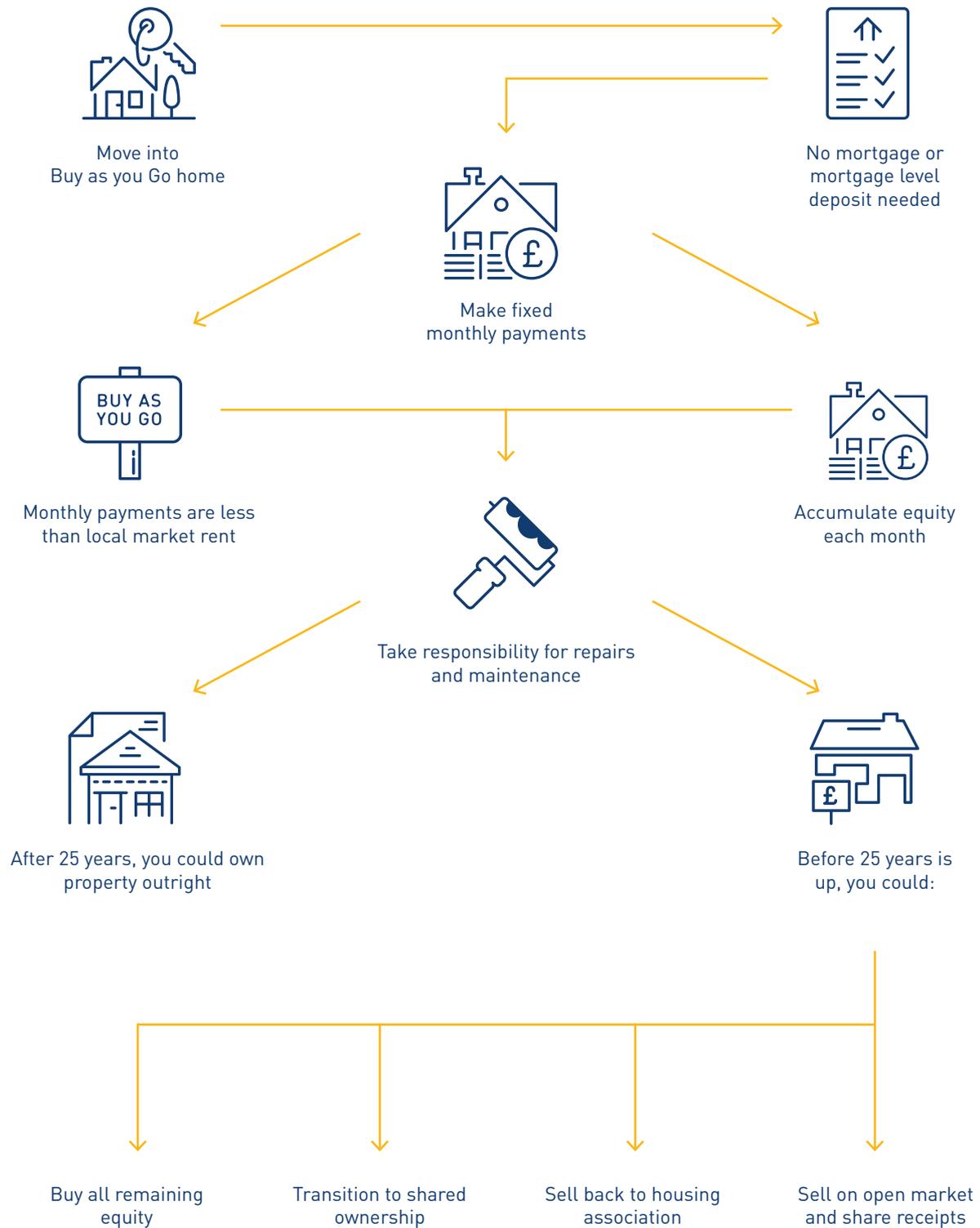


**A ROUTE INTO HOME OWNERSHIP  
WITHOUT A MORTGAGE DEPOSIT  
OR MORTGAGE**



**THE OPPORTUNITY TO BUILD UP EQUITY IN THE  
PROPERTY FROM DAY ONE, WITH THE OPTION OF  
FULL OWNERSHIP IN 25 YEARS**

# HOW WOULD IT WORK?



**LIVING IN**

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**BUY AS**

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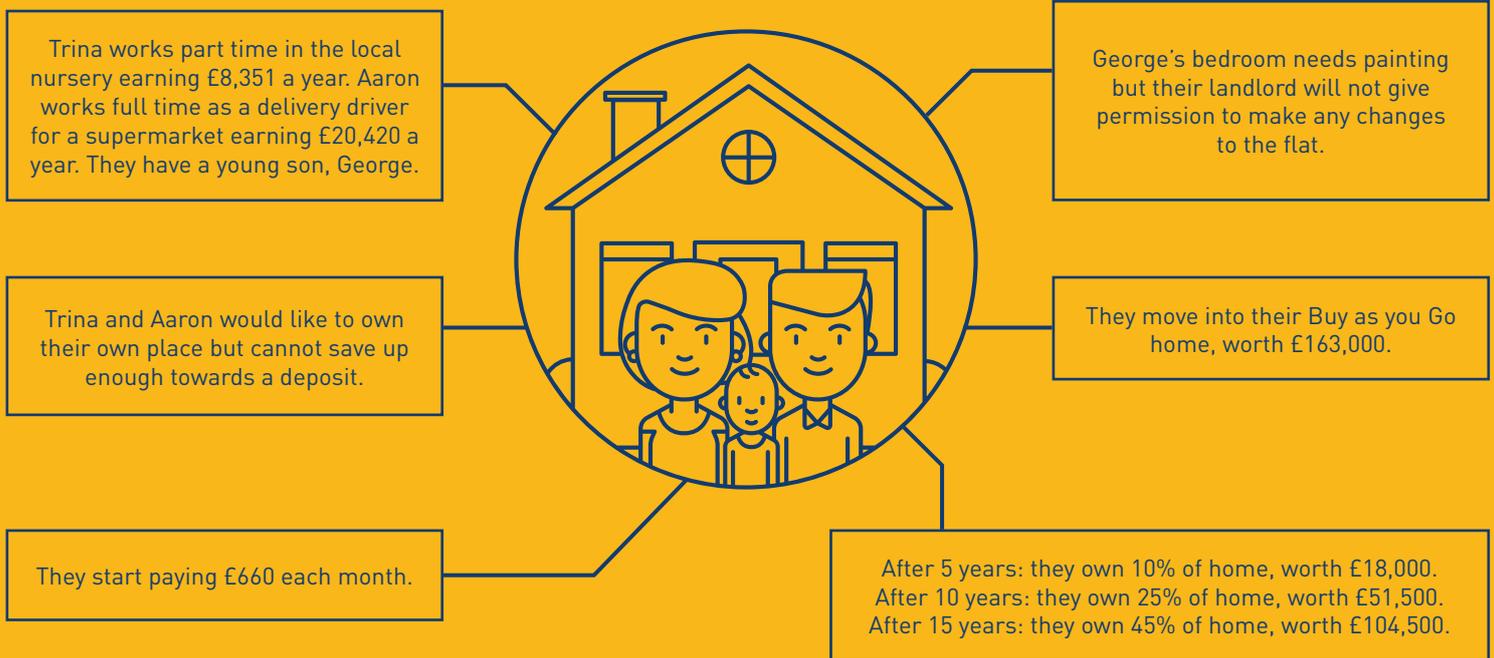
**YOU GO**

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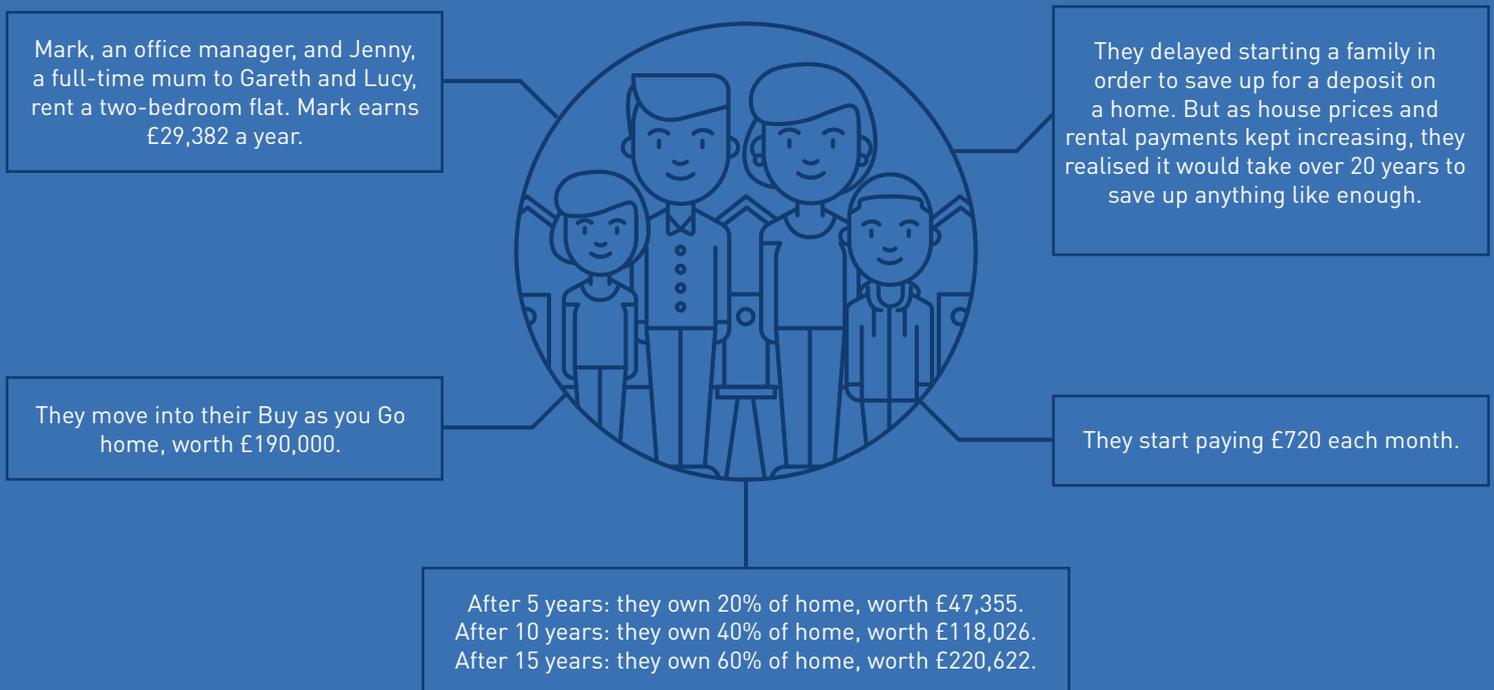


Here are two examples of how Buy as you Go could work for families in different areas.

## TRINA, 28, AARON, 29, AND GEORGE, 2 — LEEDS



## MARK, 42, JENNY, 43, GARETH, 7, AND LUCY, 4 — BASINGSTOKE





# HOUSING ASSOCIATIONS:



# READY TO DELIVER FOR THOSE JUST MANAGING



Housing associations are united by a single purpose – to ensure everyone in the country can live in a quality home that they can afford. For over a hundred years we have delivered on this, whether that’s building low cost homes for Victorian workers or helping young families get on the housing ladder today.



Buy as you Go would build on this heritage, providing a route into home ownership for the 1.4 million low and middle income families who are just managing in the private rented sector. You deserve the stability a decent home brings and we have an offer for you.



Housing associations are ready to play our part and we’re talking to the Government about how it can support us in doing that. Government investment will be critical to make this work. That, coupled with flexibility and political will, could allow hundreds of thousands of Britain’s families to benefit from Buy as you Go over the coming years.



During uncertain times, housing associations are uniquely placed to deliver for you. That’s because we generate income which doesn’t go to shareholders so we can reinvest all our profits in homes and communities. That’s what we have always done. It’s what we will always do.



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[@natfednews](https://twitter.com/natfednews)  
[#buyasyougo](https://www.instagram.com/buyasyougo)

This document sets out our initial scoping of Buy as you Go and is intended for illustrative purposes.

**NATIONAL  
HOUSING  
FEDERATION**