Choice-led Shared Ownership

Exploring the viability of a new model of shared ownership, by Vistry.

Stimulating the market through the delivery of new homes for first-time buyers

Vistry

FOREWORD

For too many people today, homeownership feels further away than ever. A generation of aspiring homeowners is finding itself locked out of the housing market by a combination of rising house prices, increasing deposit requirements and affordability constraints. This is not simply a housing challenge. It is a question of fairness, opportunity and generational inequality. If we are serious about creating a society where hard work and aspiration are rewarded, we must find new ways to help more people take that first step onto the housing ladder.

The need for action is becoming increasingly urgent. As affordability pressures continue to grow, society will rightly demand solutions that provide greater access to homeownership and create opportunities for people who might otherwise never own a home. We cannot afford to accept a future where homeownership becomes the preserve of a shrinking proportion of the population.

This report explores one such solution: Choice-led Shared Ownership. Shared ownership is already a proven and widely understood tenure, helping thousands of people access homeownership. The proposal outlined in this report builds on that foundation, creating a model that is consumer-focused, scalable and capable of being implemented alongside existing shared ownership programmes. It is designed not to replace traditional shared ownership, but to complement it, opening up a new route into the market for those who sit in the "squeezed middle" between affordability products and outright homeownership.

At its heart, this proposal is about choice. We believe customers should have greater influence over the homes they buy and the communities they choose to live in. Giving people more choice can help unlock demand, support housing delivery and create stronger, more sustainable communities. Successful places are built on a mix of tenures, serving different needs and stages of life. To create thriving communities, every tenure must play its part, and Choice-led Shared Ownership is intended to sit alongside existing affordable housing, private sale and rental products as part of that broader place-making vision.

What makes this proposal particularly compelling is that it seeks to minimise the burden on the public purse. The model is designed to attract substantial institutional investment while relying on targeted government intervention through the National Housing Bank to support market creation and crowd in private capital. In a period of fiscal constraint, this creates an opportunity to support homeownership and housing delivery without requiring the level of public subsidy associated with previous interventions.

The conversations that informed this report demonstrated a strong appetite from investors, registered providers, policymakers and industry stakeholders to explore how this idea could be taken forward. The challenge now is to convert that interest into action. Doing so will require collaboration across government, housing providers, institutional investors and housebuilders. The opportunity is significant: more homes delivered, more people supported into homeownership and greater confidence in the housing market overall.

I hope this report contributes positively to the debate and helps stimulate the collaboration needed to turn ambition into delivery. The housing crisis will not be solved by any single policy or tenure. It will require a range of solutions working together. Choice-led Shared Ownership is one of those solutions, and I believe it deserves serious consideration from everyone committed to expanding opportunity, increasing housing supply and creating successful places where people can build their futures.

Stephen Teagle

CEO, Partnerships & Regeneration

Vistry

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EXECUTIVE SUMMARY

Introduction

This executive summary sets out the case for a proposed new choice-led model of shared ownership, designed to stimulate home-building and increase choice for first-time buyers.

Choice-led Shared Ownership offers consumers the opportunity to buy any new build home via a shared ownership arrangement, with minimal public subsidy.

We believe it can play a crucial role in driving up housing supply while offering more people the opportunity to take that step towards homeownership – addressing the dual issues of accessibility and affordability while giving consumers the power to make the decision over which home they would like through a shared ownership arrangement.

As a new iteration of shared ownership, it builds on the understanding and appetite that already exists in the market, while offering an option that is fully integrated alongside other housing tenures, thereby complementing and supporting the existing housing system.

A key point of difference from existing shared ownership schemes currently available is that development costs would be met by private investors and homebuilders, negating the need for substantial public subsidy. This would be made viable through guarantees from the recently launched National Housing Bank.

The analysis and financial modelling outlined in this white paper suggests the model could play a crucial role in driving up housing supply by 30,000 homes a year and offer more people the opportunity to get onto the housing ladder by addressing accessibility, affordability and deposit constraints for more would-be first-time buyers.

This would equate to 150,000 new homes over a five-year period – equivalent to around 10% of the government's target of 1.5 million new homes set in 2024 and demonstrating the model's potential to boost housing delivery at scale.

In short, Choice-led Shared Ownership is implementable and consumer-facing, promotes greater accessibility and affordability for first-time buyers, does not rely on substantial government subsidy, and would make a significant contribution to GDP and housebuilding numbers.

If homebuilders had greater confidence that more first-time buyers could afford their homes, they would build faster, bring forward future phases, and progress their development pipelines at a greater pace.

Momentum is now building. It is crucial that this is seized and converted into real action to support economic growth, boost homebuilding, and help first-time buyers secure high-quality new homes.

A new model of shared ownership

Choice-led Shared Ownership would give eligible first-time buyers the opportunity to buy a new build home of their choice, on shared ownership terms, with an approved long-term institutional investor.

Unlike traditional shared ownership, which is typically limited to designated affordable homes delivered through registered providers, Choice-led Shared Ownership would enable eligible first-time buyers to purchase a qualifying new build home of their choice. The model has a minimum initial share of 60% purchased via a conventional mortgage and rent of 3.5% payable on the investor's share. Both are higher than traditional shared ownership models as this approach serves a different segment of the market, complementing rather than competing with existing shared ownership provision.

Choice-led Shared Ownership is designed to appeal to the "squeezed middle" of aspiring homeowners who are closer to being able to buy on the open market than traditional shared owners but still locked out by deposit requirements and/or lender affordability testing. The model would provide a new route into homeownership for first-time buyers, helping to address challenges such as high deposits and high prices that act as a barrier to many would-be buyers.

Backed primarily by institutional investment and targeted support from the National Housing Bank, it offers a scalable approach that broadens consumer choice while reducing reliance on grant funding.

The homebuyer would benefit from paying rent on the share of their home funded by an investor. We estimate the total cost would be over 10% cheaper than private rent or outright purchase and reduce deposit requirements by around 40%.

The proposed scheme is intended as a sector-wide offering, capable of being implemented by housebuilders of all sizes, including SMEs. By increasing purchaser choice and supporting a broad range of housing providers, it offers a flexible model that aligns with wider housing delivery and policy objectives.

As the programme would rely on funding from institutional investors and guarantees via the recently launched National Housing Bank, the cost of these new shared ownership homes would be met by first-time buyers and private investors without the need for significant public subsidy.

The National Housing Bank could also demonstrate the government's wider commitment to the model and support the development of a functioning market through a very small amount of equity investment. This is proposed to be at 1% of property value, would take the first loss, and - when the customer staircases to full ownership - would be repaid in line with the current value of the home.

The programme would sit alongside traditional registered provider-led and Section 106 shared ownership provision, often on the same development sites, while serving more of the intermediate market.

The properties will be new build homes, built to high quality, with guarantees protecting against expenditure in the early years and low-running costs due to their high levels of energy efficiency. The homes will be predominantly houses, with some low-rise flats, meaning owners will be able to control the timing, quality and specification of future repairs and have lower running costs than in taller, more complex buildings.

Market engagement for the Choice-led Shared Ownership model

This white paper has been commissioned by UK homebuilder Vistry, and produced in consultation with the housing sector, investor community and policy makers.

A series of qualitative interviews with key market participants, carried out between February and April 2026, revealed widespread interest and support for Choice-led Shared Ownership. This white paper outlines the model and captures the insights offered of the market participants we engaged with.

The research finds that to deliver Choice-led Shared Ownership at a scale that meaningfully boosts housing supply, there are clear roles for a range of market participants, including homebuilders, first-time buyers, mortgage lenders, investors, the National Housing Bank, registered providers and UK government.

The report also aims to give due consideration to the experiences and sentiment of shared ownership customers, where there has been extensive media focus and lobbying around leadership reform. At time of writing this is ongoing and will form part of wider engagement plans post report launch.

Top five benefits of Choice-led Shared Ownership:

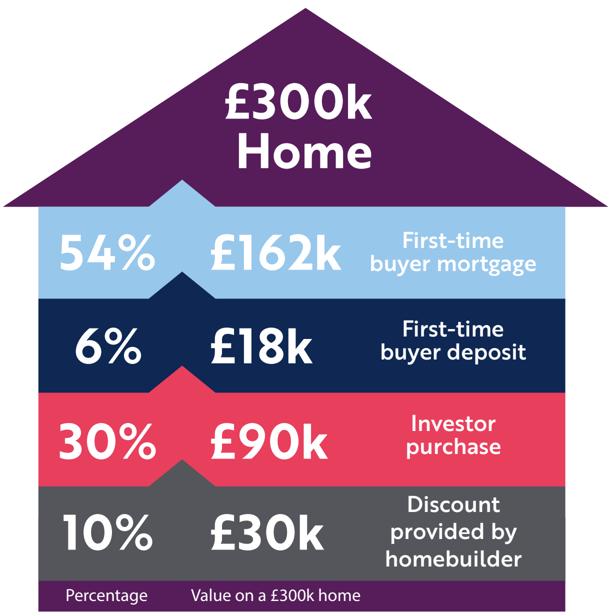
1. Opening the door for first-time buyers whoare locked out of homeownership, improving affordability and giving customers choice for a quality new build home.
2. Accelerating the delivery of new homes to contribute to the government's house building target, therefore easing supply issues with the potential to deliver 150,000 homes over a five-year period, representing 10% of the current UK government's ambition to deliver 1.5 million homes.
3. Development costs funded through institutional capital and backed by guarantees provided via the National Housing Bank, negating the need for significant public subsidy, delivering a £10.5 billion saving to the public purse and acting as an economic lever.
4. Up to 40% reduction on lower deposit requirements, because buyers only need a deposit to cover their share, not the full market value of the property.
5. More certainty over ongoing costs because they rise in line with inflation – as other costs do – improving affordability.

Recommendations (see chapter 6)

1. **Create taskforce** - UK-based homebuilders, representative of size and geography, join forces to convene a Choice-led Shared Ownership Taskforce, including consumer representatives, investors, not-for-profit and for-profit registered providers and supportive advisors, working towards having the programme ready for launch in 2026.
2. **Quantify pipeline for investors** - As partners in this taskforce, homebuilders to pledge how many additional homes a programme of this kind and scale would enable them to complete per year, to bring together a firm pipeline of opportunities for investors.
3. **Equity & guarantees commitment** - The National Housing Bank builds on early positive engagement to deliver a clear set of terms and offer around equity investment and deployment of guarantees to crowd-in the private investment of around £13.5 billion from institutional investors
4. **Engage consumers** - The Choice-led Shared Ownership Taskforce to consult with consumer groups and representatives, such as Shared Ownership Resources and HomeOwners Alliance to seek feedback and map out any requirements for a customer code.
5. **Stamp Duty Land Tax adjustments** - Government to work with Vistry and others to review the operation of Stamp Duty Land Tax and other rules which create an uneven playing field for first-time buyers and investors in delivering shared ownership outside of grant-funded programmes.

Choice-led Shared Ownership: Worked example

Breakdown of resources for a £300k Choice-led Shared Ownership home



Comparison of shared ownership costs in different scenarios

Total Monthly cost

CHAPTER 1: Meeting the UK's housing needs

The UK government's ambition to deliver 1.5 million new homes in this parliament is being undermined by a lack of effective demand from potential first-time buyers.

Over the past two decades, homeownership has moved increasingly out of reach. Research from the Home Builders Federation suggests 1.5 million would-be first-time buyers had been locked out of the market between 2003 and 2024 due to affordability constraints[1]. Meanwhile, analysis by The Building Societies Association found 2.2 million "missing" first-time buyers between 2006 and 2022, underscoring the scale of long-term unmet demand[2].

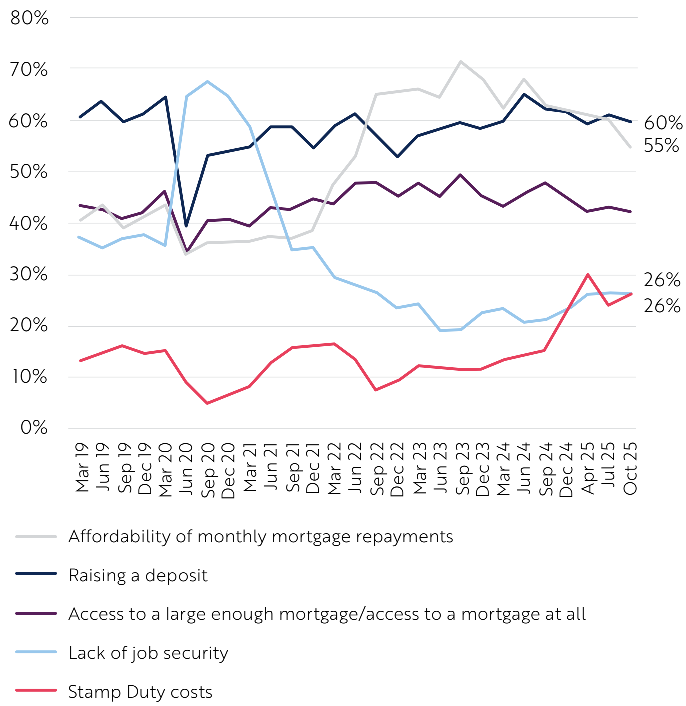
Lack of access and weak demand

Affordability remains the central barrier to homeownership[3]. One in three property sales falls through because buyers cannot secure lending, highlighting tighter criteria and affordability pressures[4]. This comes as high living costs, elevated house prices and ongoing economic uncertainty mean younger people are renting for longer or continue to live with parents.

Cost pressures also threaten the viability of new development. Research shows new-build housing is no longer financially viable across almost half of England (48%), as construction costs continue to outpace house price growth[5]. This creates a fundamental imbalance: in many areas, prices are too high for buyers but too low to support large-scale development.

As a result, effective demand has fallen sharply. Nearly one third of aspiring buyers feel permanently locked out of homeownership[6], with affordability pressures consistently cited as the biggest obstacle. First-time buyers now require deposits around 10 times the levels seen 30 years ago, while average rents absorb roughly half of the average income[7].

Major barriers to property purchase



1 Home Builders Federation (January 2026)

2 The Building Societies Association (April 2025)

3 This white paper recognises "affordability" in the housing market is subject to a wide range of geo-political and other economic forces, including volatility in capital markets resulting in material changes to mortgage products or housing supply.

4 Lloyds Banking Group figures supplied to Vistry

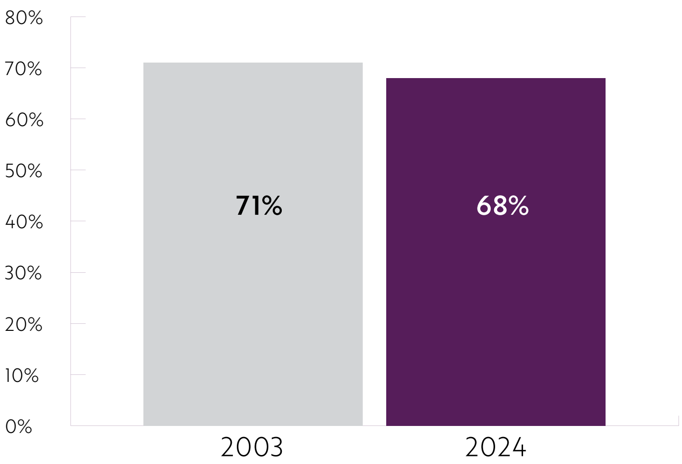
5 Zoopla (September 2025)

6 The Building Societies Association (October 2025)

7 Independent (September 2025)

These pressures are reflected in market activity – transaction volumes have slowed, and new-build sales have weakened. Homeownership has fallen from 71% in 2003 to 68% in 2024[8], limiting developers' ability to increase supply and reinforcing the gap between demand and delivery.

Homeownership



Previous government programmes

Successive governments have introduced equity loan schemes to support first-time buyers and increase supply, including the First Time Buyers Initiative, HomeBuy Direct, and most recently Help to Buy. These differed in funding models – some jointly-funded with developers, others wholly government-backed, but all aimed to improve choice and stimulate housing delivery.

Help to Buy was the largest of these programmes, supporting 387,195 home purchases over 11 years, with 85% going to first-time buyers. Eligibility was tightened in 2021 before the scheme closed in mid-2023. On average, it supported around 35,200 completions per year, peaking at over 50,000 in its busiest years (see table below[9]).

Year	Help to Buy completions
2013	14,023
2014	28,377
2015	31,845
2016	38,411
2017	46,295
2018	52,132
2019	52,246
2020	49,839
2021	42,518
2022	28,203
2023	3,306
Total	**387,195**
Average per year	**35,200**

The scheme cost government £24.7 billion in total. In its final full year of operation (2022–23), the average household income of assisted purchasers outside London was £53,542, which would equate to just under £60,000 in 2026 wages after adjusting for earnings growth[10]. This sits well below the proposed maximum household income of £90,000 for Choice-led Shared Ownership.

8 Home Builders Property Federation (September 2025)

9 UK government Official Statistics, "Help to Buy (equity loan scheme): data to 31 May 2023", https://www.gov.uk/government/statistics/help-to-buy-equity-loan-scheme-data-to-31-may-2023 accessed on 18 March 2026.

10 Office of National Statistics (2026), AWE: Whole Economy Year on Year Three Month Average Growth (%): Seasonally Adjusted Total Pay Excluding Arrears, https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/timeseries/kac3/lms accessed 18 March 2023

	Whole period		Last 4 quarters	
	£	England=100	£	England=100
London	69,318	138.9	69,754	131.9
South East	60,770	121.8	63,696	120.5
East of England	53,431	107.1	57,060	107.9
South West	46,816	93.8	49,242	93.1
East Midlands	46,227	92.6	48,150	91.1
West Midlands	45,184	90.5	47,265	89.4
North West	44,572	89.3	47,799	90.4
Yorkshire & The Humber	41,810	83.8	44,418	84.0
North East	39,686	79.5	41,439	78.4
England	**49,911**	**100**	**52,881**	**100**

Source: As Table 2.2. Note: not inflation adjusted

Regional income data for later years is not available, but earlier published figures (2017) provide useful benchmarks for understanding the profile of Help to Buy users (see table below[11]).

Recent findings show that since the closure of the Help to Buy scheme and the introduction of new restrictions on Right to Buy, shared ownership is now the largest government supported homeownership scheme for new owners[12]

A market gap and opportunity

There is a clear gap in the market for a housing model that can unlock demand, improve affordability, and support the viability of new development. Such an approach would not only help catalyse housebuilding and stimulate economic activity, but it would bring the government closer to achieving its ambitious housing target.

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11 Source: Ministry of Housing, Communities and Local Government, Christine Whitehead, Peter Williams, Ipsos MORI and the London School of Economics (2018), 'Evaluation of the Help to Buy Equity Loan Scheme 2017', October 2018, https://assets.publishing.service.gov.uk/media/5bd1995540f0b604de423c96/Evaluation_of_the_Help_to_Buy_equity_loan_scheme_2017.pdf accessed 18 March 2023

12 National Audit Office – Investigation into Shared Ownership (March 2026) https://www.nao.org.uk/wp-content/uploads/2026/03/investigation-into-shared-ownership.pdf

CHAPTER 2: Introducing a new housing solution - Choice-led Shared Ownership

If homebuilders had greater confidence that more first-time buyers could afford their homes, they would build faster, bring forward future phases, and progress their development pipelines at a greater pace.

The Choice-led Shared Ownership model could help shift the dial and stimulate this demand. It would enable first-time buyers to purchase any new build home on the open market through a tailored shared ownership arrangement, providing a more attractive, affordable route onto the housing ladder, while supporting housing supply and giving access to homeownership to those who would have otherwise been locked out.

The model would require only minimal public sector support, recognising the government's ongoing fiscal constraints. Instead, it is a market-led solution that could be brought to fruition with the co-ordination of the different market participants Vistry has engaged with as part of the research for this white paper.

What is Choice-led Shared Ownership?

Choice-led Shared Ownership would give eligible first-time buyers the opportunity to buy a new build home of their choice, on shared ownership terms, with an approved long-term institutional investor.

House buyers would be required to purchase at least 60% of the home via a conventional mortgage and pay 3.5% rent on the investor's share. Both are higher than traditional shared ownership models, creating differentiation. This model is designed to appeal to the "squeezed middle" of aspiring homeowners who are closer to being able to buy on the open market than traditional shared owners but still locked out by deposit requirements and/or lender affordability testing.

Supporting these new first-time buyers into the market would stimulate the building of more homes. We estimate the programme could contribute 150,000 new homes over a five-year period, equivalent to around 10% of the government's 1.5 million new homes target and providing a significant boost to housing delivery.

Because the homes would be funded by institutional investors, all the above would be achieved with very little government support. Instead, to deliver attractive pricing for buyers, accelerate sales and build-out rates, as well as generating the stable returns required by long-term investors, the programme would be initially supported by the National Housing Bank (NHB) in the form of small amounts of equity and guarantees on the riskiest elements of capital. Over time, as the programme scales and becomes proven, it is anticipated this limited support would drop away.

The investment proposition

The investors engaged while researching this white paper suggested there would be an appetite for building a minimum portfolio size of c.5,000 homes over five years through Choice-led Shared Ownership. As the table on page 15 shows, these same investors expressed interest in committing more than £13.5 billion to these portfolios.

The table below illustrates a headline funding structure with various contributions for a Choice-led Shared Ownership home based on the purchase of an average-priced new home with an open market value of £300k.

Funding structure of Choice-led Shared Ownership

	Pounds	Percentage of value*
Open Market Value	£300,000	
Discount provided to investor by homebuilder	£30,000	10%
First tranche sale	£180,000	60%
Investor purchase	£90,000	30%
Purchase price received by homebuilder	£270,000	90%
Unsold equity	£120,000	40%
Rent paid by customer on unsold equity	£4,200	3.50%
Management costs for RP	£500	
Net return for investor	£3,700	4.11%

*Percentage of Open Market Value apart from net return to investor which is percentage of Investor purchase.

However, despite the significant appetite among investors, the headline return (4.11%) falls short of the 4.5% these same investors would seek from comparable investments. This could be bridged by £15k per home of government grant, less than a quarter of the typical cost of shared ownership but we are keen to minimise this as much as possible.

We assessed three ways to bridge this shortfall, including:

- **Increase the discount from the homebuilder** - this would then provide insufficient viability and incentive for builders to accelerate their pipelines at scale
- **Higher minimum initial shares** – this would reduce the potential size of the market as fewer first-time buyers would be able to afford the proposition and/or have sufficient mortgage deposit. It would also increase the exposure of investors to the risk of retail mortgage default
- **Support from the National Housing Bank** – this would bridge the gap between the risk-adjusted returns required and the model set out below. This would create a market for an at-scale shared ownership proposition.

Illustrative Newbridge Advisors model outputs

Newbridge Advisors has developed an illustrative per-property diagnostic model to assess the proposed funding structure. The model assumes that the NHB provides a 1% equity contribution and guarantees a 10% debt tranche advanced by the lender.

Funding of the retained property interest

Following the customer's acquisition of an initial 60% share, the remaining 40% interest has an open-market value of £120,000. This amends the funding structure shown above to the following:

Residual funding source	Amount	% OMV
Developer Discount	£30,000	10%
Private investor acquisition cash	£57,000	19%
Guaranteed-debt	£30,000	10%
NHB equity contribution	£3,000	1%
Total	**£120,000**	**40%**

The private investor holds the economic interest in 39% of the property before financing. This comprises a 10% debt tranche and a 29% net equity interest. Because the developer's discount reduces the acquisition price, the private investor's cash contribution at completion is £57,000, equivalent to 19% of OMV.

Illustrative debt-pricing comparison

Metric	Nominal 30-year Gilt	Gilt-comparison RPI linker
Day-one debt advance	£30,000	£30,000
Spot Coupon	5.83% (Nominal)	2.44% (Real)
Market-implied RPI	–	3.30%
Debt-pricing margin	0.40%	0.40%
All-in rate	6.23% nominal	3.35% real
Annual NHB guarantee fee	0.50%	0.50%
Year-one cash servicing cost, including guarantee fee	6.73%	3.85% plus RPI indexation

Illustrative route to a 4.5% year-one investor cash yield

Newbridge tested two debt structures in assessing how the proposition could increase the 4.11% year-one investor cash yield illustrated above to approximately 4.5%. Of the debt structures tested, the index-linked structure emerged as the most effective option for supporting the proposition, benefiting from a lower initial cash-servicing cost and supporting a higher year-one investor cash yield.

On the illustrative assumptions, a year-one investor cash yield of 4.52% could be achieved through the index-linked debt tranche, together with a 1% NHB equity contribution, NHB forgoing the rent attributable to that equity in favour of the private investor, and a reduction in the annual NHB guarantee fee from the base-case 50bps to 40bps.

Metric	Unlevered including 1% NHB equity contribution	Levered Base Case	NHB forgoes its 1% share of rent in favour of the private investor	NHB forgoes the rent attributable to its 1% equity share and reduces its annual guarantee fee to 40bps
Initial funded cash	£87,000	£57,000	£57,000	£57,000
Year-one recurring net cash	£3,595	£2,440	£2,545	£2,575
Year-one cash yield	**4.13%**	**4.28%**	**4.46%**	**4.52%**
Annualised monthly IRR	9.53%	10.76%	10.94%	10.99%
Illustrative institutional IRR hurdle	8.00%	8.00%	8.00%	8.00%
IRR premium to illustrative hurdle	1.53%	2.76%	2.94%	2.99%

The modelled IRRs are based on an illustrative staircasing profile set out in the appendix.

The timing and extent of staircasing materially affect the IRR by determining when capital is returned to the investor and how long rental income continues. The resulting IRRs should therefore be treated as illustrative and tested against alternative staircasing profiles.

Rent sensitivity toward a 5% year-one cash yield

If a 5% year-one cash yield remains the investor requirement, the model indicates that additional support or a higher initial rent would be required. Any increase in rent would need to be considered against customer affordability, customer outcomes and mortgage-lender acceptance.

The role of the National Housing Bank

The National Housing Bank (NHB) was launched on 1 April 2026 with an explicit mandate to increase institutional investment into housing and increase housing supply. Backed by the UK government, the National Housing Bank will work with housebuilders, developers, investors and registered providers to deploy up to £16billion of debt, equity and guarantees.

Choice-led Shared Ownership has the potential to realise the NHB's mandate to unlock delivery, de-risk projects and intervene in situations where the market alone cannot catalyse change.

> The National Housing Bank will back delivery at scale and act at pace, providing government-backed finance to de-risk projects and unlock delivery the market cannot change alone.
>
> As a public finance institution with significant ambition and scale, we create the conditions for long-term, stable investment by focusing on delivery, giving investors confidence, and enabling more innovative, scalable delivery models.With delegated authority, we will take decisions quickly and proactively, acting as an enabler, not a barrier, to the market.
>
> **Simon Century, Chief Executive of the National Housing Bank**

The capital stack & NHB guarantee

More specifically, the institutional investors we interviewed believed a government-backed guarantee through the NHB would be most effective if it insulated them from what they considered the riskiest part of the capital stack, the tranche that would become exposed if price volatility saw property values drop to more than the 10% initial discount provided by the homebuilder.

This would enable cheaper guaranteed debt to be put in place to enhance returns over time, protect against mortgage default and/or protect against the risk of there being too much or too little staircasing[13]. Because many of these risks stem from there being insufficient data or understanding of the shared ownership market, the need for these guarantees is likely to reduce as the market evolves.

NHB equity to boost confidence & mitigate Stamp Duty Land Tax (SDLT)

The NHB could also demonstrate the government's wider commitment to the model and support the development of a functioning market through a very small amount of equity investment. This is proposed to be at 1% of property value, would take the first loss, and - when the customer staircases to full ownership - would be repaid in line with the current value of the home.

This would also address potential problems with SDLT. There are well established SDLT rules for traditional shared ownership programmes delivered by RPs. However, because Choice-led Shared Ownership would otherwise operate outside of these rules, investors would likely pay higher rates of SDLT and there could be uncertainty over future SDLT liabilities for shared owners, which could undermine consumer confidence. The most straightforward solution would be for the government to amend SDLT rules to equalise the position between traditional and Choice-led Shared Ownership models. However, if SDLT changes are not pursued, a small NHB equity investment could achieve a similar outcome by exempting Choice-led Shared Ownership from these liabilities. In the longer term, government should seek to ensure SDLT rules encourage a wider range of privately funded shared ownership provision.

13 There are broadly two pools of investors interested in shared ownership: one has medium-term funding and wants to see staircasing maximised over a six to seven year period, while the other is more interested in long-term funding which they want to match inflation-linked income over a 30 year period.

CHAPTER 3: The market context

Choice-led Shared Ownership gives first-time buyers – who are currently unable to purchase outright due to deposit or affordability constraints – the chance to buy a new build home of their choice.

Indeed, there is clear evidence homebuilders are turning away large numbers, as much as 33% of prospective buyers[14]. This not only subdues growth but also dampens consumer confidence and creates a fragmented customer experience.

Consistent marketing of Choice-led Shared Ownership as an option to all first-time buyers would expand awareness among potential customers and increase volumes. While buyers could still buy outright if they can secure lending, for those who would otherwise be turned away, this model offers a credible alternative -- requiring deposits that are 40% lower and reducing monthly costs by circa 15% than when buying outright and making it easier to pass lender stress tests.

Building shared value

Choice-led Shared Ownership is structured so that almost all capital of the unowned portion of the home comes from long-term, patient investors – typically pension funds and insurers. Over five years, these investors have already expressed interest in committing more than £13.5 billion to Choice-led Shared Ownership portfolios.

Programme summary showing breakdown of resources

	Per year	Five-year programme
Total assumed value of homes	£9,000,000,000	£45,000,000,000
Discount provided to investor by homebuilder	£900,000,000	£4,500,000,000
Purchase price received by homebuilder	£8,100,000,000	£40,500,000,000
Customer mortgage deposits	£540,000,000	£2,700,000,000
First charge mortgages	£4,860,000,000	£24,300,000,000
National Housing Bank equity	£90,000,000	£450,000,000
Investor purchase of unsold equity	£2,700,000,000	£13,500,000,000
National Housing Bank guaranteed debt	£900,000,000	£4,500,000,000

Some of the investors we engaged with for this white paper already operate RPs to manage homes. Others expressed interest in partnering with RPs to deliver full management services[15]. The model would sit alongside existing shared ownership schemes and support wider affordable housing delivery. This white paper proposes that with its remit to encourage institutional investment, only small amounts of equity and guarantees from the NHB would be adequate to crowd in large-scale capital.

Crucially, given constrained public finances, Choice-led Shared Ownership is an opportunity to support intermediate first-time buyers during this period of fiscal constraint.

14 Lloyds Banking Group figures supplied to Vistry showing one in three sales falls through because buyers cannot secure lending

15 Based on benchmark grant rates published by GLA (Support for housebuilding in London, Nov 2025)

The market potential

Vistry estimates the introduction of Choice-led Shared Ownership proposal could unlock an additional 30,000 new build homes per year in England[16], delivered by a wide range of homebuilders. This level of output is achievable because the programme builds on clear, proven demand and scales existing delivery, rather than creating something entirely new.

Shared ownership sales are already running at around 20,000 homes a year, so increasing output by around 150% remains realistic in a market where there are typically five to 10 potential buyers for every home. For context, Help to Buy averaged around 42,000 completions a year, while earlier schemes like HomeBuy Direct delivered 3,000 to 4,000 homes a year.

For the housebuilding industry, this growth is meaningful but manageable. Based on market share of sales rather than total completions, a proportional share of a 30,000-home programme would mean around 1,200 homes a year for large-scale developers. This represents close to a 25% increase on the 4,500 market sale homes delivered last year, illustrating the scale of additional delivery that could be supported through the model.

While ambitious, this remains below the peak scale achieved through Help to Buy, which supported around 50,000 purchases annually, demonstrating that these levels of delivery are realistic while supporting wider housing supply ambitions. With greater certainty of demand and a clearer sales pipeline, developers could also accelerate other sites, supporting additional supply across the industry.

Given this white paper's proposed £450,000 property price cap and the focus on houses and low-rise flats, the Choice-led Shared Ownership model appears least effective in London, however it may have some applicability in outer London boroughs. The price cap is also likely to exclude large parts of the South East. In the North East, the relationship between average values and earnings means the market for Choice-led Shared Ownership is likely to be smallest, though opportunities are expected to remain.

Across other regions, average house prices obscure significant variation, with all regions including higher-value areas where few homes fall below the price cap.

16 This figure is an estimation derived from housebuilders, levels of demand and FTBs turned away

Benefits of Choice-led Shared Ownership:

- The model has the potential to open the door for first-time buyers who have previously been locked out of homeownership, and accelerate the delivery of new homes to contribute to the government's house building target therefore easing supply issues
- Significantly lower deposit requirements, typically 40% lower, because buyers only need a deposit to cover their share, not the full market value of the property
- More certainty over ongoing costs because they rise in line with inflation – as other costs do – improving affordability. This also means lenders can lend what people can afford as they don't need to build an additional buffer for what future variable interest rates could be
- More affordable for first-time buyers than buying the same home outright, and cheaper than the average private rents
- Fosters improved long-term management of place and a partnership approach which will be better for residents and communities involving partnerships with RPs
- Rents would be paid from day one, avoiding financial risk that could occur from payments that don't start until several years in the future
- With significant risks apparent for the global economy and successful government action to improve the planning system, now is the right time to support additional demand for home-building. Maximum property (£450,000) and household income (£90,000) caps will further help ensure that the programme is not inflationary
- Whilst most buyers are expected to staircase in the medium-term, shared ownership offers flexibility, ensuring people remain in partial ownership of the home if they want to, and can access greater support from Universal Credit to help with the rent if their income changes
- The model appeals to the intermediate market – those who cannot afford to buy a home outright on the private market but aren't eligible for social rented housing
- It will likely have more uptake from first-time buyers because they can choose the home they want to buy
- The properties will be new build homes, built to high quality, with guarantees protecting against expenditure in the early years and low running costs due to their high levels of energy efficiency
- The homes will be predominantly houses, with some low-rise flats, meaning owners will be able to control the timing, quality and specification of future repairs and have lower running costs than in taller more complex buildings.

The market participants

To deliver Choice-led Shared Ownership at a scale that meaningfully boosts housing supply, there are clear roles for a range of market participants, outlined here:

- **Homebuilders** will need to embrace the additional demand that this model could unlock, accelerate their pipelines, train sales teams to give clear, tailored advice to prospective buyers, and accept a modest reduction in sales value to ensure the overall proposition works.
- **First-time buyers** would need to be attracted to the homes offered and confident that the model can adapt to their future needs, empowering them to make what is likely one of the largest purchases of their lives.
- **Mortgage lenders** would need to support the model (at scale) as they do with other shared ownership products, ensuring prospective buyers have real choice in financing.
- **Investors** typically seeking long-term certain returns, will need to commit billions of pounds to fund the shared ownership element.
- **The National Housing Bank** would need to provide a small equity stake (1%) in every home and guarantee the highest-risk portion of financing to deliver an appropriate risk-adjusted return for investors.
- **Registered Providers** either investor-owned or operating in partnership with them, RPs would manage the homes and communities offering seamless support to shared owners as their circumstances change.
- **Government** review Stamp Duty Land Tax and other rules which create an uneven playing field for first-time buyers and others in delivering shared ownership outside of grant-funded programmes with the aim of optimising housing supply and consumer choice.

How the Choice-led Shared Ownership model would work:

Mapping the FTB journey

1. A new choice-led option for houses and low-rise flats (flats without lifts), within an overall property price cap of £450,000 on sites with a minimum of 30% traditional affordable housing provision

2. Widely promoted to first-time buyers with a household income of £90,000 per annum or less, driving additional demand and interest through a single point of the developer sales office

3. A higher (60%) minimum initial share and rent on the unsold equity (3.5%) ensure that this does not directly compete with traditional shared ownership offer in the s106 (and any grant-funded additionality)

4. The buyer selects a new home being marketed by a developer, if they pass mortgage requirements then proceed to purchase on open market basis

5. If buyer cannot proceed – as 1/3 of current purchasers experience – due to low deposit or affordability check basis, then invited to buy on a shared ownership basis with an accredited/ approved investor

6. The buyer agrees to purchase a share of at least 60% on a shared ownership lease basis, with a designated RP as landlord

7. The RP (acting as landlord) would be funded by the parent investor, or a partnering long-term investor, to buy the home from the homebuilder, with the homebuilder contributing 10% and the government investing 1% equity into each home

8. The investor's interest would be further protected by a guarantee provided by the National Housing Bank on a portion of their return

9. The first-time buyer would pay 3.5% rent on the investor's interest, alongside their mortgage on the initial 60% – overall this would be around 15% cheaper per month – improve their score on affordability stress tests by more - and reduce their deposit requirement by 40%

10. Following purchase, the shared owner could buy more shares (known as "staircasing") at any time, own it outright or sell the whole home when they want to move elsewhere, with the unsold share (at current value) going back to the investor.

CHAPTER 4: Building a resilient shared ownership market

First-time buyers continue to be the driving force of the UK housing market. Indeed, they make up 39% of all home sales and account for almost half (49%) of new mortgages for home purchase (Zoopla, October 2025). As of May 2026, research from Zoopla shows that this is down 6% on 2025[17] .

Their activity provides essential liquidity, enabling existing homeowners to move up the ladder, keeping the market functioning, and preventing the stagnation that could harm both the housing sector and the wider economy. Yet affordability pressures, particularly soaring rents that make it nearly impossible to save for a deposit and have pushed many aspiring homeowners out of the market. Supporting first-time buyers is critical to stimulating demand and strengthening the overall market.

Shared ownership and the housing crisis

Choice-led Shared Ownership could be an important part of the solution. It builds on existing shared ownership models but is designed for first-time buyers who can start closer to full ownership (from 60%) and would be attracted to having a wider choice of homes than existing shared ownership offers. It has the potential to help more people begin their homeownership journey and take their first step onto the property ladder. The model is particularly suited to the intermediate market, e.g. those who are not eligible for social housing but cannot afford to buy on the open market.

The depth of the current housing crisis will require multiple solutions. This is why it is crucial to explore interventions across different sectors that can each play a part in delivering more homes for those who need them.

Choice-led Shared Ownership would not replace traditional RP-led shared ownership programmes. These apply to designated homes, many of them built or commissioned directly by the RPs. Instead, it would sit alongside them, often on the same development sites.

Shared ownership providers commonly reported average household incomes of shared ownership purchasers at circa £35,000 per year (well below the overall UK average of £55,200[18], which is inflated by high-value areas) and average first tranche purchases of 35%. This indicates significant scope for a differentiated offer targeted at households with higher incomes, yet still below the £90,000 cap - and for higher initial shares driven by the buyer's choice of a new build home.

A brief history of shared ownership

The emphasis on buyer choice echoes the historic 'Do-It-Yourself Shared Ownership' (DIYSO) scheme, publicly funded in the 1980s and 1990s, which allowed purchasers to buy a share of a home of their choosing on the open market. Variants such as Existing Satisfactory Shared Ownership (ESSO) applied to second-hand homes requiring no repairs. In the 2000s, equity-loan programmes funded by the Housing Corporation, such as My Choice HomeBuy and OwnHome also enabled eligible purchasers to buy a home of their choice, supported by a second-charge mortgage. Choice-led Shared Ownership differs in that it applies solely to new build homes, giving buyers greater confidence in build quality, warranties, and lower running costs.

17 House Price Index: May 2026 - Zoopla

18 ONS, Average Household Income, UK: Financial Year Ending 2024

Choice and diversifying shared ownership

By using a shared ownership lease structure, the Choice-led Shared Ownership model becomes attractive to long-term investors, which would typically not invest in second-charge loan products like Help to Buy. Such a market-led approach involving a range of market participants, including different housebuilders, would drive choice, be more financially sustainable and help break down silos separating shared ownership from home buy markets.

This white paper proposes Choice-led Shared Ownership properties would be houses, rather than low-rise flats, and mostly outside of London. This is likely to improve satisfaction and overall uptake from buyers because research shows that in London, where affordability issues are most acute, 82% of shared ownership homes are flats[19] research shows dissatisfaction is typically much higher for shared owners in a flat, maisonette or apartment (63%) compared to a whole house or a bungalow (43%)[20].

Just over two-thirds of the new homes currently being marketed on Zoopla have a current market value of £450,000 or lower, meaning the cap would cover the majority of the market. Of these, just under 60% are houses and just over 40% are flats.

Data provided by Zoopla suggests Choice-led Shared Ownership would make homeownership more affordable to more households across all regions (see table below). Our analysis suggests Choice-led Shared Ownership would have greatest positive impact in the North West, then South East and then East of England.

The table is derived from comparing purchase of specific new build homes advertised on Zoopla with Choice-led Shared Ownership against an 80% loan-to-value mortgage, with a stress-tested mortgage rate of 6.5% and defining affordability by average private rents in that area.

Region	Increase in affordability through Choice-led Shared Ownership	Priced in ratio[21]
East Midlands	42.45%	0.09
East of England	34.43%	0.29
North East	61.54%	0.08
North West	21.22%	0.54
South East	23.73%	0.53
South West	46.72%	0.13
West Midlands	44.27%	0.13
Yorkshire and The Humber	13.33%	0.15

Source: Zoopla Research

19 Leeds Building Society, April 2025

20 According to research in 2024 from the Shared Ownership Council

21 The priced-in ratio shows the proportion of new build homes advertised on Zoopla which would be cheaper than average private rents with Choice-led Shared Ownership as a ratio of those where it would not.

Quality assurance and shared ownership standards

While shared ownership has worked well for many, in March 2026 the National Audit Office (NAO) published an investigation into the product. The report was frank about the shortfalls of shared ownership in certain areas, specifically calling out service charge variability, complex and fragmented redress routes, incomplete data, potential affordability challenges over time and the compounding costs of staircasing.

The NAO acknowledged shared owners report notably lower satisfaction with their providers than social renters, just 48% satisfied compared to 71%.

There has also been negative coverage in the media citing residents who have been under-informed, let down or even feeling trapped by the product[22].

Challenges around property repairs and defects, service charges and a lack of transparency, which shared owners bear disproportionately to their 'share' of the equity, have particularly affected shared owners living in older, more complex buildings, including tall blocks or developments with intricate systems such as on-site energy plants. These issues have contributed to wider concerns about the reputation of shared ownership itself.

A recently launched Shared Ownership Code is designed to help address these problems. Developed by the Shared Ownership Council through consumer and industry consultation and now operated by the New Homes Quality Board (NHQB), the voluntary Shared Ownership Code sets out best practice for registered shared ownership providers. Designed to complement requirements from the Regulator of Social Housing, the Code aims to strengthen consumer protection across marketing, purchasing and management of homes, and through widespread adoption raise standards across the sector.

Many of the issues seen in existing shared ownership homes relate to the legacy of the building safety crisis. Historic defects, cladding concerns and complex remediation processes have affected a wide range of buildings, not just shared ownership – although the impact can be felt more sharply by people owning very low shares.

New homes, however, are delivered under a clearer regulatory regime with strengthened safety requirements, warranties covering building defects in the first ten years and the added protection of the New Homes Quality Code (NHQC). This gives buyers greater confidence from the outset. New homes also offer an optimal entry route to homeownership for first-time buyers, with advantages including higher build quality and lower running costs due to high levels of energy efficiency.

22 See BBC news report

Consumer perspective

The Choice-led Shared Ownership model is a tailored form of shared ownership allowing prospective buyers to purchase a share of a new home with a traditional mortgage while paying a low rent on the remainder. It applies specifically to all new build homes to provide more 'choice' and a focus on houses and low-rise flats (where owners have greater control over repairs and overall lower costs). As such, it is likely to deliver higher customer satisfaction and therefore better uptake from consumers, strengthening its reputation.

Choice-led Shared Ownership would be targeted at consumers already inclined to buy a high-quality new home via a homebuilder's sales office. Potential buyers without the necessary deposit (10% of the property value being typical – see the table below), could still purchase the home they want but with a 40% smaller deposit.

To ensure buyers can sustainably afford their mortgage, retail lenders would need to 'stress test' their ability to pay at much higher interest rates than they are currently paying. This reflects the risk that most borrowers, unless they remortgage or switch products, may move onto a Standard Variable Rate, which is typically higher and more volatile than fixed rates. Lenders therefore test not just whether a borrower can afford payments, but whether they could manage a significant rate increase. The Choice-led Shared Ownership model mitigates this risk because the retail mortgage (the portion subject to stress testing) is smaller. While rents on the unsold equity will rise gradually, slightly above inflation, these increases do not require stress testing.

In addition, as shown on the table below, Choice-led Shared Ownership offers a lower monthly cost (15% less than outright purchase) and is also 12% cheaper than private renting.

	Outright purchase of new home	Rent average private home	Choice based led ownership
Monthly mortgage	£1,440	£0	£881
Monthly rent	£0	£1,400	£350
Deposit	£30,000	n/a	£18,000
Percentage monthly saving comparison	15%	12%	-
Deposit saving of Choice led shared ownership	40%	n/a	-
Total monthly cost	**£1,440**	**£1,400**	**£1,231**

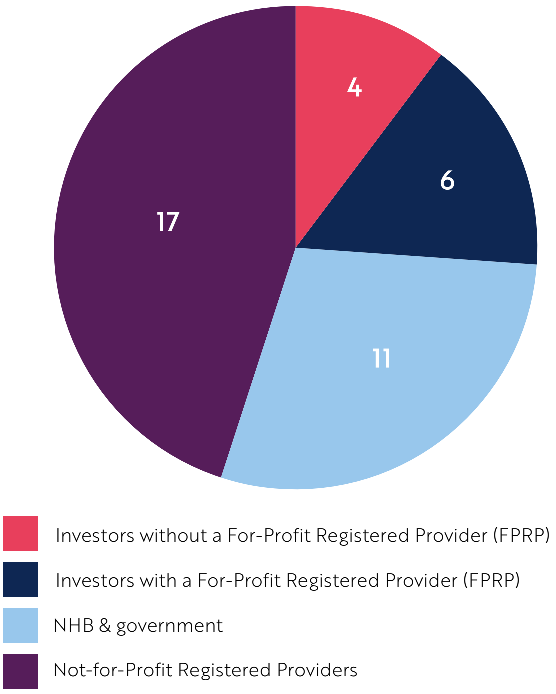
*This is indicative only and does not represent financial advice

CHAPTER 5: Market engagement for Choice-led Shared Ownership model

The Choice-led Shared Ownership model followed internal strategy work at Vistry, exploring what could be done to grow the first-time buyer market in England whilst minimising the need for any significant public subsidy.

During February and March 2026, we conducted a series of interviews with individuals from the organisations listed on the final report page. We obtained insights from RPs operating across all nine English regions.

Stakeholders engaged



Market participant perspectives

The engagement found significant appetite from investors for shared ownership, although with a clear caveat there would be suitable risk-adjusted returns and the product worked for consumers. Some investors expressed caution around flats because of the potentially high service charges.

RPs operating shared ownership schemes anticipated strong demand from first-time buyers, who want to buy a new home, but with too small a deposit and/or unable to get a mortgage of the amount required. This aligns to the data provided by Zoopla Research and incorporated into this report.

The National Housing Bank and government stakeholders more broadly were receptive to the model, whilst being clear that they cannot provide subsidy and fees charged for guarantees would need to reflect the pricing impact they have. We are continuing to work with National Housing Bank colleagues to maximise the impact they can have but accept that there may still be a pricing gap between something that works for consumers at scale and investors. This may require a very small amount of public subsidy from elsewhere in government. Given its appetite to deliver homes at pace, we believe it would be possible to launch the model as soon as 2027.

Most of the investors engaged with had their own FPRP, which they said they would use to issue the shared ownership leases. There were also other RPs (a mix of NFP and FP) who said they would be ready and willing to issue shared ownership leases on behalf of other investors.

Traditional housing associations provided very useful feedback on local markets and the operation of their shared ownership products. It was stressed that any new model shouldn't compete with their offering. In the main they weren't interested in investing in the product or issuing shared ownership leases on behalf of investors, with some notable exceptions.

Investor/FPRP perspectives

Shared ownership was an attractive investment proposition, due to its inflation-linked returns, low management costs, social impact in supporting people into affordable homeownership and established legal basis.

For most investors the challenge was how to grow their portfolios at pace, delivering scale and not limited by their resources to deploy. The Choice-led Shared Ownership model was considered an efficient way to grow shared ownership portfolios at pace.

The appetite

Investors we engaged with collectively had appetite for around 50,000 shared ownership homes a year and an investment appetite to deploy around £20bn into shared ownership. All were exploring alternative investment opportunities. While these would not all be Choice-led Shared Ownership, it demonstrates appetite and provides a very solid base.

Investors could be divided into two broad pools: the first and smaller pool - with medium-term funding, wanting to see staircasing maximised over a six-to-seven-year period. The second, with long-term funding, which they want to see matching inflation-linked income over a 30 year plus period.

While some investors operated with smaller, localised mandates, most indicated a willingness to invest at scale on a national basis. Many preferred not to co-invest, highlighting the need to divide the country, and likely supply, to create clear portfolios for growth.

Investors with their own FPRPs generally wanted these entities to own and manage all homes acquired through their investment. Investors without an FPRP, or without immediate plans to establish one, expressed interest in working with a suitable RP partner.

The strongest interest came from FPRPs, backed by investors, aiming to expand shared ownership portfolios. Many of these, were established specifically to provide an all-in-one management service on behalf of their investors and are looking to grow this offer.

Calls for a simple process

Investors and connected FPRPs with experience with similar products pointed to the need for efficient conveyancing processes, high degrees of standardisation and to develop standard terms between homebuilders and investors. Some suggested designating specific homes on site as Choice-led Shared Ownership, would enable smoother processes and substitution could still allow for first-time buyer choice. These details would need to be assessed to ensure that full choice was offered.

Perspectives on "Staircasing"

It was expected there would be higher levels of staircasing, whereby households purchase additional shares in their home over time, in the Choice-led Shared Ownership model. This was due to the higher expected income profile of prospective purchasers, the fact that they will be purchasing higher initial shares and the slightly higher rents would incentivise staircasing.

For most of the investors interested in the model, higher levels of staircasing were considered a negative because of a preference for long-term inflation-linked income. For some, however, the expected higher levels of staircasing were seen as a benefit.

For both, there is a problem of a lack of mature enough data to accurately predict staircasing behaviour, even within a range of macro-economic scenarios. Both sets of investors hoped the National Housing Bank (NHB) could help solve the risk of both 'too much' and 'too little' staircasing.

Depending on the objectives of the investor, it is not thought any would want both sides – there could be an agreed minimum or maximum amount of staircasing across a proportion of the portfolio. This would need to be the subject of more detailed engagement with the NHB and investors.

Insights & perspectives

We would be interested in funding thousands of homes a year, for at least two to three years.
Investor

Keeping the overall proposition as simple as possible, for all parties involved, will have multiple benefits.
Investor

The higher initial shares differentiate this from traditional shared ownership but exposes the investor to greater risk from the retail mortgage lender.
Investor

We are very interested in ways of expanding shared ownership, either through eliminating the need for grant, or reducing it so more homes are delivered for the same funding.
Investor

There is a significant market here, of people who are closer to full home ownership, who want to buy a high quality, aspirational product.
FPRP

Government perspectives

As part of the research for this white paper, we consulted with relevant individuals and teams across different government departments: Number 10, HM Treasury, The Ministry for Housing, Communities & Local Government (MHCLG), Homes England and the Greater London Authority (GLA).

The following summarises the key perspectives and insights shared:

- Government and associated agencies are laser-focused on achieving the 1.5m homes milestone in this parliament and keen to support initiatives which can increase the chances of success in achieving this
- Government has already provided unprecedented levels of support in grant funding, which includes funding the traditional shared ownership model. It is keen that efforts to increase choice do not undermine the delivery of those homes
- Government is committed to its five-step plan to deliver a decade of renewal for social and affordable housing[23]. This plan committed to delivering the biggest increase in social and affordable housebuilding in a generation, alongside a transformational and lasting change in the safety and quality of social housing
- As part of this, government has committed to targeted improvements to shared ownership to ensure it works as effectively as possible for customers. These improvements are expected to be incremental, building on the requirements of the Shared Ownership Code (see page 22) and be focused on transparency, fairness and affordability
- With significant constraints on public finances, government officials were clear that any programme to support demand for new supply should aim to minimise any grant subsidy
- Officials were very keen to support initiatives which could unlock long-term institutional investment into supply and increase choice for shared owners
- National Housing Bank (NHB) colleagues were supportive and, even before the NHB launch, provided constructive feedback on how to refine the model and guidance on how a mixture of equity and guarantees could unlock the programme (see "The investment proposition" earlier in the report).

Not-for-Profit Registered Provider perspectives

Even though some lenders are now willing to lend on 'private shared ownership' without an RP landlord, to access the broadest range of high street mortgage providers for first-time buyers, shared ownership leases currently need a Registered Provider as the landlord.

If private shared ownership mortgages spread to the whole of the market, then the proposition could be adjusted over time. For investors with their own FPRP this is not a barrier, but for those without an FPRP, they would currently need an RP to issue shared ownership leases on their behalf.

Most Not-for-Profit housing associations - including those with prior roles as HomeBuy or Help to Buy agents, and those providing property management services to For-Profit Registered Providers (FPRPs) - identified a limited role for themselves in this product.

There were some concerns that Choice-led Shared Ownership would compete with the existing shared ownership models they operate. It demonstrated the importance to be clear why this model has its own distinct market – the higher initial rents, higher minimum share and higher price cap, along with the fact these homes would be sold directly by housebuilders, all create a different customer profile.

A small section of NFPRPs expressed interest in delivering for investors. Several expressed interest in supporting the offer through established management services.

23 Delivering a decade of renewal for social and affordable housing (MHCLG, January 2026)

Insights & perspectives

Although we are supportive of stimulating the housing market and unlocking barriers for first time buyers, we have concerns over whether this proposal will directly compete with Shared Ownership homes being sold by RPs [as the differential between products in the paper isn't clear].

NFPRP

It's important this is designed in a way that doesn't outcompete the current shared ownership offer… just needs to provide an alternative option essentially targeting a different target group.

NFPRP

We'd recommend the scheme was only available to those who have signed up to the SO code. This would help reinforce the code and give more assurance to customers.

NFPRP

If you did something like this in central Newcastle, you'd have people biting your hand off for it. It would be huge demand it places like York and Leeds, the big areas where we are, but even elsewhere.

NFPRP

If it's discretion on any site, how do you plan for it? It's hard to put in your business plan because it may come in spades or it may never come at all.

NFPRP

There's got to be some kind of agreed quality standards and specification standards and things like that that would all be happy with because you know there's our reputation – the investor is buying our reputation to a certain extent.

NFPRP

There is a need to differentiate the market from vanilla shared ownership, we've experienced competition in the past from similar products that slowed sales rates for all parties.

NFPRP

Yes, we would be interested in partnering to act as landlord for shared ownership homes delivered at scale.

NFPRP

We would be open to a national role, subject to sufficient scale and operational consistency.

NFPRP

We see much higher satisfaction with houses in houses and low-rising flats, where costs are lower and shared owners are more in control.

NFPRP

Vistry's perspective

As the UK's largest homebuilder, Vistry is firmly committed to increasing housing supply and playing its part in meeting government housing targets. It is well placed to offer insights and perspective on Choice-led Shared Ownership.

Its partnership model means most of the homes it delivers are pre-sold to partners through a mixture of affordable housing and professionally managed high-quality private rented homes. However, this is currently limited by uncertain and challenging market conditions and geo-political tensions, which deteriorated during the process of engagement for this white paper.

Vistry's partnership model means significant demand support for first-time buyers will have a greater effect in proportionally increasing the number of homes it can sell but has been designed to work for all models and sizes of homebuilder, from the very small to national scale homebuilders.

- Vistry's analysis is the government's ambition to deliver 1.5m new homes in this Parliament is being undermined by lack of effective demand from potential first-time buyers
- The Vistry sales team reports turning away large numbers of would-be-first-time buyers aspiring to enter homeownership every week. New homes offer these potential customers an ideal route to initial ownership, due to their high quality, low running costs and guarantees protecting against major expenditure in early years. Many more would-be first-time buyers don't even make it as far as the show-home
- The route to homeownership for these groups is blocked by barriers of high prices, deposits that are beyond their saving capacity and mortgage regulations. Regulations rightly require retail lenders to test the affordability of changing rates but combined with the high deposits and high prices means many cannot afford to buy a home which meets their needs
- A government-backed scheme to allow eligible first-time buyers to buy any new home of their choice on a shared ownership basis would unlock a large tranche of buyers who are currently shut out of the market
- As these buyers reserve and buy new homes it would stimulate homebuilders, large and small, to start and complete new homes pipelines much faster, providing confidence to progress more strategic sites at greater pace. Importantly, this would in turn support small and medium sized enterprises and the wider supply chains in construction, unlocking jobs and growth
- Providing some additional support to first-time buyers in the current climate is necessary to stimulate completions of market sale homes by homebuilders and get supply up to meet government ambitions
- Vistry carefully considered options and determined that a shared ownership offer, available on all new homes that first-time buyers wanted to buy, could provide this stimulus without risking being inflationary or creating excess demand
- Vistry was keen from the outset to consider the customer perspective in the development of these proposals and ensure the offer delivers positive outcomes and meets their needs. This drove the development of a national property price cap, to ensure eligible buyers could purchase a minimum of 60% of the value of a home, and focusing the programme on houses and low-rise flats to ensure ongoing service charge costs would not significantly impact on affordability.

> Choice-led Shared Ownership can be the vehicle to dramatically increase housing supply and choice for first-time buyers. I'm enthused by the positive response we've had to our proposals and I'm now keen to work with the National Housing Bank, investors and RPs to turn the idea into reality.
>
> **Stephen Teagle, CEO, Partnerships & Regeneration, Vistry**

CHAPTER 6: Recommendations & next steps

There is widespread interest in Choice-led Shared Ownership among key market participants with a clear role to play in turning the model into reality.

The rationale is clear and compelling: the model would play a crucial role in driving up housing supply, minimising public subsidy and offering more people the opportunity to own their home by addressing affordability and deposit constraints.

Our engagement with stakeholders demonstrates market momentum is now building. It is crucial this is seized and converted into real action to support economic growth, boost homebuilding, and help first-time buyers secure high-quality new homes.

It is imperative that this momentum is maintained and the next steps that will realise this opportunity are implemented at pace.

The recommendations and next steps:

1. Choice-led Shared Ownership Taskforce

UK-based homebuilders, representative of size and regions, to join forces as part of a Choice-led Shared Ownership Taskforce, set up by Vistry and backed by MHCLG, that would include investors, RPs and supportive advisors. The aim would be to have an operational model of Choice-led Shared Ownership ready for launch in 2026.

Stakeholders and interested parties will be invited to join a meeting, convened by Vistry, with the objective to have the taskforce up and running so delivery can be aligned to the government's target of delivering 1.5 million during this parliament.

2. Pipeline for investors

As part of its remit, the taskforce would gather data from homebuilders to bring together a firm pipeline of opportunities for investors.

3. Equity & Guarantees

The taskforce would seek an indicative commitment from National Housing Bank on equity and guarantees to support the deployment of circa £13.5 billion from institutional investors.

4. Engage consumers

The Choice-led Shared Ownership Taskforce to consult with consumer groups and representatives, such as Shared Ownership Resources and HomeOwners Alliance, to seek opinion, map out assurance standards and any requirements for a customer code.

5. Stamp Duty Land Tax adjustments

The Choice-led Shared Ownership Taskforce to submit evidence to government demonstrating the benefits of reviewing Stamp Duty Land Tax and other rules which create an uneven playing field for first-time buyers and others in delivering shared ownership outside of grant-funded programmes. This will highlight how these changes would contribute to optimising housing supply and consumer choice.

APPENDIX AND ACKNOWLEDGEMENTS

Thanks to all the organisations involved in the stakeholder engagement.

Appendix: Principal modelling assumptions

The Newbridge model is a monthly, per-property diagnostic model. The assumptions below are illustrative and do not represent confirmed commercial terms from NHB, the Lender or prospective investors.

Category	Assumption	Report case	Modelling treatment
Property	Open-market value	£300,000	Illustrative property value
Property	Developer discount	£30,000 / 10% of OMV	Allocated economically to the private investor
Customer	Initial customer share	£180,000 / 60% of OMV	Acquired at completion
Customer	Customer deposit	£18,000 / 6% of OMV	Equivalent to 10% of the initial 60% share
Customer	First-charge mortgage	£162,000 / 54% of OMV	30-year capital-and-interest mortgage
Retained interest	Total retained property interest	£120,000 / 40% of OMV	Comprises the private investor's 39% interest and NHB's 1% interest
Private investor	Gross retained property interest	£117,000 / 39% of OMV	Before taking account of the developer discount and debt financing

Category	Assumption	Report case	Modelling treatment
NHB	NHB equity contribution	£3,000 / 1% of OMV	Separate equity interest in the property
Private investor	Unlevered completion cash	£87,000 / 29% of OMV	Gross 39% interest less the 10% developer discount
Debt	Guaranteed-debt advance	£30,000 / 10% of OMV	Advanced by the lender and guaranteed by NHB
Private investor	Levered completion cash	£57,000 / 19% of OMV	Unlevered completion cash less the debt advance
Rent	Initial rent	3.50%	Applied to the retained 40% interest, producing £4,200 in year one
Rent	Annual rent increase	CPI plus 1%	Equivalent to 3.0% under the 2.0% CPI assumption
Economics	Annual CPI	2.0%	Illustrative long-term assumption
Economics	Annual house-price growth	2.0%	Used to calculate property values and staircasing proceeds
RP costs	Upfront origination fee	Nil	No upfront RP cost included in the report outputs
RP costs	Annual management fee	£500 per property	No VAT assumed; increases annually in line with CPI
Debt pricing	Selected debt structure	RPI-linked	Nominal fixed-rate debt was tested but was not considered viable at current pricing
Debt pricing	Initial real cash coupon	Approximately 3.35%	Calibrated so that the indexed debt cash flows have a day-one value of £30,000
Debt pricing	Debt-pricing margin	40bps	Reflected in the par-equivalent pricing of the debt
Debt pricing	Annual principal indexation	Approximately 3.30%	Based on market-implied RPI at the modelling date
Debt	Contractual term	30 years	Outstanding debt is repaid by contractual maturity or earlier exit
Debt	Staircasing repayment	Pari passu	Debt principal is repaid proportionately as staircasing occurs
NHB guarantee	Upfront guarantee fee	Nil	No upfront NHB fee included

Category	Assumption	Report case	Modelling treatment
NHB guarantee	Annual guarantee fee—base case	50bps	Applied to the opening guaranteed-debt balance from year one
NHB guarantee	Annual guarantee fee—4.5% yield scenario	40bps	Assumed alongside NHB passing its attributable rent to the private investor
NHB rent	Base case	Retained by NHB	NHB receives the rent attributable to its 1% equity interest
NHB rent	4.5% yield scenario	Passed to the private investor	Contributes to the increase in investor cash yield to 4.52%
Returns	Target year-one investor cash yield	4.50%	Stated investor cash-yield objective
Returns	Illustrative investor IRR hurdle	8.0%	Used as the investor NPV discount rate; requires market testing
Model period	Model horizon	30 years	Monthly cash flows

Illustrative staircasing assumptions

Event	Timing	Additional share acquired
First staircasing event	End of year 5	5%
Second staircasing event	End of year 7	10%
Final staircasing event	End of year 10	25%
Result	End of year 10	Customer reaches 100% ownership

Staircasing proceeds are calculated using the property's market value at each event, assuming annual house-price growth of 2%. The timing and extent of staircasing materially affect the modelled IRR.

Debt-pricing assumptions are market-sensitive and should be refreshed before publication or implementation. Guarantee coverage, priority, fees and claim mechanics remain subject to agreement with NHB and the Lender.

For any questions, queries or feedback on the proposed Choice-led Shared Ownership model, please contact:

STEPHEN TEAGLE
CEO, Partnerships & Regeneration
Vistry
stephen.teagle@vistry.co.uk

JENNY EDWARDS
Digital Marketing & Sales Director
Vistry
jenny.edwards@vistry.co.uk

JAMIE RATCLIFF
Co-Founder
Place Base Ltd
jamie.ratcliff@placebase.co.uk

Vistry