

Dadansoddi ar gyfer Polisi



Analysis for Policy



Llywodraeth Cymru
Welsh Government

SOCIAL RESEARCH NUMBER:

48/2024

PUBLICATION DATE:

16/07/2024

Homebuyers Needs Research and the Place of Help to Buy Wales

Mae'r ddogfen yma hefyd ar gael yn Gymraeg.

This document is also available in Welsh.

OGL © Crown Copyright Digital ISBN 978-1-83625-255-9

Homebuyers Needs Research and the place of Help to Buy-Wales

Author(s): Nigel Moore, Angharad Davies, Lin Cousins, Laura Easton and Dominic Houston

Full Research Report: Nigel Moore, Angharad Davies, Lin Cousins, Laura Easton and Dominic Houston (2024). *Homebuyers Needs Research and the place of Help to Buy-Wales*. Cardiff: Welsh Government, GSR report number 48/2024.

Available at: <https://www.gov.wales/homebuyers-needs-research-and-place-help-buy-wales>

Views expressed in this report are those of the researcher and not necessarily those of the Welsh Government

For further information please contact:

Name: Rebecca Askew

Division: Knowledge and Analytical services

Welsh Government

Cathays Park

Cardiff

CF10 3NQ

Email: HousingResearchTeam@gov.wales

Table of Contents

| | |
|--|----|
| List of Tables..... | 2 |
| List of Figures | 3 |
| Glossary..... | 4 |
| 1. Introduction | 5 |
| 2. Research Method..... | 9 |
| 3. Characteristics of Purchasers and the Homes Bought..... | 15 |
| 4. Views of Homebuyers and Prospective Buyers..... | 32 |
| 5. Housebuilders' Perspectives | 44 |
| 6. Lenders' Perspectives | 51 |
| 7. Other Jurisdictions..... | 56 |
| 8. Conclusions and Recommendations..... | 64 |
| Annexes..... | 69 |
| Annex 1 Discussion agendas..... | 69 |
| Annex 2 Local Authorities in Each CJC | 87 |
| Annex 3 Schemes in other jurisdictions | 88 |

List of Tables

| | |
|--|----|
| Table 2.1: Number of Participants Recruited to the Focus Groups by Area of Wales..... | 11 |
| Table 3.1: Total number of Help to Buy sales in each local authority by phase (in ascending order of total sales)..... | 20 |
| Table 3.2: Average new build house prices (£) by local authority (March 2023)..... | 22 |
| Table 3.3: Average number of private new build properties per annum..... | 24 |
| Table 3.4: Household composition of Help to Buy-Wales purchasers 30 th September 2023 | 25 |
| Table 3.5: Average number of additional bedrooms by household type | 26 |
| Table 3.6: Loan redemptions at 30th June 2023..... | 29 |
| Table 7.1 Current and recent homes purchase assistance schemes in UK jurisdictions | 58 |

List of Figures

| | |
|---|----|
| Figure 3.1: Help to Buy-Wales purchases by year and whether first time buyer – indicating when price caps altered | 16 |
| Figure 3.2: Map of Corporate Joint Committee Areas..... | 18 |
| Figure 3.3: Help to Buy purchases by CJC area- total to end of September 2023..... | 19 |
| Figure 3.4: Median income of primary applicants by scheme phase..... | 28 |

Glossary

EPC B – Energy Performance Certificate – Rating B

FMB – Federation of Master Builders Wales

HBF – Home Builders Federation

HtB-W - Help to Buy-Wales

HtB-E - Help to Buy-England

HtB-S - Help to Buy-Scotland

NHBC - National House Building Council

1. Introduction

Overview

- 1.1 Originally launched under the Fourth Assembly¹, the Welsh Government's Help to Buy scheme was opened to applications in January 2014, to provide support to prospective homeowners of new build properties who would not otherwise have access to an affordable mortgage. Now in its third phase and tenth year of operation, the scheme provides eligible buyers with a shared equity loan of up to 20% of the total market value of a property.² The scheme was also developed to help boost the housebuilding industry in Wales and support its supply chains at a time when the housing market was under particular stress.³ As of September 2023, 13,885 properties⁴ had been purchased through the scheme, of which around three quarters were purchased by first time buyers.
- 1.2 The current iteration of Help to Buy-Wales is due to end in March 2025. The Welsh Government Minister for Climate Change has asked that options for home ownership support from April 2025 onward⁵ are now fully explored. This report sets out the research undertaken to do this and the findings of that research.
- 1.3 Help to Buy-Wales is similar in its structure and operation to equity loan schemes introduced in England and Scotland at around the same time. However, both these schemes have been ended – in 2023 and 2021 respectively.⁶

Operation of Help to Buy-Wales

- 1.4 To qualify for the scheme, buyers must pay a minimum cash deposit of at least 5% and secure a mortgage for the remaining amount at no less than 25% of the total purchase price. The equity loan is interest free until year 6, at which point annual fees of 1.75% are introduced, rising by the Consumer Price Index (CPI) plus 2% each subsequent year. The loan must be repaid within 25 years, or on sale of the

¹ [Welsh Government \(2013\) Written Statement: Help to Buy-Wales Shared Equity Scheme](#)

² [Welsh Government \(2021\) Help to Buy – Wales: Buyer's Guide Phase 3](#)

³ [Welsh Government, 2023 Help to Buy – Wales: Builders Participation and Registration Guidance](#)

⁴ This number is correct for September 2023 and will differ from data reported in Stats Wales at later dates.

⁵ [Welsh Government \(2022\) Written Statement: The future of Help to Buy-Wales from April 2023](#)

⁶ Further details of these schemes and the low cost home ownership scheme operated in Northern Ireland are set out in Chapter 7

property or redemption of repayment mortgage but can be paid at any point within that period.

- 1.5 The scheme is only available for new build properties i.e. properties not previously used as residential premises. There is a cap on the price of properties that can be purchased which is uniform across Wales and the same for all residential property types. Initially the price cap was £300,000 and this held for Phases 1) and 2)⁷ of the Scheme but the price cap was reduced to £250,000 from 1 April 2021 (Phase 3) and then raised to £300,000 from 1 April 2023 (Phase 3 Extension), with a current end date of 31 March 2025.
- 1.6 Welsh Government funds the shared equity loan and the scheme is administered by Help to Buy-Wales Ltd⁸.
- 1.7 The following key eligibility criteria explain how the scheme operates⁹:
- The property must be provided by a participating builder, as listed on the scheme website¹⁰
 - The buyer must not sub-let any part of the purchased property
 - The buyer must not purchase the property as a second home, while renting their existing home
 - Purchasers can increase their share of the equity in the property ('staircase') at any time after completion, but the first partial repayment must be at least 10% of the market value
 - With the introduction of Phase 3 of the Scheme (from 1 April 2023), only new homes that achieve EPC B and have a National House Building Council (NHBC) Building Warranty or other equivalent Building Warranty, can be purchased through the scheme

⁷ Phases 1 and 2 were for internal administration purposes but with no impact on the scheme's procedures or purchaser eligibility. Technically Phase 2 began on 1 April 2016

⁸ The company name is Help to Buy (Wales) Ltd but for consistency we refer to them as Help to Buy-Wales Ltd in this report.

⁹ [Welsh Government \(2021\) Help to Buy-Wales Website: Eligibility](#)

¹⁰ [Welsh Government Help to Buy-Wales Website: Participating Builders](#)

- If purchasers can secure a 90% first charge mortgage, without the support of Help to Buy-Wales, then they are not offered assistance through the scheme.”¹¹.

Other Home Ownership Support Products in Wales

1.8 Help to Buy-Wales is one of three schemes supported by Welsh Government that are designed to support low cost market purchase. The other schemes are Shared Ownership and Homebuy

- Shared Ownership – which is available to households who can only afford to purchase a share of a new home, with rent paid to a housing association on the balance. The purchaser share needs to be between 25% to 75% of the market value
- HomeBuy - an equity loan scheme providing a loan of between 30% to 50% of the property’s value (but normally 30%) for purchase (usually) of an existing property. The Homebuy scheme is operated by housing associations throughout Wales but is only available where the local authority decides that money should be allocated for its provision.

1.9 Previously Welsh Government operated the Rent to Own-Wales scheme which enabled tenants of rental properties within the scheme to build up a lump sum toward a deposit to purchase their home, exercising their option to buy from after two years of first occupation. This scheme closed in 2021.

Terms of Reference for the Research

1.10 The terms of reference for the current homebuyers needs research were set out in the research specification. The research was undertaken by Opinion Research Services (ORS) and Three Dragons between March and December 2023. The main objectives for the research being to:

- Identify the future needs of prospective homebuyers in Wales and understand the place of Help to Buy-Wales within those requirements

¹¹ P7 [Help to Buy – Wales Buyer’s Guide, \(Welsh Government\) March 2023 update](#)

- Examine the key facilitators of, or obstacles to, success in the current Help to Buy-Wales initiative and other Housing Affordability Schemes, both in Wales and other areas of the UK
- Offer recommendations on how to meet the needs of future homebuyers in Wales.

1.11 Essential Requirements for the research were grouped under four main headings supported by a series of targeted questions:

- What are the current needs of prospective homebuyers in Wales?
- Why is the current iteration of Help to Buy-Wales not attractive to homebuyers?
- What success factors are evident from other housing affordability schemes, both within Wales and elsewhere in the UK?
- How can the support the Welsh Government offers be structured to address the future needs of homebuyers?

1.12 The data used to inform this report was sought directly by ORS from Help to Buy Wales Ltd. It should be noted that data included in this report may differ from the Official Statistics published by Welsh Government.¹² This is because this report includes data collected in 2013-14, which precedes the data published as Official Statistics. Furthermore the data collected for this report focuses on a specific timeframe that matches the period when the qualitative research was conducted, rather than the quarterly periods used in the Official Statistics.

Past Research

1.13 To date, there has been limited research into Help to Buy-Wales, with the last government-commissioned report published in 2016. The report¹³, covered the time between the start of the scheme (January 2014) and September 2015 and drew on a survey of 682 buyers and 49 developers to understand the impact of the scheme and its influence on the behaviour of both buyers and developers.

¹² [Help to Buy \(gov.wales\)](http://gov.wales)

¹³ [PACEC Limited \(2016\) Help to Buy-Wales: Interim Evaluation, Welsh Government.](#)

- 1.14 The 2016 evaluation concluded that Help to Buy-Wales had had a positive impact on the Welsh housing market as 75% were First Time Buyers and that the price cap which then applied, was appropriate across Wales. The feedback from buyers reported in 2016 suggested a need to enhance the provision of the Welsh speaking service and for further promotion of the scheme, not only to buyers but also to developers and solicitors.

2. Research Method

Overview

- 2.1 The research undertaken by ORS and Three Dragon during 2023 used a mix of quantitative and qualitative methods and involved the collection and synthesis of the views and experiences of a wide range of those involved in delivering Help to Buy-Wales and actual and potential purchasers. Data was collected from Help to Buy-Wales Ltd to explore the characteristics of purchasers and of the housebuilders and lenders involved with the scheme. The data was selected so that it was possible to identify trends over time and differences between different parts of Wales.
- 2.2 In addition, a review was undertaken of equivalent schemes in the other UK jurisdictions. The review focused on the history of the schemes identified, how they operated and which sorts of households have benefited from the schemes.
- 2.3 While the contract was commissioned and managed by the Welsh Government, the research involved was carried out independently by the research team at ORS and Three Dragons to avoid bias from any one party.
- 2.4 The remainder of this chapter describes each of the research strands in detail.

Focus Groups with Current and Prospective Homebuyers

- 2.5 To ensure representation from both those who have previously engaged with the Help to Buy-Wales scheme and those who may benefit from the scheme in the future, four online focus groups were held in September 2023:

- One for participants who had purchased through Help to Buy-Wales
- One for those who had previously started the process of buying through Help to Buy-Wales, but eventually dropped out of the process or were excluded
- Two for private renters who had no previous contact with Help to Buy-Wales.

- 2.6 Participants were recruited from a range of sources. Those who had purchased through Help to Buy-Wales and those who had started but not completed the process were invited to participate via email. Contact details were obtained from Help to Buy-Wales Ltd under an existing agreement to take part in research.
- 2.7 Those who had no previous contact with Help to Buy-Wales were initially recruited via the National Survey for Wales recontact database. E-mail and telephone contact details were used to recruit participants from a sample of people who had stated that they were not owner occupiers at the time of the most recent survey and who had agreed to take part in further research on behalf of the Welsh Government. All participants in the focus groups received £50 gift cards as payment for their time.
- 2.8 Those with email addresses were invited to express an interest in taking part via an online registration form. Participants for these groups were then selected to ensure that a diverse range of geographies and demographics were represented in each group.
- 2.9 For the participants who had no previous contact with Help to Buy-Wales, fewer than 20 of those contacted via the National Survey of Wales database, offered to attend. Their numbers were therefore supplemented with targeted telephone recruitment from the research team's call centre, to ensure a sample of adequate size and diversity.
- 2.10 Of the 42 individuals that agreed to participate in a focus group, 34 attended. The location for those recruited are shown in Table 2.1. The table shows that 3 live outside of Wales, but they had all engaged with Help to Buy-Wales (HtB-W) at some point. Reminders were sent to all participants in advance of the focus groups; however some level of attrition is expected when conducting this type of primary research.

Table 2.1: Number of Participants Recruited to the Focus Groups by Area of Wales

| Area | Number by Area |
|--------------------|----------------|
| South West Wales | 12 |
| South East Wales | 12 |
| North Wales | 9 |
| Mid Wales | 6 |
| Live Outside Wales | 3 |

Source: ORS Recruitment

2.11 Focus groups explored participant awareness and experiences of HtB-W, including overall views of the scheme and opinions on what else could be done to assist them with purchasing their own home. Presentation slides were used where appropriate to support understanding of the scheme.

Stakeholder Qualitative Interviews

Overview

2.12 Interviews were held early in the project with officers closest to the operation of Help to Buy-Wales to discuss the background to the scheme and to finalise the research method. Meetings were also held with Welsh Government economists and planning officials.

2.13 In addition to key Welsh Government officials, three groups of stakeholders were identified, whose views were important to the research. They were:

- Officers from Help to Buy-Wales Ltd
- Housebuilders who are registered with Help to Buy-Wales Ltd
- Lenders who are registered with Help to Buy-Wales Ltd.

2.14 All interviews were conducted remotely via video conference. Discussion agendas were tailored to be relevant to each stakeholder group and agreed with Welsh Government ahead of their respective interviews. The discussion agendas used in the research are set out in Annex 1. Following each interview, a note of the key points discussed was sent to the interviewee(s) for their comments. It was agreed that neither the names of individuals interviewed nor the interview notes would be included in the report of the research.

Help to Buy-Wales Ltd

- 2.15 A separate meeting was held with officers from Help to Buy-Wales Ltd to discuss the purchasing process, the availability of data and to collect their views on the operation of Help to Buy-Wales and any changes they consider should be made to the scheme.

Housebuilders

- 2.16 Initial interviews with the Federation of Master Builders Wales (FMB) and the Home Builders Federation Wales (HBF) were undertaken, to gain a general understanding of housebuilders' views about the operation of Help to Buy-Wales. The HBF also agreed to contact a sample of their members to set up a workshop with the research team. A workshop, facilitated by the research team, was favoured as it was considered that this format would encourage discussion and any difference in views could be explored.
- 2.17 The workshop was held in July 2023 with six housebuilders represented. These were mainly larger housebuilders that develop both in Wales and England but with one housebuilder represented being a smaller Wales-based housebuilder. Annex 1 shows the full topic guide that was used in the workshop with the topics summarised as:
- Benefits of participating in the scheme
 - Concerns about the scheme's operation
 - The impact on the new build housing market of the scheme (e.g. proportion of a housebuilder's sales that were Help to Buy-Wales and impact generally on market values)
 - Operation of the price caps and price cap changes
 - Views on the future of Help to Buy-Wales.
- 2.18 To address their limited representation in the workshop, a further five one-to-one interviews were conducted with smaller housebuilders, serving a more local market. Interviews used the same topic guide as the workshop and lasted around 40 minutes to one hour, with participants recruited via the HBF and Welsh Government officials.

2.19 The total number of housebuilders participating in the research was 11. This final number of interviews with the sector (along with the HBF and FMB) and their geographic spread and number of new homes built in Wales¹⁴, is considered sufficient to give a reliable overview of the views of housebuilders to Help to Buy-Wales.

Lenders

2.20 Interviews were held with UK Finance and two individual lenders who are currently registered with Help to Buy-Wales. The topics covered were:

- Trends in demand for mortgages for Help to Buy-Wales purchases
- Perceived challenges faced by lenders and purchasers
- Benefits of participating in the scheme
- Operational issues
- Comparison with other low cost home ownership options e.g. shared ownership
- Future of the scheme.

2.21 It is recognised that the sample of lenders interviewed is limited. However, with the views of both purchasers and housebuilders about availability of mortgages and the cost of borrowing, alongside the data collected about the numbers of lenders involved with Help to Buy-Wales, a reasonable picture of mortgage finance for the scheme has been obtained.

Other Interviews

2.22 Interviews were also held with officials from Homes England and Scottish Government to explore similar schemes in England and Scotland respectively. Key learnings from these interviews are brought together in Chapter 7.

Data Analysis

2.23 A full range of anonymised data was sourced from Help to Buy (Wales) Ltd. This covered data about the characteristics of purchasers (and potential purchasers that did not proceed beyond an initial inquiry) and of housebuilders and lenders

¹⁴ The number and spread of new homes is illustrated later in the report at Figure 3.3 and Table 3.1.

registered for the Scheme; with data available since 2014 so that data over time could be observed.

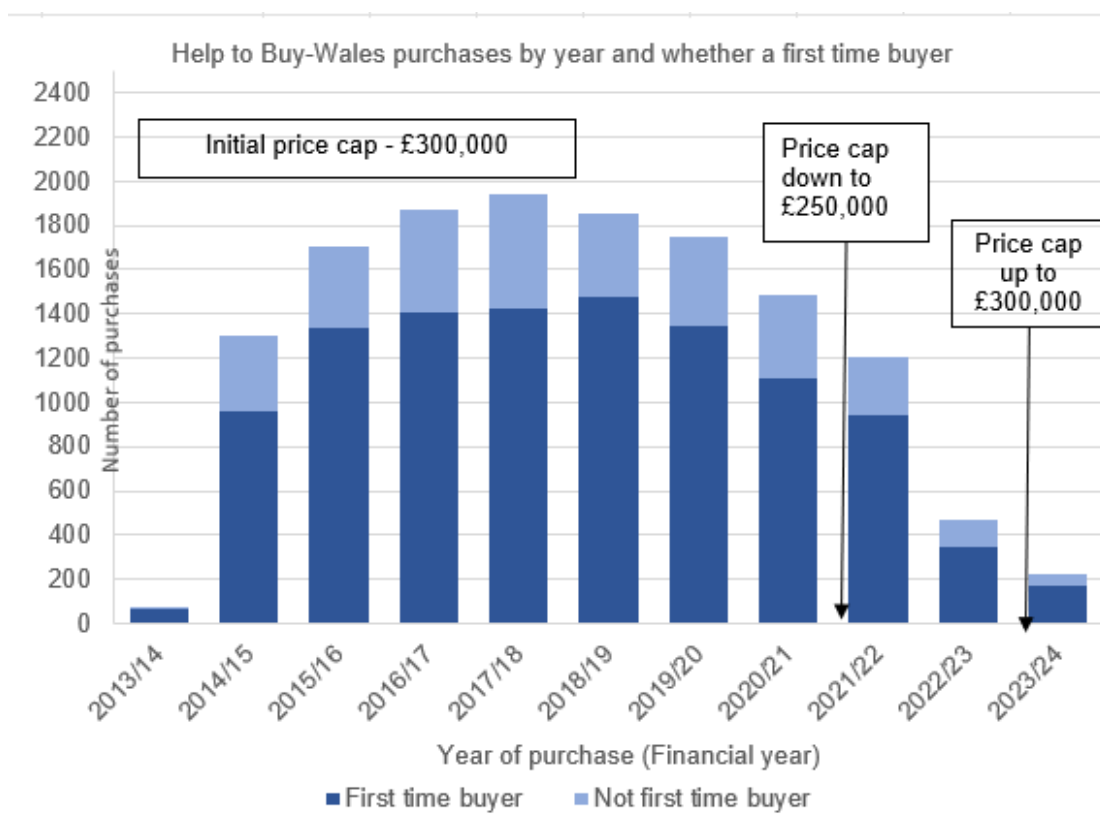
3. Characteristics of Purchasers and the Homes Bought

- 3.1 This chapter presents analysis on homebuyers and the homes they bought, drawing on the data supplied by Help to Buy-Wales Ltd.

Overview of sales using Help to Buy-Wales

- 3.2 Between its introduction on 6 February 2014 and September 2023, 13,885 households had bought their home using Help to Buy-Wales. Of these, 10,578 primary purchasers or 76% of purchasers were first time buyers. Where a household had either the primary and/or secondary purchaser that was a first time buyer, the total percentage of households with a first time buyer increases to 80%.
- 3.3 After its introduction (1 January 2014), annual numbers of sales initially increased year on year but have been declining since the financial year 2017/2018. Peak levels of sales were reached in 2017/18, with a total of 1,939 sales that year.

Figure 3.1: Help to Buy-Wales purchases by year and whether first time buyer – indicating when price caps altered



Source: Help to Buy-Wales Ltd 2023

Total¹⁵ – 13,885¹⁶

Data for 2023/24 only covers the first six month, with 223 cases only

- 3.4 Sales declined more rapidly in 2022/23 than in previous years. This could be a result of the lowering of the price cap in 2021 but may reflect the impact of the COVID 19 Pandemic on the housing market. In April 2023, the price cap was increased again to £300,000. Due to the limited data available and the lead time for purchasing a property, it is not yet possible to determine the impact of this change. It would be advisable for Welsh Government to keep under review the level of take up and reflect this in any future decisions about the scheme.
- 3.5 Over the period since the introduction of HtB-W, the housing market has not been static with average prices for new build homes increasing by some 57% between

¹⁵ There are minor variations in the total sales included in the analysis between tables where some data is missing.

2013/14 and 2022/23 (the last year for which data is available).¹⁷ Increasing house prices may also help explain why the increase in the price cap in April 2023 has not resulted in an upswing in HtB-W sales. Stats Wales data shows that there has been a steady increase since 2014 in the proportion of HtB-W sales of over £250,000. For example, in 2014/15 the figure was 6%, in 2020/21 the figure was 22% but in 2023/24 it had risen to 43%. Recognising the limited number of HtB-W sales in 2023/24 recorded to date, it can still be argued that increasing the price cap should not be assumed to broaden the range of homes potentially available to be purchased through the scheme, if the increase in the price cap is simply absorbed by house prices rises.

- 3.6 Despite the house price increases since Help to Buy-Wales was introduced, the proportion of Help to Buy-Wales sales by first time buyers has remained relatively unchanged, year on year, irrespective of the total volume of sales. The percentage of primary purchasers that were first time buyers has not fallen below 73% in any year since the Scheme's introduction in 2014.

Geography of Sales

- 3.7 Purchase through Help to Buy-Wales has been concentrated in the south east of Wales. This is illustrated using Welsh Government's Corporate Joint Committee (CJC) Areas / Economic Regions with 61% of all sales being in the South-East CJC area. The CJCs are illustrated below and the local authorities in each CJC are set out in Annex 2.

¹⁷ Data taken from [ONS Table 23 Housing market: simple average house prices for new dwellings](#) - Downloaded October 2023

Figure 3.2: Map of Corporate Joint Committee Areas

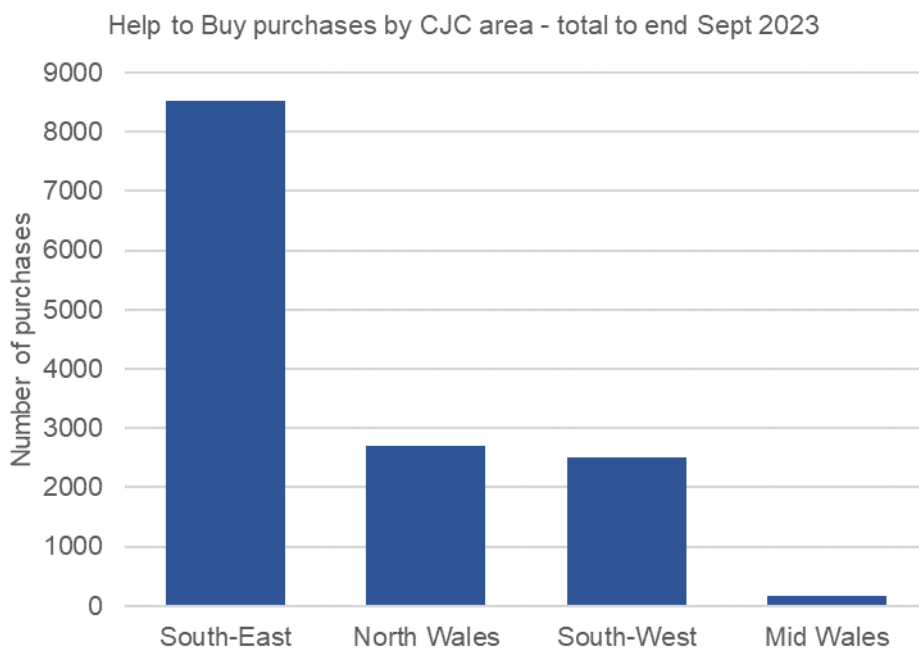


Source: Welsh Government

3.8 The total number of HtB-W sales in each CJC area shows that 8,515 or 61% of all sales were in the South-East area, which dominates sales across Wales (Figure 3.3). This compares with 56% of all private enterprise new completions over a similar period¹⁸. The distribution of HtB-W sales between CJC areas is set out in the chart below. Data is not available for first time buyers specifically but the comparison with private enterprise completions does indicate that Help to Buy-Wales has been more focused in the South-East than elsewhere in Wales.

¹⁸ Data supplied by Welsh Government (unpublished) for number of new dwellings by local authority, tenure and year. Data available for 2014-15 to 2022-23 so not directly comparable with the Help to Buy-Wales data (1 January 2014 to Sept 2023) but a reasonable comparison.

Figure 3.3: Help to Buy purchases by CJC area- total to end of September 2023



Source: Help to Buy-Wales Ltd 2023

Total – 13,886

3.9 The concentration of sales in South-East Wales is reflected at local authority level and has been generally consistent over the different phases of the scheme although sales levels have varied by local authority and phase. These variations may reflect availability of suitably priced new build properties in different local authorities at different times.

Table 3.1: Total number of Help to Buy sales in each local authority by phase (in ascending order of total sales)

| Local authority | Phase 1 | Phase 2 | Phase 3 | Phase 3 Extension | Total |
|-----------------------|---------|---------|---------|-------------------|-------|
| Ceredigion | 12 | 41 | 8 | 1 | 62 |
| Powys | 23 | 64 | 12 | 1 | 100 |
| Isle of Anglesey | 14 | 75 | 15 | | 104 |
| Blaenau Gwent | 18 | 74 | 28 | 1 | 121 |
| Merthyr Tydfil | 113 | 96 | 2 | 3 | 214 |
| Gwynedd | 96 | 153 | | | 249 |
| Denbighshire | 53 | 217 | 39 | 5 | 314 |
| Conwy | 115 | 252 | 17 | | 384 |
| Pembrokeshire | 115 | 212 | 58 | 5 | 390 |
| Wrexham | 132 | 221 | 33 | 5 | 391 |
| Monmouthshire | 85 | 278 | 21 | 10 | 394 |
| Neath Port Talbot | 240 | 162 | 4 | 3 | 409 |
| Caerphilly | 206 | 261 | 55 | 2 | 524 |
| Torfaen | 71 | 495 | 14 | 5 | 585 |
| Swansea | 287 | 364 | 37 | 2 | 690 |
| Rhondda Cynon Taff | 384 | 363 | 70 | 10 | 827 |
| Carmarthenshire | 403 | 574 | 43 | 1 | 1021 |
| The Vale of Glamorgan | 381 | 802 | 67 | 5 | 1255 |
| Flintshire | 561 | 634 | 61 | 1 | 1257 |
| Bridgend | 426 | 797 | 94 | 12 | 1329 |
| Cardiff | 99 | 1148 | 98 | 21 | 1366 |
| Newport | 841 | 931 | 107 | 21 | 1900 |

Source: Help to Buy-Wales Ltd 2023

Total – 13,886

3.10 Totalled across all phases of HtB-W, the three authorities with most sales (Newport, Cardiff and Bridgend) contributed over a third of all HtB-W sales. By contrast, the three authorities with least sales (Ceredigion, Powys and Isle of Anglesey) totalled less than 2% of total sales.

Availability of Properties by Price

3.11 Property prices vary considerably across Wales. Table 3.2 shows the average price paid for newly built properties by local authority at the end of the financial year 2022/23, the beginning of the Phase 3 Extension. It is important to note that, because there can be a low volume of new build sales in some areas and in some years for Welsh authorities, different official data sources can give quite different

figures depending upon how or when the data was compiled. The data can also be skewed by one particular type of development. On the advice of ONS, the prices used in this report are taken from the UK House Price Index: data downloads October 2023¹⁹. The research was unable to find a reliable and consistent data source for lower quartile prices so this aspect has not been reviewed.

- 3.12 The average prices are shown in ascending order – those below the line had an average price higher than the HiB-W cap of £300,000.

¹⁹ UK House Price Index: [data downloads October 2023](#) (aggregated data behind the UK House Price Index (UK HPI)) – subset 'New build and existing resold property'

Table 3.2: Average new build house prices (£) by local authority (March 2023)

| Local authority | New Build Average Price | Average price above price cap of £300,000 |
|-------------------|-------------------------|---|
| Ceredigion | £238,631 | No |
| Gwynedd | £242,671 | No |
| Neath Port Talbot | £248,971 | No |
| Swansea | £249,289 | No |
| Conwy | £249,566 | No |
| Isle of Anglesey | £253,169 | No |
| Denbighshire | £257,512 | No |
| Rhondda Cynon Taf | £263,362 | No |
| Blaenau Gwent | £265,340 | No |
| Wrexham | £274,891 | No |
| Carmarthenshire | £276,296 | No |
| Pembrokeshire | £281,312 | No |
| Merthyr Tydfil | £282,638 | No |
| Bridgend | £306,518 | Yes |
| Powys | £315,666 | Yes |
| Flintshire | £317,876 | Yes |
| Newport | £337,864 | Yes |
| Caerphilly | £342,512 | Yes |
| Cardiff | £350,099 | Yes |
| Torfaen | £398,346 | Yes |
| Vale of Glamorgan | £398,869 | Yes |
| Monmouthshire | £524,634 | Yes |

Source: UK House Price Index: data downloads October 2023

Price for Neath Port Talbot is December 2022 as there was insufficient data

- 3.13 There were nine local authorities where the average new build house price was above the price cap of £300,000 (Bridgend, Powys, Flintshire, Newport, Caerphilly, Cardiff, Torfaen, Vale of Glamorgan, Monmouthshire).
- 3.14 It is of note that the five authorities where it is reported that there have been over 1,000 HtB-W homes sold over the lifetime of the scheme, are all in areas with higher house prices. In 2023, all had an average price above the cap of £300,000

(in ascending order of the total number of Help to Buy-Wales sales, Vale of Glamorgan, Flintshire, Bridgend, Cardiff, Newport).

- 3.15 However, price will be only one factor shaping sales locations for the scheme, other factors such as proximity to jobs and transport links are important too and these will in turn influence sales values. Availability of new build homes will also influence how many sales take place in an area – if an authority has a low rate of new build development it can be assumed that there will be a correspondingly low number of HTB-W sales, whatever the pent-up demand. Therefore, further analysis of the availability of new build properties for sale has been undertaken. The following table shows the average number of new build private completions per year, by local authority. For ease of reference authorities are shown in ascending order by house price, as per Table 3.2.

Table 3.3: Average number of private new build properties per annum

| Region Name | Average of 3 years -Apr 2021- Mar 2023 | Average price above price cap of £300,000 |
|-------------------|--|---|
| Ceredigion | 151 | No |
| Gwynedd | 114 | No |
| Neath Port Talbot | 38 | No |
| Swansea | 143 | No |
| Conwy | 213 | No |
| Isle of Anglesey | 112 | No |
| Denbighshire | 202 | No |
| Rhondda Cynon Taf | 87 | No |
| Blaenau Gwent | 80 | No |
| Wrexham | 141 | No |
| Carmarthenshire | 217 | No |
| Pembrokeshire | 189 | No |
| Merthyr Tydfil | 54 | No |
| Bridgend | 170 | Yes |
| Powys | 141 | Yes |
| Flintshire | 269 | Yes |
| Newport | 214 | Yes |
| Caerphilly | 156 | Yes |
| Cardiff | 746 | Yes |
| Torfaen | 145 | Yes |
| Vale of Glamorgan | 315 | Yes |
| Monmouthshire | 228 | Yes |

Source Welsh Government

3.16 The data in the table shows an average of 3 years to March 2023, a period of time that includes the COVID 19 pandemic. A comparison with the preceding three years showed a similar pattern and in most cases a similar number of sales, there were variations but not so significant as to alter any conclusions.

3.17 Of the five areas with the highest number of HtB-W sales (Vale of Glamorgan, Flintshire, Bridgend, Cardiff, Newport), four are in areas where there are over 200

new build properties delivered per annum, and the fifth where there are 170 per annum.

3.18 The three authorities with least overall new builds (Neath Port Talbot, Merthyr Tydfill and Blaenau Gwent) are towards the lower end of the spectrum in terms of average number of HtB-W sales, although there is no clear pattern.

3.19 What is perhaps most relevant to this research is that for all authorities, with the possible exception of Cardiff, the number of new build properties entering the market each year is low. If price caps were to be lowered the pool of available properties could shrink considerably, even in lower value areas.

Sales by Household Type and Size of Home Purchased

3.20 A breakdown of household composition for sales up to the end of the second quarter 2023/2024 is shown in Table 3.4.

Table 3.4: Household composition of Help to Buy-Wales purchasers 30th September 2023

| Household type | Number households | Percentage of total |
|--------------------------------|--------------------------|----------------------------|
| Single person | 3,815 | 27.5 |
| Single with children | 489 | 3.5 |
| Couple | 6,395 | 46.1 |
| Couple with children | 3,034 | 21.8 |
| 3 or more adults | 82 | 0.6 |
| 3 or more adults with children | 69 | 0.5 |
| Unspecified | 2 | 0.0 |
| Total | 13,886 | 100.0 |

Source Help to Buy-Wales Ltd October 2023

3.21 The table illustrates the predominance of households without children – 74% of total sales. Although households with children still account for more than 25% of households. Only 3.5% of households are single parent families.

3.22 There was a spread in the range of ages of purchasers from 19 to 74 years, with a median average age of the primary purchaser of 35 years. This has fallen slightly over the lifetime of the scheme from a median of 37 years during Phase 1 to a median of 31 years during the Phase 3 Extension. For first time buyers, the median

age is the same at 35 years, but this dropped from 38 during Phase 1 to 29 during Phase 3 and 30 during the Phase 3 Extension (end second quarter 2023), although noting the lower number of data entries for the Phase 3 Extension. This is contrary to national reports of an increasing age of first time buyers²⁰.

- 3.23 Just over 79% of sales are for three-bed or four-bed properties (54% three-bed and 25% four-bed). A further 18% are for two-bed properties with one-bed and five-bed making up only a small proportion of sales (2% and 0.5% respectively). It is possible to correlate the number of bedrooms with the household type to provide an average number of 'spare' bedrooms. In the table below, it is assumed that each single adult or couple will require one bedroom as will each child.

Table 3.5: Average number of additional bedrooms by household type

| Household type | Additional bedrooms |
|-------------------|---------------------|
| Single person | 1.57 |
| Single + children | 0.69 |
| Couple | 2.09 |
| Couple + children | 0.95 |
| All of above | 1.67 |

Source Help to Buy-Wales Ltd October 2023
Excludes households with more than 2 adults²¹

- 3.24 On average, households without children have the highest number of additional bedrooms, with childless couples averaging over two 'spare' bedrooms. Single parents with dependent children are the least likely to have an additional bedroom. It is possible that there are other households with children that are sharing rooms and others who need a carer.
- 3.25 There was little discernible difference in these basic statistics on household composition, size of property or number of additional bedrooms between first time buyers and the wider pool of HtB-W purchasers.

²⁰ For instance Halifax 2023 [Number of first-time buyers falls amid tougher housing market conditions](https://www.halifax.co.uk/news/number-of-first-time-buyers-falls-amid-tougher-housing-market-conditions) ([loydsbankinggroup.com](https://www.loydsbankinggroup.com))

²¹ Data not granular enough to ascertain which households would share a bedroom

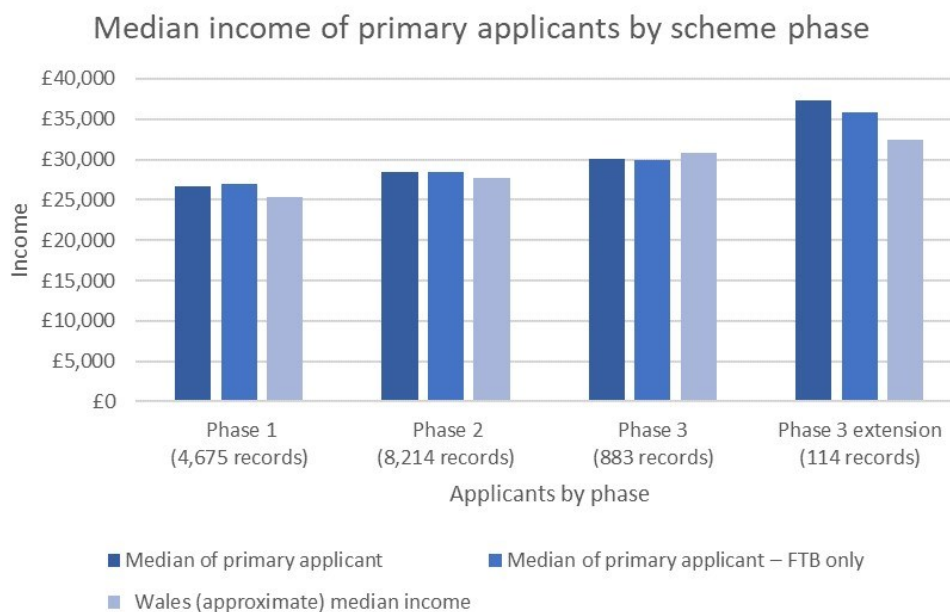
Purchasing Power of Participating Households

- 3.26 Help to Buy-Wales Ltd data showed that, over the lifetime of the scheme, households with a range of incomes from under £10,000 to over £200,000²² have purchased homes through the scheme. As noted earlier, the current Buyers Guide for the scheme is clear that if prospective purchasers are in a position to secure a 90% mortgage without help from Help to Buy-Wales then they will not be assisted (because they should be able to purchase a property without help from the public purse)²³. Earlier versions of the guidance were similarly clear on this. Only a small percentage of overall purchasers (0.23%) have incomes of over £100,000 and there may have been specific reasons for their inclusion in the scheme or data may have been mis-recorded.
- 3.27 Median incomes do however give a different picture. The Figure 3.4 below shows the median incomes by phase of the scheme and how they align with national averages.

²² Incomes rounded to avoid identification of individuals

²³ Page 7 [Help to Buy – Wales Buyer's Guide, Phase 3 Extension \(Welsh Government\) April 2023 update](#).

Figure 3.4: Median income of primary applicants by scheme phase



Sources – Help to Buy-Wales Ltd October 2023 for HtB-W data and ONS / ASCHE for national data March and November 2023 (residence based)

Figures rounded

National median incomes have been averaged across the relevant timeframe of each phase so are only approximate

3.28 The median income of primary applicants was shown to be similar to the median income for Wales. It had risen above the national figures in the Phase 3 Extension but as the sample size was much smaller it was difficult to identify this as a trend. First time buyers, in the main, were found to have similar incomes to the general cohort of purchasers through HtB-W.

3.29 In terms of affordability, the requirements for the scheme are that the repayment mortgage element should be no more than 4.5 times annual income and a purchaser’s debt or outgoings must not exceed 45% of household income²⁴. Median household incomes (primary and secondary purchaser combined) were £50,000 for the latest phase of the scheme, having risen from £42,800 in Phase 3. This increase was above the rise in national incomes of 5.3%, perhaps suggesting that the current climate of rising interest rates means purchasers require higher incomes to purchase a property, even with HTB-W. A household income of £50,000 aligns

²⁴ Page 12 [Help to Buy-Wales Buyer’s Guide \(Welsh Government\) April 2023](#)

exactly with the parameters for purchasing a property at the maximum of £300,000, intimating that households are aspiring to the maximum value purchase available:

- Assuming no other factors apply, the mortgage available to a household with an income of £50,000 is £225,000
- Deposit of 5% = £15,000
- Equity loan of 20% = £60,000
- Total available for home = £300,000.

3.30 Without the assistance from the equity loan (but still assuming a 5% deposit) the same purchasing household would be able to purchase a home valued at approximately £236,000, as opposed to £300,000 with the equity loan. This would be below the average house price for all local authority areas in Wales.

Redemption of Loans

3.31 Equity loans start to accrue interest after six years and data supplied by Help to Buy-Wales Ltd demonstrated that over 90% of loans have been settled before this time. Of loans that were settled, around 48% were settled on sale of the property. The statistics are split further in Table 3.5.

Table 3.6: Loan redemptions at 30th June 2023

| Period to settlement | Number | Percentage |
|-----------------------------|---------------|-------------------|
| Settled before 6 years | 5,262 | 38 |
| Settled after 6 years | 532 | 4 |
| Live before 6 years | 6,123 | 44 |
| Live after 6 years | 1769 | 13 |
| Written off or in arrears | 97 | 1 |
| Total | 13,783 | 100 |

Source – Help to Buy-Wales Ltd October 2023

3.32 Elsewhere in the UK, and while not a direct comparison because it covers more than one type of scheme, a Scottish survey of over 2,000 purchasers found that 11% of buyers who had had an equity loan from a government backed scheme had redeemed or partly redeemed their equity loan (thus increasing the purchasers

share of the equity), with just over 25% of those redeeming in full i.e. increased their equity share to 100%²⁵.

- 3.33 Less than 1%²⁶ of HtB-W equity loans to date are written off or in arrears. This is similar to levels of arrears across the UK house buying market at 1% of all homeowners with outstanding mortgages ²⁷.

Applicants that Did Not Proceed

- 3.34 Some applicants for a HtB-W purchase did not proceed with their purchase but these are limited in number. Information on 65 such applicants from across the lifetime of the scheme was provided By Help to Buy-Wales Ltd and were from across all years that the scheme has operated. Reasons for withdrawing their application are not recorded but were reported by officers as being 'mixed'. These included cases where a purchaser was able to obtain a mortgage from a lender but at a greater income multiplier than will be accepted by Help to Buy-Wales Ltd.
- 3.35 Prospective purchase prices shown in the data ranged from £115,000 to £300,000 and it is not clear whether, at the lower end of this range, properties would all be new build and meet the eligibility criteria for HtB-W properties. Income data for the applicants that did not proceed is inconsistent, however that which is available indicates that some applicants would not have sufficient income to support the necessary mortgage and/or would not be able to pay the minimum cash deposit of 5% of the purchase price that is required. Other applicants that did not proceed had incomes of over £80,000 per annum.

Summary

- 3.36 Since 2014 (up to September 2023), Help to Buy-Wales has helped some 13,880 households to purchase their home. Annual numbers peaked in 2017/18 and have declined since then but with a consistent pattern of sales being concentrated in the south east of Wales. At the current price cap for HtBW (£300,000), new build properties are available across Wales of at least two bedrooms but typically three or

²⁵ Page 60 [Evaluation of Scottish Government Shared Equity Schemes \(Scottish Government\) June 2020.](#))

²⁶ Actually 0.7% - figure is rounded upwards in table

²⁷ [Mortgage Arrears and Possessions Update, Q3 2023. \(UK Finance\) November 2023.](#) UK Finance does not provide information for countries within the UK

four bedrooms. However the number of properties available for new build purchase each year generally, with the exception of Cardiff, is low with an average of less than 300 per authority per annum. This, taken alongside the data showing that there were nine authorities where average prices were above the price cap, implies that, had the price cap not been raised at the start of the Phase 3 Extension, there could have been a very limited pool of available properties for HtB-W purchase.

- 3.37 The majority (76% of primary purchasers) were first time buyers and 74% of purchasers were households without children. There is evidence that households are 'buying' more space than they 'need' to meet their immediate requirements. But as these are predominately younger couples without families, it could be assumed that many purchasers are looking ahead in their purchasing decision to a time when they have a family.
- 3.38 Incomes of purchasers vary but the median income of current purchasers (i.e. primary applicants) were very similar to the national average for the relevant period (the national median was £25,300 in phase 1, rising to £30,800 in phase 3 and £32,500 in the phase 3 extension). At the median household income (primary and secondary purchasers combined), households can afford to buy a property at the current price cap – with a mortgage of 4.5 primary income, a deposit of £15,000 and an equity loan of £60,000. Without the assistance from the equity loan (but still assuming a 5% deposit) the same purchasing household would be able to afford a home valued at (roughly) £236,000. This would be below the average house price in all local authority areas in Wales. Thus, without the equity loan, the choice of properties would be significantly reduced, particularly for households on incomes lower than the median and in higher priced areas of Wales.
- 3.39 There is little evidence that HtB-W is linked to particular financial stress for purchasers. Most loans (over 90%) are settled before they start to accrue interest (i.e. after six years) and less than 1% of all loans to date are written off or in arrears; a level similar to arrears across the UK house buying market.
- 3.40 A few applicants for a Help to Buy purchase do not proceed with their purchase but these are limited in number, with no clear reason why households withdraw.

4. Views of Homebuyers and Prospective Buyers

Introduction

- 4.1 In this chapter, HtB-W is explored with a range of individuals from across Wales who had either used the scheme, or were potential future owner occupiers. The purpose of this element of the work was to receive feedback on the operation of HtB-W and also to assess how the scheme may be refined or improved in the future from the point of view of (potential) purchasers.
- 4.2 As outlined earlier, four focus groups were undertaken in September 2023. The first group considered those who had purchased through HtB-W, the second group included those who had begun the process of buying through HtB-W, but did not proceed, while the final two groups were comprised of participants who had no previous involvement with HtB-W, but who were potential house purchasers.
- 4.3 The key findings from the focus groups are set out below, with each of the focus groups reported in turn, with the findings summarised at the end of the chapter.
- 4.4 Names, specific organisations and identifying comments have been removed from the verbatim comments to ensure anonymity. It should also be noted that the opinions are the views of the participants and any errors or misunderstandings relating to the scheme are not corrected.

Participants who Purchased Through Help to Buy-Wales

Awareness of Help to Buy-Wales

- 4.5 The majority of participants who purchased through HtB-W found out about the scheme through developers, lenders or from knowing someone who had used the scheme.

‘Through family friends and developer sites. I bought through a house builder and they told me about the funding options.’

Overview of the Scheme

- 4.6 Several of the participants had viewed the English Help to Buy website and were able to offer comparisons with the Welsh one. In general, they found the English

website to be superior, with several finding the calculator on the English website to be more effective in determining how much they could borrow.

‘One thing I found particularly frustrating was when looking at the scheme was the calculator that told you how much you could borrow, the English website has more provision than the Welsh one. There was some stuff on the Welsh Government website but the English one was better.’

- 4.7 Other participants had also viewed other schemes from the Welsh Government such as Shared Ownership and Rent to Buy but found it difficult to determine which one suited them best. A website which allowed them to consider all options in one place would have been beneficial.

Positive Aspects of Help to Buy-Wales

- 4.8 The overwhelming largest positive of the scheme was deemed to be that it only required a 5% deposit, rather than the 20% or more which was being asked by lenders.

‘5% deposit was the real attraction’

- 4.9 Participants found the process of applying through HtB-W to be relatively straightforward, with much of the work handled by the developers and the mortgage broker.

‘My mortgage broker did most of mine as well, and there were just bits for me to just sign off on and make sure details were correct. I don’t think I did much of the work to be honest.’

- 4.10 The way in which the scheme considered future spending on the house was also considered an advantage by one participant.

‘If I need to adapt the house and say the mortgage goes dire with interest rates – the fact that I may have to make adaptations because of my disability and the fact that it wouldn’t go against my equity payments when they go to assess the value, it is really helpful from that perspective. What was helpful with an access point of view in buying a new build was that our house has three bathrooms and it’s handy knowing that if I am really ill on a certain day then the house is set up for modern living as well.’

Negative Aspects of Help to Buy-Wales

- 4.11 An issue found by several participants was how different types of debt were considered by Help to Buy-Wales. For example two participants also had car finance and this was classed as a hire purchase by HtB-W, and not in the same category as credit card debt. This restricted the amount they could borrow more than they had anticipated and also slowed down the release of the funding.

Benefits and Disadvantages of Help to Buy-Wales

- 4.12 For some participants, HtB-W did allow them to purchase a home when they otherwise wouldn't have been able to do so, with several reporting that without the scheme they would have been renting for longer.
- 4.13 For many participants, a key benefit of HtB-W was not that it allowed them to purchase a house, but that it allowed them to purchase the house that they wanted. Several participants reported that the scheme allowed them to purchase a larger property than they otherwise would have been able to do.

'We were right at the top of our budget and with three kids we needed a four bedroom. I don't think we would have been able to afford the house without HtB. ...For us, the benefit was that we were able to buy something bigger that would last us a lot longer in the long run and we won't have to move. If we didn't have HtB then our lending would have been around £60,000 less, and that would mean that we would have needed to upsize fairly soon.'

- 4.14 Others reported that the scheme allowed them to purchase in their ideal location.

'I wouldn't have been able to purchase my house because it is a little bit more expensive than the area around it and that's where I am from and so it's where I wanted it to be. Also I wouldn't have been able to afford a house that had parking. I wouldn't have been able to be lent as much as I had been able to.'

- 4.15 Several participants questioned the caps in Help to Buy-Wales. They felt that £300,000 didn't buy that much in the new build market in Swansea or Cardiff.

'I think the price cap should alter with the housing market ...If you bought a house in the Valleys like Blaenau Gwent then they are not going to be that expensive

but trying to get into the housing market in Cardiff, Swansea, Monmouthshire or even parts of Newport then it will be more challenging.

- 4.16 Other participants cited the issue of Help to Buy-Wales being only available for new build properties and often only on specific schemes as being an issue.

'You are restricted to the builders who signed up to the scheme. We went with a large builder but in my area, there were lots of smaller developments with maybe only one or two houses being built on a previous strip of land and in my opinion, they were a bit better priced and were better quality as well so it's a shame that only the bigger builders seem to have signed up to the scheme.'

'I am from a really rural area and from a different perspective, I was just really lucky that they were building a new site where I live. It's very rare to have new builds and if it had not come up at the right time for me, there is no way I would have been able to buy with HtB in that area. Possibly in areas difficult to get planning permission then maybe that's something to look at because there could be lots of older houses that are really lovely yet there is not the support there for it.'

- 4.17 A further issue identified by a participant was leasehold fees, but this has been addressed by the scheme and leasehold houses can no longer be sold through the scheme.

'I think there should also be something in HtB in terms of the estate fees you have to pay with a new build as well and they are not capped. Given that the scheme is only for new builds then the fact that the management fees are uncapped on the majority of the sites then that is always a bit of a concern that the majority of builders on this scheme have these uncapped charges. Our first year's about to come up and it's going to be about £450 per year but going forward it could rise to whatever and something needs doing about that because if people don't understand the estate fees...'

Repaying the Equity Loan

- 4.18 For most of the participants, the equity loan has yet to mature. Several were looking at directly repaying the equity loan from savings, or remortgaging their property to

pay off the loan so that they could remain in the house with just a standard mortgage.

'The plan was always to repay at the year five mark because it was probably cheaper than the loan with interest – but not that might be cheaper to do than remortgage so it's something to consider.'

- 4.19 However, others were concerned about the increase in the equity loan because of the growth in house prices, or saw the growth in house prices as an opportunity.

'Because our house price has gone up by £150,000 it is a substantial amount and our equity loan has gone up as well, so we are toying with do we keep it or do we sell it.'

'Our initial plan was to remortgage after the five years but now we will look to sell it and buy somewhere else locally.'

Participants who did not Proceed with a Purchase Through Help to Buy-Wales

- 4.20 The participants in this focus group came from a wide variety of experiences of the scheme, so were much more a series of individual stories than a wider lesson in how HtB-W works in general.

Awareness of Help to Buy-Wales

- 4.21 An interesting factor about the participants was that several had purchased through the English Help to Buy scheme, or already owned properties in England.

'I knew about the HtB scheme in England because I had actually used it previously and it was only when I was looking for Wales that the estate agent said that despite me already owning a property, I was not precluded from the HtB scheme.'

- 4.22 However, like those who did proceed with the scheme, the majority of participants who purchased through HtB-W found out about the scheme through developers, lenders or from knowing someone who had used the scheme.

Overview of the Scheme.

- 4.23 Again, several of the participants had viewed the English Help to Buy website and were able to offer comparisons with the Welsh one. In general, they were positive

about the information provided, but found less independent advice than was available in England.

'It was quite clear and concise government information but a lot less independent information so like HtB England and the schemes around that like shared ownership and media coverage about it, so there were different perceptions or portrayals, whereas with the Welsh one, there was a lot less public coverage.'

4.24 However, others picked up on issues relating to their own circumstances.

'I was changing jobs at the time and had just started a new job and there was an insistence from Welsh Government that they wanted three months' worth of payslips at the time, but the last two months of payslips were from an employer while I was changing jobs and I was changing jobs to a new employer and they then came back with a very lengthy letter questioning why my employer was based 150 miles from the property.'

'Someone mentioned they were asked why they worked so far away from home – I got asked that because I work in England, but most of the time I work from home and Welsh Government just can't get their heads around the fact that people can live in Wales and commute to England!'

Positive Aspects of Help to Buy-Wales

4.25 Again, the overwhelming largest positive of the scheme was deemed to be that it only required a 5% deposit.

'Me and my wife wanted to own our own house really and we didn't care about anything else. The big thing for us was being able to get a deposit together and we didn't really want to have a new house but the HtB was only for new builds in Wales and it was a 5% and that's what drew us in and we didn't really think about it too much. It was 5% and affordable so we didn't really think of anything else too much.'

4.26 Participants also again found the process of applying through HtB-W to be relatively straightforward.

'The form was very easy, simple and clear. The required form was a simple process and the response was quick. There were questions around payslips but

they came back about that very quickly and the form was laid out to be incredibly easy and the fact that they used the paper form and I could just sit down and work through it methodically was really helpful for me.'

Negative Aspects of Help to Buy-Wales

4.27 For three of the participants the reason that they dropped out of the scheme was simply a change in circumstance having accepted a job elsewhere. However, for many of the participants, the reason they did not proceed with their purchase through Help to Buy-Wales related to issues with their developer or with the funding of the scheme.

4.28 For example, one participant had an issue because they were going through a divorce.

'A new estate was being built around the corner from my parents and I thought I am going to love living there; the kids won't be disrupted with their school and the divorce was going through. Things weren't great in sorting out the settlement and it was all a bit fraught and thankfully I was able to buy the property without HtB. HtB wanted me to get my ex to sign a form to say that he would sign the maintenance agreement.'

4.29 Other participants had issues with their developers.

'...we were going to exchange a week later and we had an email from the developer that due to COVID, Brexit and everything and they had to put the price up by £10,000 and obviously we didn't have it at that point and we had nowhere else to go and I could have maybe got more for the mortgage and from HtB but HtB was closing in December and the house wouldn't be ready until February and Phase 2 was closing so that just put it out anyway and we had to pull out.'

4.30 A further participant became concerned about the size of the equity loan if house prices increased.

'In the end it was more a case of the financial side of it. We planned for the property we wanted to go up in value and when I kind of noticed that one of the requisites of the loans is that they claim 20% of any equity and that kind of

caused me to look if there was any other way to get the money so I didn't have to give such a large percent of the equity.

Benefits and Disadvantages of Help to Buy-Wales

- 4.31 There was a range of benefits identified by the participants which were similar to those who did proceed with the scheme.

'I was relocating to North Wales for work and it's convenient and it meant I wasn't tying up cash in a deposit. I was happy with a new build. It wasn't a prerequisite and wasn't a problem. It was convenience rather than anything else.'

'For me it was partly location because it was a coastal property and it made me able to buy a bigger house – a four bed rather than a three bedroom, and I wouldn't have been able to afford to do that by mortgage alone. It was the 5% and enabling me to go a bit beyond.'

- 4.32 There was again a focus on the fact that HtB-W can only be used for new build properties and is capped at £300,000. When asked how the scheme may be changed it was suggested that limiting factors includes the ability to buy existing properties and also increasing the threshold.

It should be noted that many of the participants did eventually buy a home, with some buying the same home as they were considering purchasing before with HtB-W. Examples of reasons why purchasers changed their minds included a wish not to 'share' any equity gains and the HtB-W process taking too long:

'Yes, same house. I guess initially it upped our budget so we started looking at different houses that were more expensive from what we could have afforded at that stage so I guess it helped us look at the type of houses we really wanted. But yes, we bought the same house we were planning on before.'

'I went on to buy an older house because by then I had started work and commuting wasn't really an option so I just went for something I could move into.'

Participants who had no Previous Contact with Help to Buy-Wales

Awareness of Help to Buy-Wales

- 4.33 Despite never having used or started the process of using Help to Buy-Wales to purchase a property, many of the participants at these two focus groups were aware of the scheme. Some had used the now withdrawn Help to Buy ISA, while others were aware of the scheme through friends and family having used it.

'I used to work with someone who bought a house through the HtB scheme. She was literally 20 years old and she did it for a couple of years and then managed to save up to do the 5%.'

- 4.34 Those who had looked at the scheme previously felt it was easy to access information and documentation.

'Easy to get the information you need. There is an online booklet that is easy to find. If you have the internet then anything is easy to find really. Once you know about it – it's easy.'

Future Housing Plans

- 4.35 Almost all participants did want to purchase a property but found that the barriers to purchase were very high.

'For me it is also daunting because I think it is going to be a lot harder because I am freelance and that is going to go against me. I do various zero hour contract jobs and stuff, and so I agree that is really frustrating because I have proven that I can pay my rent regularly but it is still not good enough, even on a mortgage that is cheaper than the rent I have been paying, so it is really frustrating.'

Positive Aspects of Help to Buy-Wales

- 4.36 Again, the 5% deposit was deemed to be the largest positive of the scheme.

'To help with affordability so you know you have a 5% deposit, you know it is a new build and knowing what's available so it helps with choice, and with having the extra help with the government having the 20% as well. It seems to be really helpful to be able to save to get to that point where you can make a purchase.'

- 4.37 However, the participants who were currently renting noted that saving even a 5% deposit was currently a challenge.

'I was listening to something on the radio this morning about how the average deposit is £36,000 so even though the purpose of the scheme is supposedly to help you need to save less money, if you are someone who is renting and is still having to pay out those kinds of things on a fairly average salary, then you still need £18,000 to get 5% so I feel like the purpose of it hasn't changed in the way that inflation has.'

Negative Aspects of Help to Buy-Wales

- 4.38 Many of participants felt that there the inability to purchase in the second hand market using HtB-W was an issue for them.

'I would buy romantic, older houses, smaller cottages and that kind of thing – if I bought a property, I would want it to suit me as a person, and so with the HtB scheme as well, if that is only new builds it completely deters me to even investigate any more into that because I don't want a new build house; they aren't very good and they are not built to last.'

- 4.39 Others noted that there was a lack of HtB-W supported development in their local area, or that there is just very little housing available in their local area to purchase.

'...It's also important to consider what's available in our area as well in terms of new developments which is not great around North Wales at the moment. It's getting to know about them before they get sold up. Living in my hometown, there is only one scheme I know of that's been in the area. The interest in that scheme was much higher than what was available and competition; and getting to know about the schemes with enough time to apply as well – that's an issue.'

Potential Changes to Help to Buy-Wales

- 4.40 Participants at all the focus groups were asked for potential changes to HtB-W which would assist them. Many of the factors which they highlighted derived from their experiences.

4.41 The issue of new build homes and extending the scheme to the second hand market was repeatedly raised.

'I feel we are being pushed towards buying new houses, and I would just like to know why. Why can't the offer be extended to any property? Why does it have to be certain homes, contracts and builders?'

4.42 Other focused more generally upon having more choice in the housing market.

'There needs to be more understanding of how crucial location is and how expensive it can be living in certain areas. Transport is such a huge part of everybody's life and if you haven't got a car and can't afford the rising petrol costs, that's an added expensive not considered.'

4.43 Meanwhile a common theme was the wider access to finance and prioritising first time buyers.

'...you shouldn't be allowed to buy one if you already own a property and also more support to get a mortgage. I have been paying rent for nearly ten years and it's 'how would you be able to afford to pay a mortgage?' and if I wasn't paying rent, I would be able to have the potential to be doing that, so it is acknowledging that consistently paying rent is proof that you are capable of making mortgage repayments as well.'

Summary

4.44 The clearest message from all the focus groups was that HtB-W allowed households to purchase a home with only a 5% deposit, when the alternative routes into home ownership would require a 20% deposit. This allowed participants to purchase a property when they otherwise wouldn't be able to do, or to buy a bigger property or one in a better location.

4.45 The participants generally found the process of accessing information about HtB-W and then completing the application process to be relatively straightforward. However, there was room for improvement, with many citing the example of the English HtB scheme website and supporting information which provided more information to buyers.

- 4.46 Some participants noted that they found it difficult to compare the cost of buying through HtB-W with the cost of other scheme such as Shared Ownership and Rent to Buy. Others also found issues with the application process such as a difficulty in providing income guarantees because the work on zero contracts or they were moving to take up new jobs.
- 4.47 A further issue raised by participants was that there were inconsistencies between HtB-W in what was considered to be a debt which limits borrowing capacity. For example HtB-W considered car finance to be an existing debt, but not credit card debt.
- 4.48 Therefore, there is room for improvement in the website of HtB-W and also in the processing of some applications.
- 4.49 Current limits set by HtB-W were extensively discussed by participants. Several participants questioned the caps. They felt that £300,000 was insufficient for the large cities and more expensive areas.
- 4.50 Other participants cited the issue of Help to Buy-Wales being only available for new build properties and often only on specific schemes as being an issue. This was particularly an issue for those who lived in North Wales or more rural areas. These areas see very little new development, so opportunities to use the scheme are limited and, in many cases, the second hand market is under pressure from households seeking second or holiday homes.
- 4.51 Several participants were looking at directly repaying the equity loan from savings, or remortgaging their property to pay off the loan so that they could remain in the house with just a standard mortgage.
- 4.52 Some were concerned about the increase in the equity loan because of the growth in house prices. However, others saw the growth in house prices as an opportunity to make a profit on their property.

5. Housebuilders' Perspectives

5.1 The analysis of the role and views of housebuilders draws on data provided by Help to Buy-Wales Ltd and the qualitative interviews with the HBF, FMB and housebuilders as outlined in Chapter 2.

Involvement

5.2 294 separate housebuilders²⁸ have been registered with Help to Buy-Wales Ltd at some point since the start of the scheme. The level of involvement with HtB-W varies significantly between housebuilders. The majority of participating housebuilders did so in a limited way with over 60% of the participating housebuilders involved with four or fewer HtB-W purchases in total and 42% involved with only one or two sales.

5.3 Involvement with smaller schemes was less pronounced in the south of Wales (i.e. South-West and South-East together) than elsewhere in Wales.

5.4 In the South-East CJC, over 4,500 HtB-W purchases were in schemes with 100 plus HtB-W purchases. In Mid Wales, none fell into this category and in North and Mid Wales, HtB-W has involved a large number of smaller schemes (159 schemes with less than 10 HtB-W purchases).

5.5 Together, the three housebuilders that had most HtB-W sales, contributed 50% of all HtB-W purchases. The top 10 housebuilders contributed 76% (or more than 10,500) of all HtB-W purchases. A web-based review of the 'top 10' housebuilders by the research team found that seven are Public Limited Companies with headquarters in England but three are Wales based (in the north of Wales).

Housebuilders' View of Help to Buy-Wales

For purchasers

5.6 The housebuilders interviewed considered that HtB-W has a very positive impact for purchasers. The scheme is seen to improve the affordability of buying a new property and was regularly described as getting, "...people on the housing ladder."

²⁸ This number may include housebuilders that are closely related and/or within the same 'group'

- 5.7 Because they are borrowing less than otherwise and purchasing with a government backed scheme, purchasers were said to be able to access mortgages with better interest rates (helping to keep down the cost of buying):

'Help to Buy allows more people to purchase houses by improving affordability and better access to mortgages.'

- 5.8 However, some purchasers are thought to over-commit themselves and are not thinking beyond the first five years of their equity loan and then become over-stretched financially.

Impact on demand and house prices

- 5.9 HtB-W was expressed by some housebuilders interviewed as providing another string to the bow of housebuilders, especially smaller housebuilders and to account for as much as 50% of sales on a new build development but more often, 25-35% of sales were attributed by housebuilders to HtB-W.

- 5.10 Rather than 'creating' demand for new build homes, housebuilders argued that:

'Help to Buy has meant some households buying sooner than they might have done otherwise...'

- 5.11 The greater affordability of properties with HtB-W was also said to give more opportunities for purchasers to buy a larger property and, as set out earlier, HtB-W purchasers have tended to buy (three and four bedroom) properties with 'spare space' which has helped families use HtB-W:

'Help to Buy has enabled buyers with families more opportunity to purchase a larger house with a suitable number of bedrooms for children.'

Impact on types of property developed

- 5.12 The price cap for HtB-W properties may have had an effect on the types of new build properties built, with housebuilders stating that more smaller units were brought forward generally and particularly in higher value areas when the price cap was reduced to £250,000. But, conversely, in lower values areas with a price cap at £300,00 more larger units might be developed.

5.13 Generally, while HtB-W may have increased delivery when the scheme was first introduced, housebuilders say that it is now more a factor in sustaining levels of delivery at “current rates”. Mentioned by one housebuilder as a specific benefit of HtB-W price caps, is the support this gives to the market for smaller dwellings and for the smaller housebuilders that focus on delivering these types of homes:

‘For housebuilders it helps delivery of smaller properties and gives confidence that two beds especially can be sold.’

‘The types of housebuilder that benefit most from Help to Buy were those that include smaller standard dwellings on their schemesas well as smaller housebuilders.’

Impact on property prices

5.14 Housebuilders were directly asked through the research whether HtB-W had fuelled house price rises – a suggestion that was refuted although with comment that HtB-W was, as with delivery rates, “helpful” in sustaining values.

5.15 The research team did not undertake a depth review of house price trends to support or challenge this. However, it is noted that, in the last couple of years, new build house prices rose less rapidly in Wales than England – at 3% compared with 8%²⁹. At this time, the Help to Buy scheme in England was being withdrawn while Help to Buy in Wales was extended up to the end of March 2025.

5.16 It is also useful to note that the 2019 review for the National Audit Office of the Help to Buy scheme in England concluded that:

‘.....we compared prices paid by buyers of similar properties (same type of property, similar size of property by square metre, same postcode, and bought within the same month) and found that the difference between buyers who bought with and without the support of the scheme was less than 1%.³⁰ It is not being argued from the limited available evidence in Wales (and England) that Help to Buy has definitely not inflated house prices but the available evidence

²⁹ House Price Statistics for Small Areas (HPSSAs), [HPSSA Dataset 10. Median price paid for administrative geographies \(newly built dwellings\) November 2023](#). New build dwellings, All dwellings – March 2022 and March 2023)

³⁰ Ministry of Housing, Communities & Local Government, (June 2019) [Help to Buy: Equity Loan scheme – progress review](#).. The report acknowledged that it was unable to quantify other potential incentives for buyers of new build properties (see para 2.18)

suggests that the relationship between the operation of Help to Buy and house price inflation is not straightforward or significant.'

Price Caps

- 5.17 Where housebuilders are operating in areas of higher house prices (notably in the south east of Wales) there were calls for the current cap of £300,000 to be increased. This was part of a wider call for price caps to be more flexible and respond better to price increases.

'(we) can see benefit of a higher cap in some high value areas of Wales. Most important to keep it regularly under review and increase the cap along with average house prices.'

'...in higher value areas (e.g. Cardiff, Monmouth) a higher cap would be positive. Important that price caps move with inflation.'

- 5.18 It was in these circumstances that variable price caps across Wales might be supported. However, the simplicity of HtB-W, including the single price cap across Wales, was seen as one of the Scheme's advantages and introducing price caps that varied across Wales was not universally supported.

Concerns

- 5.19 Housebuilders were generally very supportive of the Scheme and considered it to be well run and simple to follow.

'Help to Buy is run very well. Really are no problems with the administration of the scheme.'

- 5.20 Given the length of time HtB-W has been in operation, housebuilders described their familiarity with the scheme's processes. Nevertheless, concerns about HtB-W were raised by the housebuilders, of which two concerns were more common amongst those interviewed.

- 5.21 In terms of promoting HtB-W, concerns were expressed that the marketing and information provided about HtB-W could be stronger. Information is still needed to overcome ongoing consumer misconceptions about the scheme, for example, potential purchasers that believe HtB-W is restricted to first time buyers only.

'Potential purchasers need good impartial advice that explains how Help to Buy can protect them against inflation pressures.'

- 5.22 While mortgage brokers should be aware of this and can advise their clients accordingly, the misconception could dissuade some buyers from taking the first steps towards purchase. To address this, there were calls for promotion campaigns through a wider range of media including radio campaigns and social media and targeted at weekends as well as the working week. Any promotion campaigns should work alongside efforts to keep the Welsh Government and Help to Buy-Wales Ltd websites up to date.
- 5.23 A second and different concern raised, was the importance of giving housebuilders (and their advisers) adequate notice of changes to the scheme (e.g. when a change to the price cap is proposed) so that the housebuilder had the time to adjust their plans. This could include revising planning applications (to include more/fewer smaller units) as well as the preparation of new promotional literature and ensuring that staff and advisers are fully briefed, for example, *"You can't change a site layout as to building larger homes overnight"*!
- 5.24 One housebuilder commented specifically about the time needed to respond to a change in the way HtB-W operates:
- 'It is very important that if changes are being made, that there is plenty of warning so housebuilders can respond. You need a month to prepare new literature and ensure that staff, lawyers etc are fully briefed with any changes before release to potential homebuyers.'*
- 5.25 Anticipating a future decision about the possible extension of the scheme, the point was made that the industry would need as much notice as possible of the outcome, whichever way it went. This was said to potentially affect decisions about future land purchases and planning applications and to take account of the development process.

Protected Individuals

- 5.26 There was no suggestion that protected individuals were excluded from HtB-W. Where there were accessibility issues, the housebuilders would normally be able to provide adaptations when asked early in the build.

Future of the Scheme

- 5.27 There was consensus amongst the housebuilders (large and small) that HtB-W should continue beyond 2025, for example:

'The scheme should definitely continue. In fact it would be a disaster if stopped at the moment, given the pinched market.'

'While there are other low cost home options that could be introduced or expanded (e.g. shared ownership), nothing is as good as Help to Buy.'

- 5.28 A couple of housebuilders interviewed indicated they might consider introducing their own equity share scheme but had reservations that these could be as good as the current HtB-W scheme and would expose housebuilders to greater development risk and possibly mean a more restrictive approach to purchaser eligibility:

'But there will need to be something to fill the gap if Help to Buy was not carried on after 2025'.

Summary

- 5.29 294 housebuilders³¹ have been registered with Help to Buy-Wales Ltd at since the start of the scheme, with the level of involvement varying significantly between housebuilders. Over 60%, have only undertaken four or fewer HtB-W sales while the ten most active housebuilders in HtB-W, have been involved with 76% (or more than 10,500) of all HtB-W purchases.
- 5.30 While most HtB-W sales were concentrated in South East and South West Wales, smaller HtB-W schemes were more important in Mid and North Wales e.g. with 159 HtB-W schemes here having less than 10 HtB-W purchases. HtB-W sales

³¹ This number may include housebuilders that are closely related and/or within the same 'group'

represented a significant level of sales for many housebuilders and was said to account for as much as 25-35% or even 50% of new build sales.

- 5.31 Housebuilders had a positive view of HtB-W and its role in helping to get, “...*people on the housing ladder*” - a phrase repeated by several housebuilders interviewed.
- 5.32 No strong evidence was found that HtB-W had systematically fuelled house price rises or had done so in England.
- 5.33 Operation of the HtB-W price cap can affect the types of new build properties built, with more smaller units said to be brought forward generally and particularly in higher value areas, when the price cap was reduced to £250,000. Introduction of changes to price caps at short notice, (in the view of housebuilders) was one of the main criticisms of the scheme, with a need to replace promotional literature and, more significantly, leading to revisions to development proposals and the associated plans.
- 5.34 HtB-W was generally thought to be well run and simple to follow. The single price cap across Wales was seen as one of the Scheme’s advantages and introducing price caps that varied across Wales was not universally supported. However, in areas of higher house prices (notably in South East Wales), there were calls for the current cap of £300,000 to be increased and generally that the price caps should be more flexible to reflect house price changes.
- 5.35 The other main concern expressed about HtB-W was that marketing information could be stronger with a need to address ongoing consumer misconceptions about the scheme e.g. that HtB-W was only open to first time buyers.
- 5.36 There was no suggestion that protected individuals were excluded from HtB-W. Where there were accessibility issues, the housebuilders would normally be able to provide adaptations when asked early in the build.
- 5.37 There was a general consensus that HtB-W should continue beyond March 2025, (the current end date at the time of the research). Some housebuilders may want, and be able, to introduce their own equity share scheme to ‘fill the gap’ but there were concerns that such scheme would not be as good as the current HtB-W scheme.

6. Lenders' Perspectives

Participation in Help to Buy-Wales

- 6.1 There continues to be a wide range of lenders participating in the scheme with 20 participating lenders listed on the website³². The list includes some larger UK high street banks as well as a number of smaller banks or building societies, including some that are Wales based. It is however notable that three of the big four lenders (Barclays, Nat West and HSBC)³³ are not currently affiliated to the scheme in Wales – but were affiliated to the scheme that operated in England. Barclays were affiliated to HtB-W (via Woolwich Building Society) but withdrew at the end of Phase 3. Nat West and HSBC have no history of operating the scheme in Wales. It is also of note that the overall number of participating lenders has fallen from 32 in Phase 3 to 20 in the Phase 3 Extension, opening up a reliance on a smaller number of lenders. This drop-off in lenders has coincided with the ending of the scheme in England and the increase in the price cap to £300,000.

Value of Help to Buy-Wales

- 6.2 The main value of the scheme for the lenders interviewed was that it helps many households get on the housing ladder who otherwise would not have done so and, for others, it accelerates their journey to home ownership. Some lenders recognised that there was an element of using the scheme to buy "bigger, better, sooner" but nonetheless reducing time spent in expensive rented accommodation; ensuring good quality, well insulated housing that is cheaper to heat and maintain; and allowing households to buy a home to meet future needs without having to move again.

Lenders Views on Day-to-Day Operation of Help to Buy-Wales

- 6.3 In discussing the operation of the scheme, interviewees praised the relative simplicity of operating the scheme on a day-to-day basis, finding the processes simple and clear. Lenders indicated that they were keen to keep it so and that any future changes to the scheme's operation should be communicated as early as

³² Welsh Government, December 2023, [Help to Buy - Wales: participating lenders](#)

³³ For completeness, it is noted that Lloyds Banking Group is described as being one of the 'Big Four'

possible and be able to fit easily into their existing systems. Lenders commented that short notice changes e.g. to price caps. had caused difficulties in the past.

- 6.4 Lenders also commented on the importance of regular communication from Welsh Government, and they acknowledged that there had been recent improvements (including meetings and newsletters) which they valued. They did not (and did not want to) carry out any policing of the scheme, for instance checking that relevant EPC had been achieved, and considered that this should be done by HtB-W Ltd.

Affordability

- 6.5 Lenders mentioned that they turn down very few applicants once they have found a property because affordability checks have already been carried out by HtB-W Ltd. When asked about the impact of recent changes to the housing market, most notably interest rates, lenders did however report an increase in concern from applicants who are at an early stage in the process about raising a deposit. The lenders that raised this went on to stress that a lower, or nil, deposit was not the solution as it would not help banks to manage risk and would effectively increase lending costs to the consumer. Another issue arising from the national interest rate increases was the impact on the banking requirement to ‘stress test’³⁴, that is test whether borrowers would be able to afford their loan in the event of future interest rate rises. Current and expected interest rates have risen since 2021, which has increased stress-tested interest rates, hence excluding some households from mortgage eligibility or requiring them to consider a lower loan amount (and consequently a less expensive property).

The Price Cap

- 6.6 As with the housebuilders, there are mixed views amongst lenders about using ‘regional’ price caps and about the level of overall price cap. The increase in the price cap to £300,000 at the start of the Phase 3 Extension was seen as opening up the scheme to a wider range of properties. No lender advocated a higher price cap, just that it should be pitched at the ‘right’ level to allow access to a range of

³⁴ Fuller explanation of ‘stress testing’ can be found on the Bank of England website, which also comments that the higher recent rates for stress testing have resulted in a fall of monthly loan to income ratios from around 4.7 to 4.3 [How are higher interest rates affecting new mortgage lending? Bank of England](#)

properties without enabling purchase of properties 'significantly above needs'. Regarding the potential for regional price caps, some lenders said this would not be supported but in other instances it was considered that some regional variation could be acceptable so long as it was managed administratively by HtB-W. Alongside this, some lenders commented that there was a lack of transparent mechanism to setting or adjusting the price cap. A greater understanding of this could assist in predictive planning.

Lenders Views on Risk and Reasons for Participating in Help to Buy-Wales

- 6.7 Notwithstanding that the pool of affiliated lenders has reduced, some of those interviewed were of the opinion that once a lender has entered the market for a product they tend to stay. Help to Buy generally presents a marginally higher risk than 'traditional' mortgage products but is not likely to be a reason not to join. What tips a lender into joining a scheme will be concentrated on the size of the market and the complexity of joining. There will be a cost to joining, for funding and time resource into the updates to banking systems, so the new business has to be a big enough section of the market to make it worthwhile. As a market, Wales is relatively small with 3 million population compared to 51 million in England and Help to Buy is a small part of the house purchase market. This will affect how lenders view the attractiveness of Welsh specific schemes. If there are changes to the scheme, lenders will want these to be kept simple. Complex or multiple changes such as regional price caps or new design standards are not helpful and if they were to be introduced lenders would not want to be responsible for their implementation. Comments included;

'Complex changes can take months to align with our system, we would need as much notice as possible and for government to lead and monitor their implementation'.

- 6.8 Having said this, no lenders reported that they would leave the scheme or gave examples of what might make them leave.
- 6.9 There was universal recognition that ending the scheme would leave a gap in the market. Comment from interviewees that illustrate this were:

'Ending the scheme will leave a big gap in the market, more so than in England where there is a more Shared Ownership offer as well as First Homes'.

'Loss of HtB-W would leave an enormous hole and would make it more difficult for many households to access home ownership'.

- 6.10 For lenders Help to Buy-Wales mitigates risk because of the large deposit. As well as providing a commercial opportunity, lenders are keen to support the societal benefit of helping people to own their home and would like the scheme to continue past April 2025 and there is consternation over the scheme closing in England. Lenders cannot see a reason for it to end because it fulfils a need and is embedded in the market.
- 6.11 Other government supported schemes such as Shared Ownership, Homebuy³⁵ and, in England, First Homes also meet a need at the lower end of the housing market. These are seen by lenders as different products which, to some extent, meet a slightly different need. They were all seen as making a positive contribution to opening up the housing market to households on lower income, with Homebuy singled out as especially useful in tackling affordability because there is no interest to pay on the equity loan. However, Homebuy is not available in all areas and focusses on existing properties. Help to Buy-Wales is seen as probably the most successful of the government supported schemes in that it is available nationwide and is effective at helping households onto the housing ladder, offering low loan to value and, for lenders, ease of administration. Sometimes lenders are approached by private equity firms seeking to promote a product similar to Help to Buy-Wales. However, lenders express concern that because the funding comes from private sources, customers may not end up being treated fairly. There are no concerns about government involvement in Help to Buy-Wales and the expectation is that customers will be treated fairly.

Summary

- 6.12 While there continues to be a wide range of lenders participating in the scheme, with 20 participating lenders remaining, the overall number has fallen from 32 in

³⁵ Homebuy - Wales supports households by providing an equity loan to assist purchasing an existing property. Homebuy is not available in all areas and where it is available the scheme will be subject to local eligibility criteria.

Phase 3. There is no single reason identified by the research for this decline but it may reflect the withdrawal of the scheme in England and the overall reduction in business for lenders operating across the two jurisdictions (and potentially in Scotland also). Lenders pointed out that Wales is relatively small with 3 million population compared to 51 million in England and Help to Buy is a small part of the house purchase market.

- 6.13 The reduction in lenders participating in the scheme does not apparently reflect any significant concerns with the operation of the scheme (generally praised for its simplicity), nor that HtB-W represents more than a marginally higher risk than 'traditional' mortgage products. HtB-W is considered to accelerate the journey to home ownership with lenders recognising HtB-W using the scheme means that purchasers can buy 'bigger, better, sooner'.
- 6.14 However, lenders did report an increase in concern from applicants, at an early stage in the process about raising a deposit. Where this was raised, lenders went on to stress that a lower, or nil, deposit was not the solution as it would not help banks to manage risk and would effectively increase lending costs to the consumer.
- 6.15 As with the housebuilders, there are mixed views about using 'regional' price caps and about the level of the overall price cap. Some lenders said that more differentiated price caps would not be supported but in other instances it was considered that some regional variation could be acceptable so long as it was managed carefully.

7. Other Jurisdictions

7.1 This chapter reviews the home buying assistance schemes recently or currently operating in other jurisdictions in the UK. Most of these schemes have now ended, with only the smaller, more targeted scheme in Scotland and the long running scheme in Northern Ireland still running.

England

7.2 In England, until March 2023, Homes England operated a Help to Buy equity loan assistance scheme similar to Help to Buy-Wales. When operational, Help to Buy England (HtB-E) supported a significant proportion of new homes sales e.g. 38% of all new build property sales between April 2013 and September 2018³⁶.

7.3 HtB-E made new build homes available to all home buyers (first time and subsequent buyers) who wished to buy a new home but may have been constrained in doing so – for example as a result of deposit requirements – but who could otherwise have been expected to sustain a mortgage. Up to a maximum of 20% in England and up to 40% in London (2016 onwards), of the purchase price was available to the buyer through an equity loan. HtB-E providing interest free support for five years, was available from housebuilders registered to offer the scheme.

Scotland

7.4 There have been three recent schemes in Scotland providing assistance for people to purchase homes.

- Help To Buy, which provided equity loans in Scotland for new build dwellings until February 2021. The scheme offered equity loans, funding up to 15% of market value for new build homes, including a price cap of £200,000. Help to Buy Scotland was split into the main scheme and the Small Developers New Build Scheme, both with similar rules.
- Low-cost Initiative for First Time Buyers (LIFT) scheme, established in 2007 and still operating. This has two parts - Open Market Shared Equity (OMSE)

³⁶ UK Parliament Committees (2019) [Help to Buy: Equity Loan Scheme – progress review inquiry](#)

scheme helps people buy a (usually second-hand) home within certain price thresholds for sale on the open market; and New Supply Shared Equity scheme (NSSE), which helps people buy a new build home from a council or housing association.

- The First Home Fund, which ran from 2019 to 2021 and enabled applicants to fund up to 49% of the market value or up to £25k (whichever was lower) and could be used to buy non-new builds.

Northern Ireland

7.5 The Northern Ireland Housing Executive (NIHE) provides support for the current Co-ownership scheme for people who cannot afford to buy a home outright, through equity share. The scheme is operated through the Co-Ownership not-for-profit organisation.

7.6 As part of the wider co-ownership scheme there is also a Co-own for the over 55s and a Rent to Own scheme.

- The Over 55s scheme is a shared equity scheme with the occupier typically using the equity from property sale to purchase a share of at least 50% on either a new build or existing dwelling. The occupier then pays a rent of 2.5% of the Co-own investment.
- The Rent to Own scheme operates for people currently unable to get a mortgage who rent a new build dwelling up to £190,000 for three years whilst taking steps to improve their mortgagability. At the end of the tenancy the occupier buys the property at current market value, with 20% of the rent refunded as part of a deposit.

Scheme Comparison with Help to Buy-Wales

7.7 Table 7.1 provides a summary comparison between the schemes in other jurisdictions and HTB-W. Further detail on the schemes in other jurisdictions can be found in Annex 3.

Table 7.1 Current and recent homes purchase assistance schemes in UK jurisdictions

| | Help to Buy- Wales | Help to Buy England | Help to Buy Scotland | LIFT Scotland (OMSE and NSSE) | Co-ownership Northern Ireland |
|----------------------------|--|--|--|--|--|
| Scheme type | Equity share | Equity share | Equity share | Equity share | Equity share |
| Duration | 2014-2025 | 2013-2023 | 2013-2021 | 2007-current | 1978-current |
| Overview | Provision of equity funding support for first time and subsequent buyers | Provision of equity funding support for first time and subsequent buyers | Provision of equity funding support for first time and subsequent buyers | Provision of equity funding support for targeted groups | Provision of equity funding support for first time and subsequent buyers |
| Equity proportion | 20% | 20% | 15% | OMSE 10%-40% NSSE 20%-40% | 10%-50% |
| Costs | Cost free for five years (except admin fees) then interest | Cost free for five years (except admin fees) then interest | Cost free (except for admin fees) | Cost free (except for admin fees) | Sub-market rent on the unbought share |
| Required deposit | 5% | 5% | 5% | 5% | 0% |
| Dwelling type | New build | New build | New build | OMSE new or existing stock NSSE Local authority/RSL stock | New or existing stock |
| Staircase repayment | Yes | Yes | Yes | Yes | Yes |
| Price cap | £300,000 | Regional between £186,000 to £600,000 | £200,000 | Complex price caps vary by dwelling size and location | £190,000 |

Evaluation of Schemes in Other Jurisdictions

7.8 The schemes in England and Scotland have been subject to evaluations which provide an insight into the performance of these schemes at the time.

England – Help to Buy: Equity Loan scheme – progress review³⁷

7.9 This review considered the progress of the scheme against the objectives of increasing home ownership and increasing housing supply and the list below is a summary of key findings:

- Help to Buy-England has increased home ownership and housing supply. This conclusion was based on survey evidence that two-fifths of households would not have been able to buy any property without the scheme; and that the rate of building had increased by 14.5% because of the scheme (based on the Help to Buy-England loans between June 2015 and March 2017)
- The scheme had helped increase the number of new build properties being sold between 2013 and 2018 and was considered to have contributed towards a general increase in property transactions from 2013. However, this trend started before the scheme and other economic factors will have also played a role
- The scheme has helped fewer people to buy new build properties in expensive areas, where the housing is less affordable in comparison with earnings
- The majority (63%) of buyers could have bought a dwelling without the scheme and some buyers had household incomes of over £100,000 per annum. This was seen by the Department for Housing, Communities & Local Government as an acceptable consequence.
- The scheme has enabled people to buy dwellings with more bedrooms or make a purchase more quickly than they would otherwise have been able to. Although this was not a stated scheme objective it was seen as a positive outcome

³⁷ National Audit Office (June 2019) [Help to Buy: Equity Loan scheme – progress review](#)

- The scheme had a minimal inflationary effect on house prices of the dwellings purchased through Help to Buy – less than 1%
- The scheme has supported developers and has had a particular benefit to some of the largest housebuilders - five of the six developers that build most new housing accounted for over half of the scheme loans
- Some small and medium-sized developers have required more help from Help to Buy agents
- There is an opportunity cost for the government money tied up in these loans that cannot be used elsewhere, although the government is expected to recover the funds and make a positive return albeit subject to market risk.

7.10 The 2019 review noted that the government intended to better target the scheme towards first time buyers buying cheaper dwellings from 2021 and that because of the increased availability of higher loan to value mortgages it was planned to end the scheme in 2023.

Evaluation of Scottish Government Shared Equity Schemes³⁸

7.11 This review considered the progress of the Help to Buy (Scotland) (HtB-S), New Supply Shared Equity (NSSE) and Open Market Shared Equity (OMSE) schemes against the objectives of improving equity of access to home ownership for lower-income households (NSSE and OMSE), addressing the ‘deposit barrier’ faced by borrowers (HtB-S) and supporting the house building sector (HtB-S). In terms of scale, HtB-S accounted for almost half the total loans across all three schemes. The list below is a summary of key findings.

- The schemes have had some success in supporting their respective target groups, for example first time buyers and lower income households (particularly NSSE and OMSE)
- Shared equity support through these schemes has allowed buyers to bring forward their decision to buy, to consider properties that better suited their needs, and/or to buy in their preferred areas:

³⁸ [Scottish Government 2020, Evaluation of Scottish Government Shared Equity Schemes](#)

- Private developers and Registered Social Landlords (RSLs) were generally positive about the schemes' impact in terms of reaching customers who would otherwise have been unable to buy, increasing sales volumes, and increasing demand for new build properties. Developers and RSLs indicated that the price cap reduction has helped to target support to those most in need and that prior to this reduction a substantial proportion of buyers would have been able to purchase without assistance.
- Developers considered that HtB-S has been important in supporting the industry.
- Lenders suggest that HtB-S has supported those who may have been able to buy without assistance but that the more targeted NSSE and OMSE schemes have had a greater impact in targeting those requiring assistance.
- As market conditions change and lending restrictions have eased, HtB-S has played a smaller role.

7.12 The review concluded that there is a stronger case for continuation of the more targeted NSSE and OMSE schemes than the broader HtB-S scheme.

Help to Buy Commentary

7.13 There has also been discussion about the efficacy of the Help to Buy schemes, both in press commentary as well as within government oversight. The summary of the comments is that Help to Buy schemes have³⁹:

- Encouraged house price inflation by more than the subsidy value
- Boosted house builders' profits
- Encouraged the delivery of poorly built new dwellings that have lost value – with associated negative equity issues for buyers. This is partly linked to the cladding crisis which rendered some dwellings unsaleable
- Led to short term increases in housebuilding rather than sustained delivery

³⁹ [10 years on, what did George Osborne's Help to Buy scheme really achieve? | Housing | The Guardian](#); House of Lords Built Environment Committee. January 2022, Meeting Housing Demand

- Distorted the pattern of development by favouring suburban greenfield development rather than regeneration of town centres
- Encouraged people to take out mortgages that are now increasing in costs and becoming unaffordable
- Been no substitute for ‘proper’ public sector housing delivery – instead the funding should have been spent on increasing housing supply.

7.14 Set against these criticisms, HBF and UK government ministers have argued that the scheme has been vital in underpinning a resurgence of property construction in the UK. The HBF reported that these schemes to support home ownership *“improved visibility of effective demand”* and *“led to a sustained period of record investment in land and labour for future housing delivery, therefore increasing supply”*⁴⁰.

7.15 Overall, the January 2022 House of Lords Built Environment Committee concluded that schemes such as Help to Buy *“come with an opportunity cost and evidence suggests that, particularly in areas where help is most needed, these schemes inflate prices by more than their subsidy value. In the long term, funding for home ownership schemes do not provide good value for money, which would be better spent on increasing housing supply”*⁴¹.

Summary

7.16 The principle of support for homebuyers is established across the UK, although the duration and approach varies between and within the different jurisdictions. Help to Buy equity support schemes with recognisably similar characteristics were started at about the same time in Wales, England and Scotland, of which only the scheme in Wales is still operational. These Help to Buy schemes were pre-dated by other equity support assistance in Northern Ireland and Scotland, although in Scotland these were just focussed on specific disadvantaged groups and in Northern Ireland the focus was on people on low incomes generally. The Northern Ireland and

⁴⁰ Para 49, [House of Lords Built Environment Committee. January 2022, Meeting Housing Demand](#),

⁴¹ Para 50, [House of Lords Built Environment Committee. January 2022, Meeting Housing Demand](#),

Scotland schemes had less emphasis on catalysing new housing development than was the case in Wales and England.

- 7.17 Price caps are used to focus support on less expensive dwellings and there is a mixed picture of standard caps across the jurisdiction and variations by location and dwelling size.
- 7.18 The scheme reviews suggest that Help to Buy or similar schemes in other jurisdictions have been effective in delivering positive home ownership and industry support outcomes although they have benefitted a substantial proportion of people who did not require assistance to buy a dwelling; and that there is an opportunity cost for the funds used for the schemes. Constraining schemes through stricter eligibility or lower price caps has helped to target schemes to those most in need of assistance.

8. Conclusions and Recommendations

Main Conclusions

- 8.1 In this chapter, the findings of the research are brought together, and key issues highlighted, before the report moves on to make a series of recommendations to Wesh Government in considering the future of Help to Buy-Wales.
- 8.2 The focus groups were clear that purchasers are very supportive of HtB-W with the main benefit being that it allows many to purchase with a relatively small (5%) deposit and to secure a competitive mortgage. This view is echoed by housebuilders and lenders who are also very supportive of the scheme.
- 8.3 Even so, many purchasers reported that it was still difficult to find an initial cash sum to act as a deposit. However, mortgage lenders do not wish to move to 100% mortgages because that would carry too high a risk, so reducing required deposits below 5% of the purchase price is not something that could be easily done.
- 8.4 From an operational perspective, HtB-W is a relatively simple scheme to operate and purchase through with focus group attendees reporting that it was clear and straightforward. Improvements could be made in the web presence with prospective purchasers stating that they would have benefited from better information about relative performance of different options for them such as Shared Ownership and Rent to Own.
- 8.5 The research has highlighted three main structural criticisms of HtB-W.
- 8.6 First, that HtB-W does not address the housing needs of those in most pressing housing need. But it was never intended to do so. The scheme was always designed to assist households on the cusp of becoming home owners to make the final step on this journey (and to support the housebuilding industry) and the evidence available suggests that it has been doing both of these.
- 8.7 Second, that HtB-W was not available for properties other than new build. Many purchasers and potential purchasers were harshly critical of the quality of new build dwellings and believed that older stock is of a higher quality. They also argued that extending the scheme to second-hand properties would give greater choice in property type and location to buyers. It is, of course, the case that, if HtB-W was

available for second hand properties, it would not support the housebuilding industry in the way the current scheme has done. In this respect, HtB-W has been the same as the HtB scheme in England, but the scheme in Scotland has allowed for this in some circumstances. If the option were introduced in Wales, it would mean that both the scale and risks associated with the scheme would increase and there would need to be some mechanism to limit the properties available for purchase to those that met a certain standard.

- 8.8 Third, whether the use of a single price cap across Wales is the most effective way to operate HtB-W. There was a general recognition of the purpose and application of some sort of price cap but with an argument about whether a single price cap is the best solution. An all-Wales price cap is a simple mechanism that is clear for all, but it doesn't really reflect the wide variation in house prices across Wales and limits purchasers in the more expensive areas. A move to differentiated price caps would better reflect the Wales housing market but might not be acceptable to lenders and confuse housebuilders and would require further research before being implemented. Any changes to the system of price caps would need to be discussed with housebuilders and lenders in advance of its implementation to give them sufficient time to prepare for the change – and to alert (potential) purchasers to the change.
- 8.9 There have been other more detailed criticisms about the way HtB-W has operated and suggestions for strengthening how it is publicised and its web presence.
- 8.10 Across all the strands of the research, an overriding conclusion is that HtB-W has been a success. The scheme has seen a high level of take-up, although this has been declining in recent years, and a large number of first time buyers have benefitted from HtB-W. Between its introduction on 6 February 2014 and September 2023, 13,885 households had bought their home using Help to Buy-Wales. Where a household had either the primary and/or secondary purchaser that was a first time buyer, the total percentage of households with a first time buyer was 80%.
- 8.11 The proportion of first time buyers who use the scheme has remained pretty constant since its start in 2014 with a smaller number of non-first time buyer also having taken advantage of the opportunity to have an equity loan.

- 8.12 The data for HtB-W purchasers shows that they are predominately younger couples without children but a range of other household groups have also taken up the scheme. Purchasers are not amongst the poorest households in need of a home in Wales but the scheme has allowed slightly higher income households to purchase their own home – often earlier, or of a larger or better located property than would otherwise be the case. While this is a potential criticism of the scheme because these households, might have been able to buy a property without public support at some time, it could also be seen as a benefit as it allows households to establish a family home and not be required to move when they have children.
- 8.13 There is no evidence that HtB-W purchasers are stretched financially more than home purchasers generally, in meeting their mortgage payments. In the longer term, the majority (about 90%) repay their loan before the 5 year interest free period elapses.
- 8.14 HtB-W has had a higher take up in areas of Wales with highest house prices, but every Welsh local authority has seen sales through the scheme. The scheme forms an important part of many housebuilders sales, including small builders. A significant number of small builders have sold properties using HtB-W, with many operating in rural and lower house prices areas. There is also no strong evidence that the scheme has inflated house prices significantly, with housebuilders suggesting rather that HtB-W has had a role in '*sustaining house prices*'.
- 8.15 In other UK jurisdictions, the equivalent HtB schemes have been ended and focus turned to other Low Cost Home Ownership options and investing in affordable rented products. Housebuilders and lenders in Wales were clear that they would wish to see the scheme continue. If it did not, some sort of replacement equity loan scheme(s) would need to be developed, likely on a piecemeal basis. With fewer benefits than the current HtB-W scheme.
- 8.16 The overall summary of HtB-W is that it is has been popular with purchasers and has helped to support housebuilders in Wales. However, in a world with scarce public funding resources it does not tackle the most pressing cases of housing need. In the rest of the UK, support for home ownership has been largely targeted

at first time buyers, so the fact that HtB-W is available to a wider range of households purchasing new build homes is unusual.

Options and Recommendations

- 8.17 There are a number of choices now open to Welsh Government in determining the future of Help to Buy-Wales after 2025. The choices are somewhat co-dependent but the first clear-cut decision is whether to end the scheme in 2025 without further debate. In Scotland and England, where their HtB schemes have been closed, some other support for purchasers is available (LIFT and First Homes respectively). First Homes having been introduced as HtB-E was being withdrawn. These are not identical schemes with First Homes being limited to first time buyers and the current scheme in Scotland being available for first time buyers and other specified purchaser groups. But in both jurisdictions, the withdrawal of HtB has not left the market bereft of equity support for house purchase.
- 8.18 In coming to a decision about the future of Help to Buy-Wales, it would be advisable for Welsh Government to keep under review the level of take up of the scheme since the date of the analysis in this report.
- 8.19 If the decision is to continue with some form of assistance for house purchasers, the next choice would seem to be whether the current Help to Buy scheme should continue as now with no restrictions on potential purchasers (other than the broad income criteria that purchasers should not have sufficient income to purchase a suitable property without the scheme). The other key option would be to limit availability of equity loans to specific groups of purchasers with first time buyers (and other household types e.g. purchasers leaving a partnership/marriage break up) as the main option to consider. On the evidence of the research, following this course might limit the pool of potential purchasers by about 25%. However, a renewed publicity campaign could enhance interest in Help to Buy and strengthen demand.
- 8.20 The other key option for consideration if HtB-W continues beyond 2025, is whether there should be more than one price cap across Wales. An overly complex system of price caps is not recommended but consideration could be given to introducing some limited flexibility and a higher cap in the highest price areas - perhaps for

those local authorities with median new build house prices more than 10% over the current cap (i.e. at £330,000).

- 8.21 If this greater price cap flexibility was introduced, there would seem merit in also introducing a limit on the size of dwelling purchased - by reference to the number of 'spare' bedrooms. In this way, the focus of the scheme would remain at the lower end of the market.
- 8.22 Another option for a future HtB-W scheme that emerged from the research but which is not being recommended is an extension of HtB-W to the second-hand market. This would be welcomed by many prospective purchasers but has two important drawbacks. First, that there would need to be a mechanism to only include homes that met certain standards and it would seem very unlikely that second-hand homes could be held to the same standards as set out in building regulations – importantly around energy standards. Second, that this would not provide any support to the housebuilding industry, one of the original objectives of HtB-W. For some smaller housebuilders and in some communities, HtB-W has been important in sustaining new build residential development.
- 8.23 Whatever decisions are made, it will be important that the housebuilding industry and lenders are fully engaged with the decision and given adequate time to plan their operations post March 2025.

Annexes

Annex 1 Discussion agendas

Help to Buy Wales Research: Public Focus Groups. Participants who Purchased Through Help to Buy-Wales

Introduction

Introduction to interviewer and ORS.

ORS is undertaking a research project for the Welsh Government around the support available for those wishing to buy a property in Wales. As part of this research, ORS has been asked to run a series of focus groups to discuss different experiences of homebuying in Wales. The groups will include:

- People who have purchased a property using the Help to Buy Wales scheme
- People who tried to access the Help to Buy scheme to purchase a property but were rejected or chose not to proceed
- People who are renting their home and may wish to buy a house in Wales over the coming years

ORS' role is one of an honest messenger that reports back your views to Welsh Government. We want YOU to do the talking - please say what you think as all views and experiences have value and there are no right or wrong answers.

We ask that you respect the views of others even if you don't share them. If you'd like to speak, use the 'hands up' button and feel free to use the chat function – we'll monitor it throughout the discussion.

The discussion should take about an hour and a half and while we will use quotes, we won't connect your name to them. All feedback will be anonymous unless you agree otherwise and choose to provide us with your details for this purpose. Your contact details will never be released to any other parties and will only be used by ORS in connection with this research.

ORS will destroy any information which identifies you as an individual (including the recording) within three months of the end of the project, but the rest of your responses will be kept for research purposes. Any information you do provide will be processed by ORS to comply with the UK Data Protection Act 2018 and the European Union General Data Protection Regulation (GDPR). This is outlined in more detail in the privacy notice you should have received before this interview. [*check they have received this and send again if not*].

I'm going to share my screen to give you an overview of the Help to Buy scheme before we go on to discuss your views and experiences.

Facilitator to share slides outlining the Help to Buy Scheme

Section 1: About you

1. Can you tell me a little about yourself?
 - *Where you live*
 - *Who you live there with*
 - *Whether you own or rent your home*
 - *Type of house, location (local authority/region) etc.*

Section 2: Awareness of Help to Buy

2. How did you become aware of the help to buy scheme?
 - a. Were you aware of other schemes?
[Probe for: WG website, mortgage broker, financial advisor, or incidentally while viewing show homes / discussing options with developers]
 - a) Was information about the scheme easy to come by? (*Prompt to elaborate on answer if needed*)
 - b) Do you feel you received information about the scheme at the right time? (*Prompt to elaborate on answer if needed*)

Section 3: The purchase process

3. At the time, what were your housing ambitions/what were you looking for in a property? (location, size, type & reasons)
4. What was the main reason you didn't proceed to purchase a house using Help to buy? (*Prompt if needed: affordability, unable to get a mortgage, wanted a different/larger house or area, lack of availability of homes under the scheme, price cap was limiting, change in circumstances...*)
5. Thinking about the initial application process for Help to Buy...
 - a. What worked particularly well about it?
 - b. What didn't work so well? (*Probe for any obstacles encountered, including accessibility issues*)

Section 4: Benefits and disadvantages

6. What did you do once you realised you couldn't access the Help to Buy scheme? (*Probe if they purchased another property or continued to rent / lived with family*)
 - a. For those that went on to purchase another property, what kind of property did you purchase? (*Prompts if needed: Another new build, an older property, a smaller property, a home in a different location*)
 - b. Did anyone access any different support or any other schemes when purchasing their home?
 - c. Did you purchase your home fairly soon after you looked into Help to Buy or did it take longer than anticipated?

- d. Did your decision not to buy influence any other life decisions? (i.e. to start a family, career, travel etc.)

Facilitator to open whiteboard facility – have a column for advantages and disadvantages and populate as participants share ideas

7. What do you think are the main advantages or benefits of the scheme?
8. What do you feel are the main disadvantages?
 - a. Are there any changes that could be made to the way Help to Buy operates which would make the scheme more suitable for you?

Section 5: What next?

9. What are your ambitions for the future in terms of home ownership? (*Probe if they would like to stay where they are, sell and move to another property in the short/long term...*)
 - a. Have these ambitions changed since you first explored the option of Help to Buy?
 - b. If so, what factors have affected the change in ambition?

Section 6: And finally...

10. What is the main piece of feedback you'd like to give to Welsh Government on the Help to Buy scheme?
11. Is there anything else you'd like to raise?

THANK AND CLOSE

Help to Buy Wales Research: Public Focus Groups. Participants who did not Proceed with a Purchase Through Help to Buy-Wales

Introduction

Introduction to interviewer and ORS.

ORS is undertaking a research project for the Welsh Government around the support available for those wishing to buy a property in Wales. As part of this research, ORS has been asked to run a series of focus groups to discuss different experiences of homebuying in Wales. The groups will include:

- People who have purchased a property using the Help to Buy Wales scheme
- People who tried to access the Help to Buy scheme to purchase a property but were rejected or chose not to proceed
- People who are renting their home and may wish to buy a house in Wales over the coming years

ORS' role is one of an honest messenger that reports back your views to Welsh Government. We want YOU to do the talking - please say what you think as all views and experiences have value and there are no right or wrong answers.

We ask that you respect the views of others even if you don't share them. If you'd like to speak, use the 'hands up' button and feel free to use the chat function – we'll monitor it throughout the discussion.

The discussion should take about an hour and a half and while we will use quotes, we won't connect your name to them. All feedback will be anonymous unless you agree otherwise and choose to provide us with your details for this purpose. Your contact details will never be released to any other parties and will only be used by ORS in connection with this research.

ORS will destroy any information which identifies you as an individual (including the recording) within three months of the end of the project, but the rest of your responses will be kept for research purposes. Any information you do provide will be processed by ORS to comply with the UK Data Protection Act 2018 and the European Union General Data Protection Regulation (GDPR). This is outlined in more detail in the privacy notice you should have received before this interview. [*check they have received this and send again if not*].

I'm going to share my screen to give you an overview of the Help to Buy scheme before we go on to discuss your views and experiences.

Facilitator to share slides outlining the Help to Buy Scheme

Section 1: About you

12. Can you tell me a little about yourself?
- *Where you live*

- *Who you live there with*
- *How long you have lived there*
- *Type of property (tenure, size, age etc.)*

Section 2: Awareness of Help to Buy

13. How aware are you of the help to buy scheme?
- a. If aware, how did you find out about it? [Probe for: WG website, mortgage broker, financial advisor, or incidentally while viewing show homes / discussing options with developers]
 - b. Has any information you've seen about the scheme easy to come by? *(Prompt to elaborate on answer if needed)*
 - c. What would you say is the key purpose of Help to Buy?
14. Are you aware of any other schemes which support people to buy a home? If so which ones?
- a. Has anyone explored or considered any of these schemes? *(If so, ask them to talk about their experience)*

Section 3: House buying ambitions

15. Is anyone currently considering buying a house?
- a. If so, how soon?
 - b. If not, is this something you'll consider further in the future? *(Probe for timeframe)*
 - c. *For anyone who does not own and/or does not plan to buy, why?*
16. Have these ambitions changed recently?
- a. What factors have affected the change in ambition?
17. What kind of property would you consider buying and why? *(Prompt if needed: where, what kinds – new build or older, reasons – family, career etc.)*
18. How do you plan to finance the purchase of a future home?
- a. Would you consider using a housing support scheme like the Help to Buy when looking to buy a home? *(Probe for why)*
19. How would the decision to purchase affect other decisions in your life? *i.e. family, career, travel etc.*

Section 5: Barriers to purchasing a home

Facilitator to open whiteboard facility – list everything they mention in response to q8

20. What are the key barriers to buying a house?

21. What kind of support would you welcome from Welsh Government, and others, to get onto the property ladder?

22. Should the Welsh Government be offering other support, for example, to those who have no ambition to get onto the property ladder?

Section 6: And finally...

23. Is there anything else you'd like to feed back to Welsh Government about the Welsh housing market?

THANK AND CLOSE

Help to Buy Wales Research: Public Focus Groups. Participants who had no Previous Contact with Help to Buy-Wales

Introduction

Introduction to interviewer and ORS.

ORS is undertaking a research project for the Welsh Government around the support available for those wishing to buy a property in Wales. As part of this research, ORS has been asked to run a series of focus groups to discuss different experiences of homebuying in Wales. The groups will include:

- People who have purchased a property using the Help to Buy Wales scheme
- People who tried to access the Help to Buy scheme to purchase a property but were rejected or chose not to proceed
- People who are renting their home and may wish to buy a house in Wales over the coming years

ORS' role is one of an honest messenger that reports back your views to Welsh Government. We want YOU to do the talking - please say what you think as all views and experiences have value and there are no right or wrong answers.

We ask that you respect the views of others even if you don't share them. If you'd like to speak, use the 'hands up' button and feel free to use the chat function – we'll monitor it throughout the discussion.

The discussion should take about an hour and a half and while we will use quotes, we won't connect your name to them. All feedback will be anonymous unless you agree otherwise and choose to provide us with your details for this purpose. Your contact details will never be released to any other parties and will only be used by ORS in connection with this research.

ORS will destroy any information which identifies you as an individual (including the recording) within three months of the end of the project, but the rest of your responses will be kept for research purposes. Any information you do provide will be processed by ORS to comply with the UK Data Protection Act 2018 and the European Union General Data Protection Regulation (GDPR). This is outlined in more detail in the privacy notice you should have received before this interview. [*check they have received this and send again if not*].

I'm going to share my screen to give you an overview of the Help to Buy scheme before we go on to discuss your views and experiences.

Facilitator to share slides outlining the Help to Buy Scheme

Section 1: About you

24. Can you tell me a little about yourself?
- *Where you live*
 - *Who you live there with*
 - *How long you have lived there*
 - *Type of property (tenure, size, age etc.)*

Section 2: Awareness of Help to Buy

25. How aware are you of the help to buy scheme?
- a. If aware, how did you find out about it? [Probe for: WG website, mortgage broker, financial advisor, or incidentally while viewing show homes / discussing options with developers]
 - b. Has any information you've seen about the scheme easy to come by? (*Prompt to elaborate on answer if needed*)
 - c. What would you say is the key purpose of Help to Buy?
26. Are you aware of any other schemes which support people to buy a home? If so which ones?
- a. Has anyone explored or considered any of these schemes? (*If so, ask them to talk about their experience*)

Section 3: House buying ambitions

27. Is anyone currently considering buying a house?
- a. If so, how soon?
 - b. If not, is this something you'll consider further in the future? (*Probe for timeframe*)
 - c. *For anyone who does not own and/or does not plan to buy, why?*
28. Have these ambitions changed recently?
- a. What factors have affected the change in ambition?
29. What kind of property would you consider buying and why? (*Prompt if needed: where, what kinds – new build or older, reasons – family, career etc.*)
30. How do you plan to finance the purchase of a future home?
- a. Would you consider using a housing support scheme like the Help to Buy when looking to buy a home? (*Probe for why*)
31. How would the decision to purchase affect other decisions in your life? *i.e. family, career, travel etc.*

Section 5: Barriers to purchasing a home

Facilitator to open whiteboard facility – list everything they mention in response to q8

32. What are the key barriers to buying a house?

33. What kind of support would you welcome from Welsh Government, and others, to get onto the property ladder?

34. Should the Welsh Government be offering other support, for example, to those who have no ambition to get onto the property ladder?

Section 6: And finally...

35. Is there anything else you'd like to feed back to Welsh Government about the Welsh housing market?

THANK AND CLOSE

Home Builders Federation (HBF) and Federation of Master Builders (FMB)

1. Would you say most of your members are participants in the scheme? Are non-participants of a particular type – e.g. operating in a particular area etc? Include actual numbers where possible.
2. Do your members tell you that there is demand for HtB-W? Has this changed over the life of the scheme and thoughts on why this might have been?
3. What would you say HBF members see as the benefits of participating in the scheme? Are there particular types of housebuilder that benefit more than others from the scheme (size of company, location etc).
4. Conversely, are you aware of any concerns about the scheme? Prompt for the impact of the scheme on the market; eligibility criteria limiting the pool of purchasers; working within agreed levels of sales; operational issues.
5. Do you feel HtB-W has had an impact on the overall delivery of market housing in Wales? What sort of impact?
6. Has HtB-W had any impact on the types of new homes that are developed? E.g. more emphasis on provision of smaller houses
7. Overall – do you feel HtB-W has had an impact on market values in Wales – generally or in specific areas?
8. What has been the impact of the price cap and changes to the price cap for Phase 4? Is the price cap just an issue for the higher value locations in Wales?
9. How effectively is HtB-W marketed?
10. Do you think the end of Help to Buy in England will have any impact on the housebuilding industry in Wales? Are there any lessons for Wales to be learnt from the decision of the Westminster government to end HtB in England?
11. Do you think HBF members want HtB in Wales to continue beyond 2025? If so – are there any changes they will want to see?
12. Thank you

Housebuilders Workshop (also used as basis for interviews with individual housebuilders)

1. Overview of the scheme – benefits of participating (What do you think were the benefits of participating in the Help to Buy-Wales scheme?) Prompt for:
 - a. What worked well
 - b. Scheme did have an impact/had no real impact on the housing market
 - c. Impact on range of purchasers brought into the market (in what way)
 - d. Accelerated purchases that would otherwise have happened
 - e. Impact on type of housing that was built (and reasons)
 - f. Impact on scale of own housebuilding programme (i.e. recognised that the organisation built more with HtB in place than otherwise would have done)
2. Were there any surprises for you about the impact of HtB-W? In what way? Conversely, did you have any concerns about the scheme? Prompt for:
 - a. Processes put in place by Welsh Government not working as intended
 - b. The impact of the scheme on the market
 - c. Eligibility criteria limiting the pool of purchasers – groups in the population that appear to be deterred from taking up HtB-W and perceived reasons for this – check for those with protected characteristics
 - d. Working within agreed levels of sales
 - e. Procedural barriers - use of an agent i.e. HtB Wales, approach of lenders
 - f. Ease of explaining the scheme to potential purchasers and answer any questions they had
 - g. Relationships between involved organisations not smooth – can be friction between organisations/their roles
3. Whether developer built any additional properties (over and above their programme) to accommodate the scheme
4. Do you think the scheme tended to be of benefit to specific types of housebuilder? What types and reasons for this?
5. Do you feel HtB-W has had an impact on market values in Wales – generally or in specific areas?
6. What did you think of the initial price cap and the changes to the cap through the life of the scheme? Did these have any impact on the product you produced and/or ease of sales?
7. In England and Scotland – similar schemes to HtB-W operate with different price caps for different areas, relating to local market conditions. Would you have

welcomed something similar in Wales – and any views on what the impact might have been?

8. How effectively is HtB-W marketed – and what could be done to improve the marketing of HtB?
9. Do you want HtB in Wales to continue beyond 2025? If so – how important would this be to your operation? Again – if so – are there any changes you would want to see?
10. Conversely - if HtB-W was not to continue what you like to see in its' space
11. If WG did not offer an alternative new home building support scheme what would this mean for you?
12. Any other comments
13. Thank you

FMB – Individual Member(s)

1. Do you participate in the HtB-W scheme?
Number of developments?
Number of units?
Locations?
Type of units?
2. Do you consider that there is continuing demand for HtB-W? Has this changed over the life of the scheme and thoughts on why this might have been?
3. What are the benefits of participating in the scheme? Are there particular types of unit that work best e.g. size, location?
4. Conversely, do you have any concerns about the scheme? Prompt for the impact of the scheme on the market; eligibility criteria limiting the pool of purchasers; working within agreed levels of sales; operational issues; administrative burden.
5. Do you feel HtB-W has had an impact on the overall delivery of market housing in Wales? What sort of impact?
6. Has HtB-W had any impact on the types of new homes that are developed? E.g. more emphasis on provision of smaller houses
7. Overall – do you feel HtB-W has had an impact on market values in Wales – generally or in specific areas?
8. What has been the impact of the price cap and changes to the price cap for Phase 4? Is the price cap just an issue for the higher value locations in Wales?
9. How effectively is HtB-W marketed?
10. Do you think the end of Help to Buy in England will have any impact on the housebuilding industry in Wales? Are there any lessons for Wales to be learnt from the decision of the Westminster government to end HtB in England?
11. Do you want HtB in Wales to continue beyond 2025? If so – are there any changes you will want to see?
12. If HtB-W was not to continue what would you like to see in its' space
13. If HtB-W did not continue and WG did not offer an alternative new home building support scheme what would this mean for you?"
14. Thank you

UK Finance

1. What are the rules for mortgage lenders about membership of UK Finance?
2. Would you say most of your members are participants in HtB Wales? Are non-participants of a particular type – e.g. operating in a particular area etc? Exact numbers where possible
3. Have there been changes in the range and type of lender offering HtB-W Finance and if so, why?
4. Do your members tell you that there is demand for HtB-W? Has this changed over the life of the scheme and thoughts on why this might have been?
5. What would you say your members see as the benefits of participating in the scheme? Are there particular types of lenders that benefit more than others from the scheme?
6. Conversely, are you aware of any concerns about the scheme for example where this leads to non-participation in the scheme. Prompt for; eligibility criteria; other operational issues.
7. What has been the impact of the price cap and changes to the price cap for the Phase 3 Extension? Is the price cap just an issue for the higher value locations in Wales?
8. Do you think your members want HtB in Wales to continue beyond 2025? If so – are there any changes they will want to see?
9. We are intending to interview a small group of lenders directly – to find out a bit more about how the scheme works ‘on the ground’. Can you help put us in touch with lenders you suggest we should speak with?
10. How does HtB-W compare to other schemes that your lenders participate in? i.e. in terms of delivery, benefits, and barriers.
11. What are lenders’ priorities in the next few years? Are they developing similar products of their own, for example, now that HtB has ended in England?
12. Do lenders have any concerns about government involvement in home ownership?
13. Do lenders feel that Wales 5% share of the UK mortgage market might hinder any future iterations of HtB-W or be a hurdle for any new schemes?
14. How would a regional price cap approach for different areas of Wales be received by your members?
15. Thank you

Individual Lenders

1. How long have you been lending to households purchasing a home with HtB-W
2. Percentage of business that is HtB-W?
3. Is there continuing demand for HtB-W? Has this changed over the life of the scheme and thoughts on why this might have been?
4. What would you say are the benefits of participating in the scheme?
5. Can you say a bit more about the processes for operating the scheme and how applications are dealt with compared to 'normal' mortgages?
6. Do you have any particular concerns about the scheme?
7. What has been the impact of the price cap and changes to the price cap for the Phase 3 Extension? Is the price cap just an issue for the higher value locations in Wales?
8. How would a regional price cap approach for different areas of Wales be received by your members?
9. Do you want HtB in Wales to continue beyond 2025? If so – are there any changes they will want to see?
10. How does HtB-W compare to other schemes that you participate in? i.e. in terms of delivery, benefits, and barriers.
11. What are your priorities in the next few years as a lender? Have you developed similar products of your own, for example, now that HtB has ended in England?
12. What would be the impact of HtB-W ending? (on lenders, purchasers, housebuilders)
13. Anything other comments
14. Thank you

Help to Buy-Wales Ltd. (HtB-W)

1. Please can you sketch out for us the role of HtB-W Ltd's in managing HtBW?
2. From our reading of the available guidance – we think the key stages in the 'journey' of HtB purchasers are as follows..... Can you confirm we have understood this correctly – or correct us where we are wrong? (Interviewer to sketch out understanding of the process for purchasers)
3. And, from your point of view, have there been any major changes to this over the last few years – say last 5 years?
4. Are there any issues managing particular stages in the process? Which stages? What are the issues? Does this differ between houses and flats?
5. What are the key issues or questions you are asked by purchasers?
6. What impact does the price cap have on operating the scheme? Have the changes for the Phase 3 Extension made HtB-W easier or harder to operate or had no impact?
7. Are there any particular types of purchaser that you find do not meet the eligibility criteria and are turned away? Are these a distinct cohort compared with successful purchasers? And, do you believe their ineligibility should have been identified earlier in the process – by whom? Are there any differences you have identified in term of purchasers with protected characteristics?
8. For purchasers, what refinements to HtB-W would be beneficial?
9. Would restricting the scheme to first time buyers have benefits – what would these be? And any drawbacks?

Turning to housebuilders...

10. What process do housebuilders follow to register with the scheme – and how does HtB-W Ltd become involved?
11. How are housebuilders vetted for eligibility? Are many housebuilders refused and why? Have there been instances when the Ombudsman has been involved?
12. And are there any instances of housebuilders being taken off the scheme – and reasons for this?
13. Has the changing requirements regarding leasehold had an impact?
14. What refinements to HtB-Wales would benefit housebuilders?
15. In your view - how effectively is the scheme marketed – for purchasers? For housebuilders??
16. Any other comments

Homes England

1. We understand that, in broad terms, Help to Buy England provided over 350,000 sales between 2013 and 2023 – but it has now ended – with First Homes now providing an alternative route to home ownership. Is this a correct understanding of the overall position?
2. Over the ten years of its operation – in your opinion, what aspects of Help to Buy – England worked well and what aspects, not so well?
3. In what way did you think HtB-E was effective in supporting the housebuilding industry? And what impact do you envisage the ending of the scheme will have on overall delivery?
4. Do you feel the scheme worked better for some types (size) of housebuilders and why was this?
5. And were there some housebuilders who did not join the scheme and why do you think this was the case?
6. Were there particular aspects of the way HtB-E operated that you needed to review during the 10 years – to address specific concerns of housebuilders in the scheme?
7. Over the 10 years of Help to Buy – did you find changes in the patterns of demand? In what way and the reasons for this?
8. What do you think were the benefits (and any drawbacks) of the varied price cap across different areas of England?
9. What were the benefits of restricting HtB-E to first time homeowners? What prompted the change to this?
10. Do you think the introduction of HtB-E had any impact on dwelling standards (quality, energy efficiency, space standards)?
11. Can you envisage any changes to HtB-E that would have overcome the drawbacks of the scheme that have been identified? For example:
 - Purchasers 'journey' through HtB
 - Housebuilders – joining the scheme and then working with it
12. What lessons were there from the way the Help to Buy England agents operated and the division of responsibilities between yourselves and the Help to Buy England agents and the mortgage administrator (Target).
13. What advice would you give Welsh Government in considering whether to take HTB-Wales forward?
14. Thank you

Scottish Government

1. Clarify that there are 2 current schemes that help households into home ownership (LIFT schemes)
 - i) Open Market Shared Equity scheme (OMSE) – for all property types – go out and find your property up the price threshold (thresholds quite nuanced)
 - ii) New Supply Shared Equity scheme (NSSE)- new build only, purchased from council or RSL

And that both are open to first time buyers/other priority groups (and for NSSE some exceptions to FTB rule) who can't afford an open market property. Both 60% share min. Then, how are loans repaid?

2. We understand that, in broad terms, Help to Buy Scotland provided over 15,000 sales between 2013 and 2019 – and the last 2 years 3,000 in total – but it has now ended – with LIFT schemes continuing to provide an alternative route to home ownership (majority through OMSE). Is this a correct understanding of the overall position? What do you see are main differences with LIFT?
3. We understand that the HtB-Scotland scheme ceased when funding to the devolved government reduced? Were there other reasons?
4. Over the eight years of its operation – in your opinion, what aspects of Help to Buy worked well and what aspects, not so well?
5. In what way did you think HtB-Scotland was effective in supporting the housebuilding industry? And what impact did the ending of the scheme will have on overall delivery? Do current schemes do a similar job?
6. Do you feel the scheme worked better for some types (size) of housebuilders and why was this?
7. Were there particular aspects of the way HtB-Scotland operated that you needed to review during the years e.g. – reducing price cap across Scotland? What concerns were you addressing?
8. What do you think were the benefits (and any drawbacks) of the reducing price cap? Have these been reflected in LIFT schemes?
9. In England the latest iteration restricted HtB to first time home owners. Would this have benefitted the Scottish scheme?
10. Do you think the introduction of HtB-Scotland had any impact on dwelling standards (quality, energy efficiency, space standards)?
11. What lessons were there from the way the Help to Buy agents operated and the division of responsibilities between yourselves and the Help to Buy agents (if you have them) and the mortgage administrator (?).
12. What advice would you give Welsh Government in considering whether to take HTB-Wales forward?
13. Thank you

Annex 2 Local Authorities in Each CJC

| Region | Local Authorities |
|------------------|---|
| North Wales | Gwynedd Anglesey Conwy Denbighshire Flintshire Wrexham |
| Mid Wales | Ceredigion Powys |
| South-West Wales | Pembrokeshire Carmarthenshire Swansea Neath-Port Talbot |
| South-East Wales | Bridgend Vale of Glamorgan Rhondda Cynon Taf Merthyr Tydfil Caerphilly Blaenau Gwent Torfaen Monmouthshire Newport Cardiff |

Annex 3 Schemes in other jurisdictions

Introduction

This annex reviews the home buying assistance schemes recently or currently operating in other jurisdictions in the UK.

England

Overview

1. In England, Homes England operated a Help to Buy equity loan assistance scheme similar to Help to Buy-Wales. This scheme ended in March 2023. When operational, Help to Buy England supported a significant proportion of new homes sales e.g. 38% of all new build property sales between April 2013 and September 2018⁴².
2. Help to Buy England made new build homes available to all home buyers (first and subsequent buyers) who wish to buy a new home, but may have been constrained in doing so – for example as a result of deposit requirements – but who could otherwise have been expected to sustain a mortgage. Up to a maximum of 20% in England and up to 40% in London (2016 onwards), of the purchase price was available to the buyer through an equity loan. Help to Buy England was available from house builders registered to offer the scheme. The scheme provided interest free support for five years.

Time period, objectives and scale

3. Help to Buy England was started in April 2013 and ran to March 2023, with the scheme closed to new applicants in October 2022.
4. The scheme was introduced by the UK government to address a fall in property sales following the financial crash of 2008 and the consequent tightening of regulations by the regulatory authorities over the availability of high loan-to-value and high loan-to-income mortgages. The scheme had two principal aims: to help prospective homeowners obtain mortgages and buy new build properties; and, through the increased demand for new build properties, to increase the rate of house building in England⁴³.

⁴² Page 4, NAO (2019), [Help to Buy: Equity Loan Scheme – progress review](#)

⁴³ Page 5, NAO, (2019) [Help to Buy: Equity Loan scheme – progress review](#))

5. The scheme made 387,091 equity loans totalling £24,708,508,337 – an average of £63,800 per loan⁴⁴.
6. A 2019 review of Help to Buy England⁴⁵ noted that around two-fifths of households would not have been able to buy any property without the support of the scheme, and that the rate of building had increased by 14.5% because of the scheme. 19% of buyers benefitting from the scheme had previously owned a property and were using the scheme to buy more expensive properties than the first time buyers using the scheme. The review found that the scheme has enabled buyers to purchase properties with more bedrooms, or to buy a property more quickly, than they would otherwise have been able to; and that this was regarded as a positive outcome. Although there is an opportunity cost in tying up the government funds in the scheme, Homes England expects to recover the investment in the medium term and make a positive return overall.

Eligible properties

7. The scheme was available to new build dwellings from builders that had registered with Help to Buy England. The scheme provided interest free support for five years with an initial maximum purchase price of £600,000. This was chosen so that almost all new build dwellings would be eligible (across England over 96% of all new build properties sold for £600,000 or less in 2013)⁴⁶.
8. During the course of Help to Buy England, the scheme was amended in 2021 so that regional price caps applied, ranging from £186,100 in North East England to £600,000 in London. These price caps were set at one and a half times the average first time buyer property price in that region.
9. The dwelling purchased was required to be the Help to Buy purchaser's only residence.

Eligible buyers

10. Help to Buy England was open to all buyers seeking a new build home with at least a 5% deposit.

⁴⁴ DLUHC, [Help to Buy: equity loan scheme: data to 31 March 2023](#)

⁴⁵ Page 4 NAO (2019) [Help to Buy: Equity Loan scheme – progress review](#))

⁴⁶ Para 2.8, NAO (2019) [Help to Buy: Equity Loan scheme – progress review](#)

11. During the course of Help to Buy England, the scheme was amended in 2021 so that only first time buyers were eligible. It was elected not to introduce an income cap or means-testing for the scheme, as it was expected that the regional caps would limit the scheme to those buying cheaper properties, who were likely to be on lower incomes. However, the mortgage making up the balance of the purchase could be no more than 4.5 times household income.
12. Buyers are required to take out a mortgage for at least 25% of the dwelling value, and the Help to Buy England loan is interest free for five years and must be repaid with 25 years. The repayment amount will vary depending on the price that the dwelling sells for, so that the Help to Buy *proportion* remains the same. Buyers were allowed to make voluntary part repayments, at a minimum of 10% of the dwelling market value at the time.
13. Homes England's entitlement to a share of the future sale proceeds was secured through a second charge on the dwelling.

Other features

14. Part of the rationale for the scheme was the availability of 95% loan to value mortgages. When these mortgages are relatively unavailable or because of high house prices, unaffordable to most buyers, then the UK Government considered that there was a need for assistance. This factor has been cited⁴⁷ as the reason for the extension to the originally planned end date of March 2021 to March 2023.
15. The buyer's process was similar to Help to Buy-Wales, with a process of eligibility checks leading to an "Authority to Proceed" with the Help to Buy purchase. Local Help to Buy agents were used to provide advice and administer the scheme.
16. There was some speculation earlier in 2023 that there might be a return of Help to Buy in England⁴⁸, although there has not been any firm announcements or more recent speculation.

⁴⁷ NAO (2019) [Help to Buy: Equity Loan scheme – progress review](#))

⁴⁸ [Sunak puts Help to Buy 'back on the table' \(thetimes.co.uk\)](#)

Scotland

Overview

17. There have been three current/recent schemes in Scotland providing assistance for people to purchase homes:

- Help To Buy, which provided equity loans in Scotland for new build dwellings until February 2021. The scheme offered equity loans, funding up to 15% of market value for new build homes, including a price cap of £200,000⁴⁹. Help to Buy Scotland was split into the main scheme and the Small Developers New Build Scheme, both with similar rules.
- Low-cost Initiative for First Time Buyers (LIFT) scheme, (established in 2007 and still operating). This has two parts - Open Market Shared Equity (OMSE) scheme helps people buy a home within certain price thresholds for sale on the open market; and New Supply Shared Equity scheme (NSSE), which helps people buy a new build home from a council or housing association.
- The First Home Fund, which ran from 2019 to 2021 and enabled applicants to fund up to 49% of the market value or up to £25k (whichever was lower) and could be used to buy non-new builds.

Time period, objectives and scale

18. The Help to Buy Scotland scheme ran from 2013 to 2021. By March 2020 the scheme had been used for 17,250 purchases, with a total of £550m – giving an average of approximately £32,000 per loan⁵⁰. Around two thirds (66%) of Help to Buy Scotland households were first time buyers, whilst around a third (34%) were existing homeowners; and 50% of buyers were aged 30 years or under, with over 76% of buyers aged 35 or under⁵¹.

19. OMSE had assisted with approximately 4,700 purchases by 2020, while NSSE had assisted with approximately 12,700 purchases.

20. Help to Buy Scotland and LIFT both had similar overall aims in terms of improving access to home ownership, and supporting delivery of Scottish Government policy

⁴⁹ [Help to Buy extended - gov.scot \(www.gov.scot\)](https://www.gov.scot/help-to-buy-extended)

⁵⁰ [Scottish Government \(2020\) Scottish Government Return on Help to Buy](#),

⁵¹ [Help to Buy extended - gov.scot \(www.gov.scot\)](https://www.gov.scot/help-to-buy-extended)

objectives around tenure mix and social inclusion. They also used similar mechanisms to achieve this, through providing an equity share in a property as a means of making the purchase more affordable and facilitating access to mortgage lending, with the share repaid on subsequent house sale or as buyers choose to increase their equity share. The schemes were introduced at different points in the housing market and economic cycle and were developed to address different barriers to home ownership. NSSE and OMSE were introduced in 2005/06 to improve equity of access to home ownership for moderate-income households who had been disadvantaged by house price inflation, whereas Help to Buy was introduced in 2013/14 to support the recovery of the house building industry and help households to overcome increased deposit requirements introduced following the 2008 global financial crisis⁵².

21. Scheme reviews⁵³ indicated that:

- 83% agreed that Help to Buy had meant they could buy a property sooner than would have been possible without assistance; and 72% indicated that Help to Buy had enabled them to buy a larger property or a property in their preferred area (61%).
- 78% agreed that NSSE had meant they could buy a property sooner than would otherwise have been possible; and 46% agreed that they would not have considered buying from a social landlord without NSSE.
- 90% agreed that OMSE had enabled them to buy a property sooner than would have been possible; and 64% agreed that OMSE had meant they could buy a larger property, or a property in their preferred area (54%).
- The £200,000 Help to Buy price cap was reported to limit options in some cases, although it was also suggested that it helped to keep dwellings priced within the cap to remain in the scheme.
- OMSE and NSSE had achieved more additionality than Help to Buy Scotland, and there was a stronger case for continuing these two schemes.

Eligible properties

22. Eligible properties were:

- Help to Buy Scotland – new build sole residence up to the price cap of £200,000

⁵² [Scottish Government \(2020\) Evaluation of Scottish Government Shared Equity Schemes](#)

⁵³ [Scottish Government, 2020, Evaluation of Scottish Government Shared Equity Schemes](#)

- LIFT: OMSE new or existing dwellings up to price caps that vary by dwelling size and location⁵⁴ e.g. a three-bed apartment between £65,000 in North Ayrshire and £185,000 in South Aberdeenshire.
- LIFT: NSSE - homes which are for sale on a shared equity basis, and which are (a) built by local authorities or RSLs (b) purchased by local authorities or RSLs at an appropriate discount from private developers or (c) developed by local authorities or RSLs for existing owner occupiers whose homes are scheduled for demolition⁵⁵. It is expected that the majority will be 'off the shelf' purchases from developers provided to RSLs.
- First Home Fund – new and existing stock dwellings

Eligible buyers

23. Help to Buy Scotland included first time buyers and existing homeowners⁵⁶ and provided a 15% equity stake (20% before April 2016). Applicants had to provide a 5% deposit and take out a mortgage of at least 25% of the dwelling value except those aged over 60 who did not require a mortgage. Those able to meet the purchase price through a deposit plus mortgage were not eligible. Single people requiring a mortgage of 4.5 times or more of their income were not eligible (3.5 times income for couples); and monthly costs had to be no more than 45% of their net disposable income. People over 60 using the scheme had to demonstrate a housing need. There was no set deadline by which purchasers must repay to Scottish Government the equity support, and the repayment amount will vary depending on the price that the dwelling sells for, so that the Help to Buy *proportion* remains the same. Buyers could staircase their Help to Buy repayment at 5% each time⁵⁷.
24. Eligible buyers for the OMSE scheme are first time buyers as well as people aged 60+. Social renters (council/housing association), disabled people, members of the armed forces/veterans or their widowers. The scheme provides an equity stake of 10%-40%. Buyers are required to provide a 5% deposit.

⁵⁴ Reviewed annually [Open Market Shared Equity: thresholds - gov.scot \(www.gov.scot\)](https://www.gov.scot/publications/open-market-shared-equity-thresholds-2022/pages/11.aspx)

⁵⁵ [Scottish Government \(2022\) Affordable Housing Supply Programme: Process and procedures](https://www.gov.scot/publications/scottish-government-2022-affordable-housing-supply-programme-process-and-procedures/pages/11.aspx) /

⁵⁶ [Scottish Government \(2022\) Affordable Housing Supply Programme: Process and procedures](https://www.gov.scot/publications/scottish-government-2022-affordable-housing-supply-programme-process-and-procedures/pages/11.aspx)

⁵⁷ [After buying - mygov.scot](https://www.gov.scot/publications/after-buying-mygov.scot/pages/11.aspx)

25. Eligible buyers for the NSSE scheme are also first time buyers, and those experiencing a change in circumstances, on low to moderate incomes, with priority access for social renters, disabled people, armed forces and veterans, and people aged 60. The scheme provides an equity stake of 20%-40%. Buyers are required to provide a 5% deposit.

Northern Ireland

Overview

26. The Northern Ireland Housing Executive (NIHE) provides support for the Co-ownership scheme for people who cannot afford to buy a home outright, through equity share. The scheme is operated through the Co-Ownership not-for-profit organisation.
27. As part of the wider co-ownership scheme there is also a Co-own for the over 55s and a Rent to Own scheme.

Time period, objectives and scale

28. Co-ownership started in 19787 and has been involved in over 32,000 purchases⁵⁸. In 2021/22 93% of Co-ownership purchases were made by first time buyers⁵⁹.
29. It is reported that the Co-ownership scheme is considered good value and that it helps people on lower incomes to purchase a house in circumstances where there are no other means⁶⁰.

Eligible properties

30. Applies to new build or existing property. It will need to be the sole residence dwellings up to the price cap of £190,000, and need to have more than one bedroom. The dwelling is required to have central heating, and if new build is required to have a 10-year structural warranty. The price cap was changed from £175,000 in 2022⁶¹.
31. The NIHE equity share is between 10% to 50%, and purchasers are allowed to increase their share in 5% amounts. Purchasers pay rent on the equity share, although the rate is sub-market (2.5% on the unbought share). The scheme does not require a deposit.

Eligible buyers

32. Eligible buyers are those aged over 18 who do not currently own other property, and who are judged to be able to afford to buy the dwelling based on a multiple of four times single/joint income.

⁵⁸ [About Co-Own - Shared Ownership Northern Ireland - Co-Ownership](#)

⁵⁹ [Hargey announces wider support for Co-Ownership housing | Department for Communities \(communities-ni.gov.uk\)](#)

⁶⁰ [House of Commons - Northern Ireland Affairs - Minutes of Evidence \(parliament.uk\)](#)

⁶¹ [Hargey announces wider support for Co-Ownership housing, Department for Communities \(communities-ni.gov.uk\)](#)