

25/07/2015

NOT FOR BROADCAST OR PUBLICATION BEFORE 00.01 HRS ON SATURDAY 25 JULY 2015

This review of affordable housing schemes covers Help to Buy, shared ownership, shared equity, and other low cost housing arrangements. Data is taken from the Communities and Local Government (CLG), the Halifax housing database, and the Council of Mortgage Lenders.

Average price of homes in 'affordable' housing schemes reaches £190,000

80% of Help to Buy mortgages taken out by first-time buyers, compared to 46% across the whole market

The average price paid for properties purchased under the various affordable housing schemes in Britain is £189,786¹, according to latest research from the Halifax. This is just 4% (£7,750) lower than the £197,535 average for house purchases².

Regionally, the highest average *price paid* by purchasers using affordable housing schemes is in London (£323,148) while the lowest is in the North (£147,437). Nevertheless, the average *value* of a London property sold in a scheme is 33% lower than the average London regional price (£482,579)².

Helping first-time buyers onto the ladder

First-time buyers remain the biggest beneficiaries of Help to Buy housing schemes; accounting for 80% of purchases over the last year. This is significantly higher than the 46%³ of all mortgage financed home purchases made by first-time buyers over the same period.

In the last year, improving economic conditions and Government schemes such as Help to Buy saw the highest number of first-time buyers purchase their first home for seven years. The latest official figures reveal that Help to Buy equity loans and mortgage guarantee schemes and NewBuy have helped 99,601⁴ buyers acquire a home since the introduction of Help to Buy in the 2013 Budget. Four out five (or 79,680) of these purchases were completed by first-time buyers.

The average price paid by first-time buyers (FTBs) using the schemes is now £150,361¹; this is 10% (£16,732) lower than the average price paid by FTBs (£167,093) for all housing². FTBs in London see the largest benefits from buying through affordable housing schemes, with an average price that is just over a third lower (36%) than the average price paid by FTBs in the capital generally² (£236,733 vs. £367,961).

HALIFAX PRESS TEAM:

Shelley Dickinson: 020 7356 1405 / 07766 924 450 shelley.dickinson@lloydsbanking.com

Ben Marquand: 020 7356 1838 / 07881 311 199 ben.marquand@halifax.co.uk

Clare Mortimer: 020 7574 8648 / 07768 541 555 claremortimer@halifax.co.uk

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Craig McKinlay, Mortgages Director at Halifax, commented:

“Many of the affordable home ownership schemes available have been designed specifically to help first-time buyers get on the ladder and support construction of new build homes.

“The latest official figures show this has been successful, as Help to Buy and Help to Buy NewBuy schemes have helped close to 80,000 first-time buyers on to the housing ladder since Help to Buy’s introduction in 2013. As the economy continues to recover and mortgage interest rates remain at very low levels. We expect to see continued growth in first-time buyers during the second half of the year.”

Affordable housing borrower profile

Halifax has looked at the profiles of borrowers buying a home under affordable housing schemes to find what typical scheme users are like:

Geography

17%⁵ of all ‘affordable’ housing transactions in the 12 months to May 2015 were in Scotland followed by the South East (15%) and the North West (10%). By comparison, a fifth (20%) of all housing transactions² were concentrated in the South East, around one in eight (12%) were in Scotland and 10% were in London.

Income

The average gross annual income of a home buyer purchasing through an affordable housing scheme is £31,886⁶, which is 5% lower than the average earnings for all those in full time employment (£33,475⁷). Regionally, the average income of buyers under these schemes varies from £50,254 in London to £29,031 in North West.

Age

Affordable housing schemes have particularly helped younger buyers, with over a third (37%) of all affordable home buyers in the age band 20 to 29, compared with just 25%² of all housing transactions.

ENDS

Notes to editors:

There are currently three types of affordable home ownership schemes available to qualifying buyers, they are:

- **Help to Buy: equity loans**
- **Help to Buy: mortgage guarantees** (available across the UK)
- **Shared ownership**

For more information on each please refer to:

<https://www.gov.uk/affordable-home-ownership-schemes>

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¹ Affordable housing sales to new build sales and crude average price data. The prices used are simple arithmetic ('crude') averages. These prices are not standardised and therefore can be affected by changes in the sample from period to period. Data is for the period 12 months May 2015. Data is from the Halifax House Price database.

² For all housing other than those sold under the shared ownership schemes

³ CML for 2014

⁴ This includes purchases under <https://www.gov.uk/government/news/help-to-buy-helping-100000-buy-a-new-home>

⁵ From the Halifax House Price database

⁶ Based on income of main applicant on the mortgage form

⁷ Office of National Statistics Annual Survey of Hours and Earnings data for full time employees

Definition of Affordable Housing

This review of 'Affordable' Housing looks at the low cost home ownership (LCHO) sector and, in particular, affordable housing schemes covering Help to Buy, shared ownerships, shared equity, resale price covenants and other LCHO arrangements.

It is not concerned with affordable housing in the social rented sector, which provides accommodation to eligible households whose needs are not met by the market.

Lenders would still process mortgages under these schemes with regards to affordability and creditworthiness of customers.

Helping Britain Prosper

Lloyds Bank, part of Lloyds Banking Group is playing its part in delivering the Group's Helping Britain Prosper Plan (the Plan). Launched in March 2014, the Plan sets out seven separate and significant public commitments to do even more to help address some of the big issues facing its customers and Britain today.

The first two commitments made within the Plan are:

1. We will help more customers get on the housing ladder - and more customers climb up it. We are committed to proving 1 in 4 first-time buyer mortgages and 1 in 4 new build mortgages in 2015.
2. We will help our customer plan and save for later life

To find out more about Lloyds Banking Group's commitment to Help Britain Prosper, please visit <http://www.lloydsbankinggroup-cr.com/>

Housing Economics Helpline No: 08456 045404

Email: housingeconomics@lloydsbanking.com

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