

Sunak puts Help to Buy ‘back o the table’

PM eyes first-time buyer boost as Labour pledges 300,000 properties a year

Rishi Sunak is drawing up plans to boost support for first-time home buyers, as a key plank of the Conservatives’ campaign for a fifth term in office.

Officials in Downing Street and the Treasury are looking at proposals to help thousands of renters who have been unable to get on the housing ladder in the face of high prices and rising interest rates.



The average age of a first-time buyer has risen from 31 in 2010 to 33 last year

The move was discussed before the spring budget but was not taken forward amid fears that it would prove inflationary. Three government sources said a new-buyers’ support scheme was “back on the table” and could form part of Jeremy Hunt’s autumn statement.

“We cannot go into the next election without an offer for first-time buyers,” one minister said. “We all know that homeowners are more likely to vote Conservative and we cannot cede this ground to Labour.”

Labour pledged more support for first-time buyers yesterday and announced plans to revive targets to ensure that the private sector would build at least 300,000 homes a year.

Sir Keir Starmer said he wanted to make Labour the party of home ownership and that the “dream” for too many people had been “killed by the prime minister”, who had given in to Tory MPs who forced the scrapping of mandatory local housebuilding targets.

New figures also showed that the over-65s owned more than £2.5 trillion of net housing wealth, up by more than £1 trillion over the past ten years. The under-35s own £306 billion of property outright, 5 per cent of the country’s housing wealth.

Proposals being examined in government include resurrecting Help to Buy, which was launched by George Osborne in 2013 but was shut to new entrants last year. It offered new buyers a government equity loan of up to 40 per cent of the purchase price with no interest payable for five years. Those buying properties, which had to be newly built, were

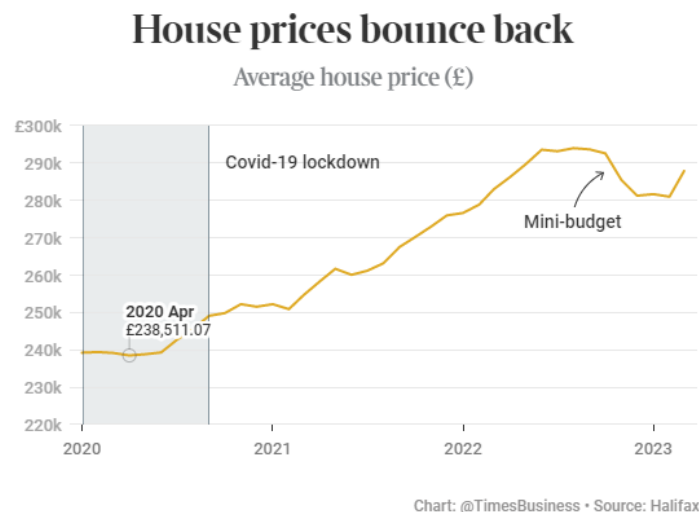
required to save only a 5 per cent deposit. Over the past decade the scheme issued more than 375,654 loans with a total value of £23.6 billion.

One source suggested this could be extended to cover not only new-build properties but all homes after critics accused developers of using the previous scheme to inflate the price of new flats.

Another option would be extending the mortgage guarantee scheme that is due to end this year. It underwrites the risk to lenders of offering 95 per cent mortgages. There are fears that some lenders are being excessively cautious. “You’ve got some people being turned down for mortgages even though they are paying more each month in rent,” one senior government figure said.

Government sources said that plans were at an “early stage” and there had been no discussions with the chancellor about specific options. “We still don’t know how much fiscal headroom we are going to have,” said one.

The average age of a first-time buyer has risen from 31 when the Tories came to power in coalition in 2010 to 33 last year. First-time buyers make up 53 per cent of all sales in the UK but their numbers fell by 10 per cent last year. As of December, the average house price for a first-time buyer was £245,958, nearly 30 per cent more than five years ago.



London is the most expensive region, with the average first-time buyer spending £469,496.

One government source said that proposals were being examined by the Downing Street policy unit and were likely to form part of either the autumn statement or the budget next spring. “If we can’t do anything on housing supply we are going to have to do something on affordability,” the source said.

The Conservatives have pledged to build 300,000 homes each year and insist that this target remains. But last December, in a concession to Tory MPs facing opposition to new developments in their constituencies, Michael Gove, the housing secretary, agreed to scale down local house-building targets. Last month it emerged that 55 local authorities had dropped their targets for new homes.

The number of housing projects granted planning permission in the last three months of last year also fell to the lowest since at least 2006.

Lisa Nandy, the shadow housing secretary, said: “Rishi Sunak abandoned a whole generation of young people aspiring to own their own home. It isn’t right that hardworking young people are being priced out of their areas, squeezed by rents, and having their ambition to buy a house taken from them.”

Labour has promised first-time buyers a comprehensive mortgage guarantee scheme and first option on new homes in their area.

David O’Leary, executive director of the Home Builders Federation, said there was an urgent need for government action to help first-time buyers.

By Oliver Wright
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